

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 22, 2026

NEW ISSUE-BOOK-ENTRY ONLY

RATINGS: S&P: "AA" (Stable Outlook) (AG Insured)
RATING: S&P: "A" (Negative Outlook) (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.

\$25,000,000\*

Cumberland Valley School District
(Cumberland County, Pennsylvania)
General Obligation Bonds, Series of 2026

Bonds Dated: Date of Delivery
Interest Due: May 15 and November 15

Principal Due: November 15, as shown on inside cover
First Interest Payment November 15, 2026

The Bonds described herein consist of \$25,000,000\* aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in authorized denominations only under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Cumberland Valley School District, a public school district that includes portions of Cumberland 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 property within the School District, within the limits provided by law. (See "SECURITY FOR THE BONDS" and "TAXING POWERS OF THE SCHOOL DISTRICT" infra).

Interest on each of the Bonds is payable initially on November 15, 2026, and thereafter semiannually on May 15 and November 15 of each year, until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity and has been duly called for redemption, 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, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," infra).

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

Proceeds of the Bonds will be used to pay the cost of capital projects including planning, designing, acquiring, constructing and furnishing alterations and renovations to Eagle View Middle School and Green Ridge Elementary School (the "Capital Project") and to pay the costs and expenses of issuing 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 a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Assured Guaranty Inc. ("AG").



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

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will also be passed upon for the School District by Johnson, Duffie, Stewart & Weidner, of Lemoyne, Pennsylvania, School District Solicitor and for the Underwriters by Stevens & Lee, P.C., of Reading, Pennsylvania. PFM Financial Advisors LLC, of Harrisburg, Pennsylvania, serves as the Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC, on or about \_\_\_\_\_, 2026.



Dated:

\*Preliminary, subject to change

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

**\$25,000,000\***  
**Cumberland Valley School District**  
**(Cumberland County, Pennsylvania)**  
**General Obligation Bonds, Series of 2026**

**Bonds Dated:** Date of Delivery  
**Interest Due:** May 15 and November 15

**Principal Due:** November 15, as shown below  
**First Interest Payment:** November 15, 2026

<b>Maturity Date (November 15) Year*</b>	<b>Principal Amounts</b>	<b>Interest Rates</b>	<b>Initial Offering Yields</b>	<b>CUSIP Numbers<sup>(1)</sup></b>
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				

<sup>(1)</sup> Copyright, American Bankers Association. CUSIP data herein are provided by CUSIP Global Services, managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP numbers listed above are being provided solely for the convenience of Bondholders only at the time of issuance of the Bonds and neither the School District nor the Underwriters make any representation with respect to such numbers or undertake any responsibility for their accuracy now or at any time in the future.

\*Preliminary, subject to change.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

(Cumberland County, Pennsylvania)

**BOARD OF SCHOOL DIRECTORS**

---

Michelle Nestor.....	President
Jevon T. Ford.....	Vice-President
Kathleen T. Milone.....	Secretary*
Andrew Clancy.....	Member
Dr. Brian Allen.....	Member
Matthew G. Barrick.....	Member
Asheleigh Forsburg.....	Member
Cathi George.....	Member
Mike O'Brien.....	Member
Kelly Potteiger.....	Member

---

\*Non-Member

**SUPERINTENDENT**

MARK BLANCHARD

**DIRECTOR OF BUSINESS SERVICES**

MICHAEL D. DIEFFENBACH

**SCHOOL DISTRICT SOLICITOR**

JOHNSON, DUFFIE, STEWART & WEIDNER  
Lemoyne, Pennsylvania

**BOND COUNSEL**

ECKERT SEAMANS CHERIN & MELLOTT, LLC  
Harrisburg, Pennsylvania

**MUNICIPAL ADVISOR**

PFM FINANCIAL ADVISORS LLC  
Harrisburg, Pennsylvania

**UNDERWRITERS**

STIFEL, NICOLAUS & COMPANY, INCORPORATED  
Conshohocken, Pennsylvania

RAYMOND JAMES & ASSOCIATES, INC.  
Lancaster, Pennsylvania

**UNDERWRITERS' COUNSEL**

STEVENS & LEE, P.C  
Reading, Pennsylvania

**PAYING AGENT**

MANUFACTURERS AND TRADERS TRUST COMPANY  
Harrisburg, Pennsylvania

**SCHOOL DISTRICT ADDRESS**

6746 Carlisle Pike  
Mechanicsburg, Pennsylvania 17050

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

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

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

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

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

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

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

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

The School District has previously provided the Underwriters with a copy of its Preliminary Official Statement dated April 22, 2026; the Preliminary Official Statement was “deemed final” for the purposes of SEC Rule 15c2-12(b)(1).

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

**\$25,000,000\***

**Cumberland Valley School District  
(Cumberland County, Pennsylvania)  
General Obligation Bonds, Series of 2026**

## INTRODUCTION

This Preliminary Official Statement, including the cover page hereof and Appendices hereto, is furnished by Cumberland Valley School District, located in Cumberland County, Pennsylvania (the "School District"), in connection with the offering of its \$25,000,000\* aggregate principal amount of General Obligation Bonds, Series of 2026 (the "Bonds"), to be dated as of the date of initial delivery to the Underwriter (the "Date of Delivery"). The Bonds are being issued pursuant to a resolution of the Board of School Directors of the School District adopted on April 20, 2026 (the "Resolution"), and pursuant to the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Debt Act"), of the Commonwealth of Pennsylvania (the "Commonwealth").

## PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to pay the cost of capital projects including planning, designing, acquiring, constructing and furnishing alterations and renovations to Eagle View Middle School and Green Ridge Elementary School (the "Capital Project") and to pay the costs and expenses of issuing the Bonds.

## Estimated Sources and Uses of Bond Proceeds\*

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

---

<b><u>Sources of Funds</u></b>	<b><u>Total</u></b>
Bond Par Amount .....	
Net Original Issue Premium [Discount].....	
<i>Total Sources of Funds</i> .....	<hr/> <hr/>
<b><u>Uses of Funds</u></b>	
Construction Fund Deposit .....	
Costs of Issuance <sup>(1)</sup> .....	
<i>Total Uses of Funds</i> .....	<hr/> <hr/>

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<sup>(1)</sup>Includes legal, Municipal Advisor, printing, rating, underwriters' discount, municipal bond insurance premium, CUSIP, paying agent, and miscellaneous costs.

\*Estimated, subject to change.

## THE BONDS

### Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$25,000,000\*. The Bonds will be dated as of the Delivery Date and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover page of this Preliminary Official Statement. Interest on the Bonds will be payable initially on November 15, 2026, and thereafter, semiannually on May 15 and November 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

*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 directly to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:*

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

Interest on Bonds will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such 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 November 15, 2026, in which event such Bond shall bear interest from the Delivery Date 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 certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15<sup>th</sup>) day 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 such 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 such certificated Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5<sup>th</sup>) 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 owners thereof upon surrender of the certificated 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.

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 (15<sup>th</sup>) 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.

## 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 absent 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](http://www.dtcc.com).

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

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

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

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

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

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

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

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

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

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

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



## SECURITY FOR THE BONDS

### General Obligation Pledge

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

### Commonwealth Enforcement of Debt Service Payments

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

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

### Pennsylvania Budget Adoption

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

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

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

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

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

*During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633*

of the School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. See “Act 85 of 2016” hereinafter.

## **Act 85 of 2016**

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

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

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

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

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

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

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

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

## **Sinking Fund**

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

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Debt 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.

## **THE SCHOOL DISTRICT**

### **Introduction**

The School District occupies an area of approximately 104 square miles in the eastern portion of Cumberland County, less than ten miles from the Borough of Carlisle, the County seat. Significant growth has been occurring along Cumberland County’s “West Shore”, the collective

name given to a number of suburban residential communities located across the Susquehanna River, directly west of Harrisburg. The elements for growth have been provided by the location of the area near the state capital, the presence of the Mechanicsburg Naval Supply Depot, Highmark Blue Shield, Deloitte, IBM, Excel Logistics, Fry Communications and the U.S. Army New Cumberland Depot nearby, and an extensive network of Federal and State highways, railroads and airports attracting manufacturing and warehousing facilities, and encouraging the development of commercial and service activities. The School District location provides employment in an area that serves one of the largest distribution areas on the east coast for the trucking industry. The larger carriers include Roadway Express, ABF Freight and Schaffer Trucking, Inc. The School District is a second class district (school districts in Pennsylvania are classified as first, second, third and fourth class according to population) and operates under and pursuant to the Public School Code of the Commonwealth, Act of March 10, 1949, P.L. 30, as amended and supplemented.

The School District is coterminous with the Townships of Hampden, Middlesex, Monroe and Silver Spring, all growing suburbs of Harrisburg. Accounting for approximately 52% of the School District’s population and 55% of its taxable wealth, Hampden Township is its most developed community and the site of much commerce and industry. The School District’s 2020 population was 65,569.

**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 Director of Business Services is responsible for budget and financial operations. Both of these officials are selected by the School Board.

**School Facilities**

The School District currently operates eight elementary schools, two middle schools, one ninth grade academy, and one high school. Students in grades 10-12 also may attend the Cumberland-Perry Area Career & Technical Center. An inventory of existing public school facilities within the School District is as follows:

**TABLE 1  
CUMBERLAND VALLEY SCHOOL DISTRICT FACILITIES**

<b>Building</b>	<b>Original Construction Date</b>	<b>Addition/ Renovation Date(s)</b>	<b>Grades</b>	<b>Rated Pupil Capacity</b>	<b>2025-26 Enrollment</b>
<b><u>Elementary:</u></b>					
Green Ridge Elementary .....	1962	1997	K-5	600	462
Hampden Elementary .....	1968	1998/2000/2022	K-5	775	556
Middlesex Elementary .....	1999	2022	K-5	600	425
Monroe Elementary .....	1958	1969/1991/2015	K-5	600	516
Shaul Elementary .....	2009	---	K-5	700	589
Silver Spring Elementary .....	1956	1974/1989/2015	K-5	625	544
Sporting Hill Elementary .....	1998	2020	K-5	725	581
Winding Creek Elementary .....	2018	---	K-5	850	1,025
<b><u>Secondary:</u></b>					
Cumberland Valley High School .....	1954	1972/2000/2003	10-12	2,600	2,359
Cumberland Valley 9 <sup>th</sup> Grade Academy .....	1966	2021	9	895	875
<b><u>Elementary/Secondary:</u></b>					
Eagle View Middle School .....	1995	---	6-8	1,048	1,152
Mountain View Middle School .....	2019	---	6-8	1,450	1,398

Source: School District Officials.

## Enrollment Trends

The following table presents trends in school enrollment for the previous four years, current enrollment, and future projections, as prepared by School District officials. The table shows an increasing trend of enrollments.

**TABLE 2  
CUMBERLAND VALLEY SCHOOL DISTRICT ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2021-22	4,513	5,271	9,784	2026-27	4,664	6,095	10,759
2022-23	4,590	5,448	10,038	2027-28	4,624	6,351	10,975
2023-24	4,703	5,672	10,375	2028-29	4,635	6,603	11,238
2024-25	4,630	5,983	10,613	2029-30	4,629	6,712	11,341
2025-26	4,817	6,094	10,911	2030-31	4,571	6,769	11,340

Source: Pennsylvania Department of Education and School District Officials.

## Charter Schools

There are no charter schools currently located within the School District. However, the School District is responsible for approximately 400 students enrolled in 15 charter or cyber-charter schools that operate outside of the School District. The annual cost including tuition is approximately \$6,900,000 for FY 2025-26. The School District has taken measures to mitigate the impact of charter schools and has established a cyber-charter school alternative for its students.

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

### 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). Its financial statements are audited by an independent certified public accountant, as required by Commonwealth law. The firm of Boyer & Ritter LLC, CPAs of Camp Hill, Pennsylvania, serves as the School District Auditor.

### Budgeting Process in School Districts under Act 1 (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, 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" or "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**” or “**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.

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**Summary and Discussion of Financial Results**

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

**TABLE 3  
CUMBERLAND VALLEY SCHOOL DISTRICT  
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET\*  
(Years ending June 30)**

<b>ASSETS</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Cash and Cash Equivalents .....	\$37,686,502	\$33,591,129	\$9,463,296	\$10,425,260	\$15,313,620
Investments .....	502,016	502,897	25,562,909	21,862,965	22,305,214
Taxes Receivable (Net) .....	827,291	1,172,459	920,076	1,159,802	1,378,487
Due From Other Funds .....	0	576,624	780,575	852,526	111,667
Due From Other Governments .....	2,782,319	2,504,471	2,516,140	2,676,606	3,079,673
State Revenue Receivable .....	4,623,701	5,043,422	4,299,350	5,477,553	4,842,499
Federal Revenue Receivable .....	1,488,514	1,603,027	136,091	316,025	512,607
Other Receivables .....	352,178	356,018	483,123	729,691	568,146
Prepaid Expenses/Expenditures .....	1,046,169	2,277,980	2,514,425	317,861	1,982,722
<b>TOTAL ASSETS</b> .....	<b>\$49,347,382</b>	<b>\$47,628,027</b>	<b>\$46,675,985</b>	<b>\$43,818,289</b>	<b>\$50,094,635</b>
<b>LIABILITIES</b>					
Due to Other Funds .....	\$4,310,194	\$50,806	\$65,010	\$41,739	\$0
Due to Other Governments .....	4,100	3,215	132	132	55
Accounts Payable .....	3,246,226	4,928,128	4,791,156	6,175,425	6,180,880
Accrued Salaries and Benefits .....	14,420,001	15,580,796	15,892,795	18,513,819	18,925,262
Payroll Deductions and Withholdings .....	307,957	327,431	310,920	318,330	647,653
Other Current Liabilities .....	44,686	361,216	208,275	233,446	88,157
<b>TOTAL LIABILITIES</b> .....	<b>\$22,333,164</b>	<b>\$21,251,592</b>	<b>\$21,268,288</b>	<b>\$25,282,891</b>	<b>\$25,842,007</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Deferred Inflows of Resources .....	\$514,751	\$553,424	\$526,596	\$735,677	\$923,800
<b>FUND EQUITIES</b>					
Non-Spendable Fund Balance .....	\$1,046,169	\$2,277,980	\$2,514,425	\$317,861	\$1,982,722
Committed Fund Balance .....	7,649,932	4,719,932	4,719,932	4,719,932	4,719,932
Assigned Fund Balance .....	0	0	0	0	0
Unassigned Fund Balance .....	17,803,366	18,825,099	17,646,744	12,761,928	16,626,174
<b>TOTAL FUND EQUITIES</b> .....	<b>\$26,499,467</b>	<b>\$25,823,011</b>	<b>\$24,881,101</b>	<b>\$17,799,721</b>	<b>\$23,328,828</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES</b> .....	<b>\$49,347,382</b>	<b>\$47,628,027</b>	<b>\$46,675,985</b>	<b>\$43,818,289</b>	<b>\$50,094,635</b>

\*Totals may not add due to rounding.

Source: School District Annual Financial Reports.

**TABLE 4  
CUMBERLAND VALLEY SCHOOL DISTRICT GENERAL FUND\*  
SUMMARY OF CHANGES IN FUND BALANCE**

	<b>Actual</b>					<b>Budgeted</b>
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025<sup>(3)</sup></b>	<b>2026<sup>(1)(2)</sup></b>
<b>Beginning Fund Balance</b> .....	\$26,399,547	\$26,499,457	\$25,823,000	\$24,881,089	\$18,318,084	\$23,328,827
Revenues over (under) Expenditure .....	99,920	(676,456)	(941,910)	(7,081,380)	5,010,744	(6,367,278)
Prior Period Adjustment .....	0	0	0	0	0	0
<b>Ending Fund Balance</b> .....	<b>\$26,499,467</b>	<b>\$25,823,000</b>	<b>\$24,881,089</b>	<b>\$17,799,708</b>	<b>\$23,328,827</b>	<b>\$16,961,548</b>

\*Totals may not add due to rounding.

<sup>(1)</sup>The School District has implemented planned drawdowns of fund balance to provide for increased staffing levels and related Instruction expenditures due to continued high levels of growth.

<sup>(2)</sup>Budgeted, as adopted on June 25, 2025.

<sup>(3)</sup>Restatement

Source: School District Annual Financial Reports and Budget.

## Revenue

The School District received \$198,508,400 in revenue in 2024-25 and has budgeted revenue of \$198,902,947 in 2025-26. Local sources decreased as a share of total revenue in the past five years, from 76.8% in 2020-21 to 74.6% in 2024-25. Revenue from Commonwealth sources increased slightly as a share of total revenue from 21.9% to 22.3% over this period. Federal and other revenue increased as a share of total revenue from 1.3% to 3.1% during this period.

**TABLE 5**  
**CUMBERLAND VALLEY SCHOOL DISTRICT**  
**SUMMARY OF SCHOOL DISTRICT GENERAL FUND**  
**REVENUES\***  
**(For years ending June 30)**

REVENUE:	Actual					Budget
	2021	2022	2023	2024	2025	2026 <sup>(1)(2)</sup>
<b>Local Sources:</b>						
Current Real Estate Taxes	\$80,065,928	\$84,422,345	\$89,170,120	\$94,195,792	\$102,835,697	\$108,896,120
Public Utility Realty Tax	100,523	106,702	109,579	106,966	118,899	110,000
Payments in Lieu of current Taxes	977	977	1,029	1,029	3,602	950
Total Act 511 Taxes	31,105,961	33,645,746	34,123,321	34,924,376	38,028,535	37,148,500
Delinquent on Taxes Levied LEA	1,556,564	1,512,019	1,552,664	1,619,739	1,685,434	1,500,000
Earnings on Investments	111,503	103,004	1,523,216	2,599,341	2,323,150	2,000,000
Revenue from Student Activities	89,458	256,884	560,275	530,260	578,794	162,000
Revenue from Local Government Units	0	0	0	0	14,080	0
State Rev. Rec. from Other Public Schools	89,232	89,421	110,313	149,168	167,174	0
Federal IDEA Pass Through Revenue	1,175,730	1,195,456	1,578,315	1,385,876	1,381,793	112,000
Rentals	21,033	95,889	92,624	153,150	167,623	100,000
Contributions and Donations	142,036	101,382	195,230	199,567	333,891	375,000
Regular Day Tuition	0	0	0	0	10,000	0
Summer School Tuition	2,980	22,320	25,995	23,481	4,000	45,000
Receipts from Other LEAS in PA - Education	67,076	117,758	22,827	75,242	147,353	0
Other Services Provided Other Govts. & LEAs	0	0	2,805	1,901	2,480	0
Revenue From Community Service Activities	43,884	89,674	111,456	105,383	109,497	105,000
Refunds of Prior Years' Expenditures	8,499	7,586	40,818	12,602	122,236	0
Energy Incentives & Rebates	152,846	238,970	80,569	42,354	87,178	0
All Other Local Revenues Not Specified	207,693	203,513	66,987	54,997	39,533	406,005
<b>Total Local Sources</b>	<b>\$114,941,926</b>	<b>\$122,209,646</b>	<b>\$129,368,143</b>	<b>\$136,181,224</b>	<b>\$148,160,949</b>	<b>\$150,960,575</b>
<b>State Sources:</b>						
Instructional Subsidy	\$11,692,633	\$12,391,078	\$14,560,981	\$16,344,182	\$17,601,527	\$17,883,418
Tuition for Orphans & Children in Pvt. Homes	59,818	121,904	107,040	55,632	518,142	107,000
Vocational Education	85,555	80,624	94,938	160,502	179,883	160,000
Special Education	3,594,652	3,726,877	3,903,545	4,055,935	4,363,281	4,527,179
Transportation	2,366,001	2,012,195	2,467,801	2,392,372	2,813,456	2,700,000
Rental and Sinking Fund Payments	610,875	673,626	1,763,289	1,300,197	650,052	562,135
Health Services	168,127	171,008	176,595	174,673	196,628	178,000
State Property Tax Reduction Allocation	940,902	935,656	1,182,340	1,207,118	1,431,854	1,662,671
Safe Schools	20,173	0	8,678	485,842	296,577	100,000
PA Accountability Grant and Other Grants	561,437	526,437	526,437	526,437	526,437	526,437
Other Revenues not Listed	0	0	0	0	131,293	195,000
Revenue for Social Security	2,361,776	2,345,143	2,556,871	2,738,128	2,787,358	2,928,438
Revenue for Retirement	10,306,363	11,170,408	12,162,071	12,640,377	12,768,121	13,304,094
<b>Total State Sources</b>	<b>\$32,768,312</b>	<b>\$34,154,956</b>	<b>\$39,510,586</b>	<b>\$42,081,395</b>	<b>\$44,834,609</b>	<b>\$44,834,372</b>
<b>Total Federal Sources</b>	<b>\$1,954,360</b>	<b>\$1,530,268</b>	<b>\$3,185,492</b>	<b>\$2,244,433</b>	<b>\$2,128,614</b>	<b>\$2,753,000</b>
<b>Total Other Sources</b>	<b>\$58,188</b>	<b>\$240,569</b>	<b>\$1,486,568</b>	<b>\$1,282,708</b>	<b>\$3,954,228</b>	<b>\$355,000</b>
<b>TOTAL REVENUE</b>	<b>\$149,722,786</b>	<b>\$158,135,439</b>	<b>\$173,550,789</b>	<b>\$181,789,760</b>	<b>\$198,508,400</b>	<b>\$198,902,947</b>
<b>EXPENDITURES:</b>						
Instruction	\$81,614,160	\$86,737,510	\$93,443,038	\$101,431,964	\$106,642,523	\$112,523,239
Pupil Personnel	4,972,303	5,263,475	6,200,819	6,442,589	6,830,652	7,858,041
Instructional Staff	7,634,807	9,619,650	10,221,025	10,617,086	10,524,390	11,353,486
Administration	7,599,892	8,456,620	8,952,334	10,026,362	11,254,281	11,490,982
Pupil Health	1,129,551	1,315,390	1,500,432	1,545,944	1,508,635	1,750,131
Business	1,869,862	2,112,745	2,290,191	2,519,161	2,921,805	2,983,964
Operation and Maintenance	12,726,749	15,532,285	17,599,447	18,576,054	17,306,837	19,622,209
Student Transportation	7,041,515	7,587,865	8,718,747	10,166,243	10,296,869	10,693,330
Central	5,337,315	4,808,601	7,397,979	8,201,794	7,268,704	6,758,412
Other Support Services	129,287	130,812	132,090	132,643	132,608	132,608
Operation of Noninstructional Services	2,320,664	2,632,649	2,949,975	3,309,071	3,402,547	920,180
Debt Service	12,275,319	12,606,019	13,903,206	14,330,093	14,972,277	16,281,783
Fac Acq, Const, and Imp	171,442	416,274	1,183,416	1,572,136	435,528	56,860
Fund Transfers	4,800,000	1,592,000	0	0	0	2,800,000
Refunds of Prior Years' Expenditures	0	0	0	0	0	0
Special and Extraordinary Items	0	0	0	0	0	45,000
Budgetary Reserve	0	0	0	0	0	0
<b>TOTAL EXPENDITURES</b>	<b>\$149,622,866</b>	<b>\$158,811,895</b>	<b>\$174,492,699</b>	<b>\$188,871,140</b>	<b>\$193,497,656</b>	<b>\$205,270,225</b>

\*Totals may not add due to rounding.

<sup>(1)</sup>The School District has implemented planned drawdowns of fund balance to provide for increased staffing levels and related Instruction expenditures due to continued high levels of growth.

<sup>(2)</sup>Budgeted, as adopted on June 25, 2025.

Source: School District Annual Financial Reports and Budget.

## TAXING POWERS OF THE SCHOOL DISTRICT

### In General

*Subject to certain limitations imposed by the Taxpayer Relief Act (more specifically described below),* the School District is empowered by the Public School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
  - a. for minimum salaries and increments of the teaching and supervisory staff;
  - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
  - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended by Act 32 of 2008, enacted July 2, 2008 (53 P.S. §6924.101) the (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

### The Taxpayer Relief Act (Act 1)

Under The Taxpayer Relief Act (Act 1), a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, 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 or more of the exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. (a) 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 (“Act 72”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); (b) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (c) 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 by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

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

<u>Fiscal Year</u>	<u>Index %</u>
2022-23	3.4%
2023-24	4.1%
2024-25	4.0%
2025-26	4.0%
2026-27	4.1%

Source: Pennsylvania Department of Education website.

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

A board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of a earned income tax (“EIT”) or impose a personal income tax (“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 1.

**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.**

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**Act 48 of 2003 – Limitation on School District Fund Balance**

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes unless the school district has adopted a budget for such school year that includes an estimated ending unreserved and 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.

Set forth above is a summary of portions of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor a legal interpretation of any provisions of Act 48. A prospective purchaser of the bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.

\*Applicable to the School District.

**Tax Levy Trends**

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax and other tax rates for the School District, for the four townships located in the School District and for Cumberland County.

**TABLE 6  
CUMBERLAND VALLEY SCHOOL DISTRICT TAX RATES**

<u>Fiscal Year</u>	<u>Real Estate (mills)</u>	<u>Earned Income (%)</u>	<u>Local Services Tax (\$)</u>	<u>Real Estate Transfer (%)</u>
2021-22 .....	10.5330	1.10	5.00	0.50
2022-23 .....	10.8910	1.10	5.00	0.50
2023-24 .....	11.3370	1.10	5.00	0.50
2024-25 .....	11.9370	1.10	5.00	0.50
2025-26 .....	12.4140	1.10	5.00	0.50

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

**TABLE 7  
CUMBERLAND VALLEY 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> .....	10.5330	10.8910	11.3370	11.9370	12.4140
<u><i>Municipalities within the School District</i></u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Hampden Township .....	0.1560	0.1560	0.1560	0.1560	0.1560
Middlesex Township.....	2.0800	2.0800	2.6550	2.6550	2.6550
Monroe Township.....	0.6580	0.6580	0.6580	0.6580	0.6580
Silver Spring Township.....	1.3045	1.3045	1.3045	1.3045	1.3045
<i>Cumberland County</i> .....	2.3610	2.3610	2.6900	2.8750	2.8750

Source: Department of Community and Economic Development - Municipal Statistics

## Real Property Tax

The real property tax (excluding delinquent collections) produced \$108,243,332 in 205-26, approximately 54.5% of total revenue. The tax is levied on July 1 of each year. The tax bills are dated July 1 and taxpayers who remit within 90 days of July 1 receive a 2 percent discount, and those who remit subsequent to 90 days after July 1 may pay at face value.

The last county-wide assessment for Cumberland County was in 2017.

**TABLE 8  
CUMBERLAND VALLEY SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA**

<b>Year</b>	<b>Market Value</b>	<b>Assessed Value</b>	<b>Ratio</b>
2020-21 .....	\$7,465,380,391	\$8,048,549,700	107.8%
2021-22 .....	7,588,320,207	8,174,795,100	107.7%
2022-23 .....	8,179,259,471	8,433,059,800	103.1%
2023-24 .....	8,266,800,956	8,527,390,400	103.2%
2024-25 .....	9,352,445,352	8,867,123,100	94.8%

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

**TABLE 9  
CUMBERLAND VALLEY SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	<b>2023 Market Value</b>	<b>2023 Assessed Value</b>	<b>2024 Market Value</b>	<b>2024 Assessed Value</b>
<i>School District</i> .....	\$8,266,800,957	\$8,527,390,400	\$9,352,445,352	\$8,867,123,100
Hampden Township .....	\$3,770,057,176	\$3,907,966,400	\$4,331,731,478	\$4,116,458,900
Middlesex Township.....	771,702,144	833,564,100	918,493,708	853,308,500
Monroe Township .....	631,635,373	686,268,200	698,772,640	707,587,300
Silver Spring Township.....	3,093,406,264	3,099,591,700	3,403,447,526	3,189,768,400
Cumberland County .....	\$24,880,819,792	\$26,299,945,000	\$27,328,701,908	\$26,917,774,600

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

**TABLE 10  
CUMBERLAND VALLEY SCHOOL DISTRICT  
ASSESSMENT BY LAND USE**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
Residential.....	\$5,607,328,300	\$5,723,921,400	\$5,856,058,300	\$5,986,314,500	\$6,097,126,700
Lots.....	60,699,400	59,460,100	62,941,500	64,871,100	59,200,500
Industrial .....	52,678,300	52,075,700	52,843,000	52,843,000	52,703,500
Commercial .....	2,057,257,500	2,072,362,900	2,190,587,900	2,150,307,300	2,380,362,600
Agriculture .....	204,810,600	200,746,800	204,349,800	206,790,100	212,700,800
Land .....	23,430,700	23,734,800	23,060,500	22,477,400	20,867,800
Seasonal .....	736,500	583,200	515,200	399,300	399,300
Trailers .....	41,608,400	41,910,200	42,703,600	43,387,700	43,761,900
<b>Total</b> .....	<b>\$8,048,549,700</b>	<b>\$8,174,795,100</b>	<b>\$8,433,059,800</b>	<b>\$8,527,390,400</b>	<b>\$8,867,123,100</b>

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

**TABLE 11  
CUMBERLAND VALLEY SCHOOL DISTRICT  
REAL PROPERTY TAX COLLECTION DATA**

<u>School Year</u>	<u>Mills</u>	<u>Gross Adjusted Levy</u>	<u>Current Collections Amount</u>	<u>Current Year Collections As a Percent</u>	<u>Total Collections Amount<sup>(1)</sup></u>	<u>Total Collections As a Percent</u>
2021-22	10.5330	\$86,760,021	\$84,422,345	97.31%	\$85,809,738	98.90%
2022-23	10.8910	91,648,011	89,170,120	97.30%	90,447,665	98.69%
2023-24	11.3370	97,366,845	94,195,792	96.74%	95,552,828	98.14%
2024-25	11.9370	106,209,064	104,782,052	98.66%	104,203,703	98.11%
2025-26	12.4140	110,497,176	108,243,332	97.96%	109,243,332	98.87%

<sup>(1)</sup>Includes penalties, less discounts and exonerations.  
Source: School District officials.

The School District's ten highest-valued real estate tax parcels based on assessed valuation are shown on Table 12. The aggregate assessed value of these ten highest-valued tax parcels totals approximately 3.5 percent of the total assessed value.

**TABLE 12  
CUMBERLAND VALLEY SCHOOL DISTRICT  
TEN LARGEST REAL ESTATE TAX PARCELS**

<u>Owner</u>	<u>2025-26 Assessed Values</u>
EXETER 100 FRY LLC	\$42,000,000
LIBERTY PROPERTY LP	38,671,000
NESTLE PURINA PETCARE CO	37,519,300
PINNACLE HEALTH HOSPITALS	30,050,800
HAMPDEN IL-AL INVESTORS LLC	28,950,000
BCI IV 485 DC LLC	28,088,900
MEMBERS 1 <sup>ST</sup> FEDERAL CREDIT UNION	26,167,200
IPT SILVER SPRING DC II	26,118,400
CRE SALEM CHURCH ROAD	25,655,000
HAMPDEN GREENE LLC	24,441,600
	<u>\$307,662,200</u>

Source: School District officials.

**Other Taxes**

Under Act 511, the School District collected \$38,028,535 in other taxes in 2024-25. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax and Local Services Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property for 2024-25, was \$106,405,477.

*Real Estate Transfer.* A tax of 0.5% of the value of real estate transfers yielded \$4,870,110 in 2024-25 of School District revenue.

*Earned Income Tax.* A tax of 1.1% percent (subject to sharing) is levied on the earned income of residents. The School District yielded an \$32,944,047 in 2024-25 of School District revenue.

*Local Services Tax (previously levied as Emergency and Municipal Services Tax).* The School District levies a tax \$5.00 (subject to sharing). The School District yielded \$214,378 in 2024-25 of School District revenue.

**COMMONWEALTH AID TO SCHOOL DISTRICTS**

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

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

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

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

### **Current Lack of State Appropriations for Debt Service Subsidies**

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the “Reimbursable Percentage” assigned to the Bonds by the PDE and the School District’s permanent Capital Account Reimbursement Fraction (“CARF”) (31.88%) or the wealth based Market Value Aid Ratio (“MVAR”) currently (36.83%), whichever is higher. The Reimbursable Percentage is determined through a process known as the “Planning and Construction Workbook” or “PlanCon”.

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

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

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

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

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

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

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**DEBT AND DEBT LIMITS**

**Debt Statement**

Table 13 shows the debt of the School District as of April 8, 2026 but includes the Bonds.

**TABLE 13  
CUMBERLAND VALLEY SCHOOL DISTRICT  
DEBT STATEMENT  
(As of April 8, 2026) \***

<b>NONELECTORAL DEBT</b>	<b>Gross Outstanding</b>
General Obligation Bonds, Series of 2026 (last maturity 2053).....	\$25,000,000
General Obligation Bonds, Series A of 2025 (last maturity 2053).....	40,000,000
General Obligation Bonds, Series B of 2025 (last maturity 2035).....	16,940,000
General Obligation Bonds, Series A of 2023 (last maturity 2047).....	51,455,000
General Obligation Bonds, Series B of 2023 (last maturity 2031).....	25,805,000
General Obligation Bonds, Series of 2022 (last maturity 2047).....	23,575,000
General Obligation Bonds, Series AAA of 2020 (last maturity 2039).....	10,000,000
General Obligation Bonds, Series AA of 2020 (last maturity 2035).....	25,255,000
General Obligation Bonds, Series A of 2020 (last maturity 2027).....	5,180,000
General Obligation Bonds, Series of 2020 (last maturity 2039).....	8,825,000
<b>TOTAL NONELECTORAL DEBT</b> .....	<b>\$232,035,000</b>
 <b>LEASE RENTAL</b>	
<b>TOTAL LEASE RENTAL DEBT</b> .....	<b>\$0</b>
 <b>TOTAL PRINCIPAL OF DIRECT DEBT</b> .....	<b>\$232,035,000</b>

\*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 the issuance of the Bonds, the principal of direct debt of the School District will total \$232,035,000\*. The School District may, when approved in writing by the Department of Education, claim a credit against the gross principal amount of debt outstanding equal to the amount of principal approved for reimbursement by the Commonwealth.

**TABLE 14**  
**CUMBERLAND VALLEY SCHOOL DISTRICT**  
**BONDED INDEBTEDNESS AND DEBT RATIOS**  
**(As of April 8, 2026)\***

	<b>Gross Outstanding</b>	<b>Local Effort or Net of Available Funds and Estimated Commonwealth Aid<sup>(1)</sup></b>
<b>DIRECT DEBT</b>		
Nonelectoral Debt .....	\$232,035,000	\$227,408,532
Lease Rental Debt .....	0	0
<b>TOTAL DIRECT DEBT</b> .....	<b>\$232,035,000</b>	<b>\$227,408,532</b>
<b>OVERLAPPING DEBT</b>		
Cumberland County, General Obligation <sup>(2)</sup> .....	\$13,209,500	\$13,209,500
Municipal Debt .....	35,169,000	35,169,000
<b>TOTAL OVERLAPPING DEBT</b> .....	<b>\$48,378,350</b>	<b>\$48,378,350</b>
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b> .....	<b>\$280,413,350</b>	<b>\$275,786,882</b>
<b>DIRECT DEBT RATIOS</b>		
Per Capita .....	\$3,538.79	\$3,468.23
Percent 2024-25 Assessed Value .....	2.62%	2.56%
Percent 2024-25 Market Value .....	2.48%	2.43%
<b>DIRECT &amp; OVERLAPPING DEBT RATIOS</b>		
Per Capita .....	\$4,277	\$4,206
Percent 2024-25 Assessed Value .....	3.16%	3.11%
Percent 2024-25 Market Value .....	3.00%	2.95%

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

<sup>(1)</sup>Gives effect to current appropriations for payment of debt service and estimated future Commonwealth Reimbursement of School District sinking fund payments based on current CARF. See “Commonwealth Aid to School Districts”. The School District may, when approved in writing by the Department of Education, claim a credit against the gross principal amount of debt outstanding equal to the amount of principal to be reimbursed by the Commonwealth.

<sup>(2)</sup>Pro rata 32.9% share of \$40,150,000 of principal outstanding, as of April 8, 2026.

**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. Non-electoral debt and lease rental debt are subject to a statutory borrowing limit.

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

Total Revenues for 2022-23 .....	\$167,734,630
Total Revenues for 2023-24 .....	\$178,206,109
Total Revenues for 2024-25 .....	<u>\$193,376,854</u>
Total Revenues, Past Three Years .....	<u>\$539,317,593</u>
Annual Arithmetic Average (Borrowing Base) .....	\$179,772,531

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

	<b><u>Legal Limit</u></b>	<b><u>Net Debt Outstanding*</u></b>	<b><u>Remaining Borrowing Capacity</u></b>
225% of Borrowing Base.....	\$404,488,194	\$232,035,000*	\$172,453,195**

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

**Debt Service Requirements**

Table 15 presents the debt service requirements on the School District's outstanding general obligations, including debt service on the Bonds. The School District has never defaulted on the payment of debt service.

**TABLE 15  
CUMBERLAND VALLEY SCHOOL DISTRICT  
DEBT SERVICE REQUIREMENTS\***

<u>Year</u>	<u>General Obligation Debt</u>	<u>Series of 2026</u>			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2025-26	\$15,681,783				
2026-27	15,252,774				
2027-28	15,253,667				
2028-29	14,930,526				
2029-30	14,924,085				
2030-31	14,925,958				
2031-32	14,920,046				
2032-33	14,919,040				
2033-34	14,922,552				
2034-35	14,921,295				
2035-36	14,919,809				
2036-37	13,372,450				
2037-38	13,363,100				
2038-39	13,361,225				
2039-40	13,351,275				
2040-41	12,902,650				
2041-42	12,897,850				
2042-43	12,896,675				
2043-44	12,892,475				
2044-45	12,891,200				
2045-46	12,892,313				
2046-47	12,890,075				
2047-48	12,897,838				
2048-49	4,880,125				
2049-50	4,880,125				
2050-51	4,885,250				
2051-52	4,894,750				
2052-53	4,898,125				
2053-54	4,909,750				
<b>Total</b>	<b>\$351,528,786</b>				

\*Totals may not add due to rounding.

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

**TABLE 16  
CUMBERLAND VALLEY SCHOOL DISTRICT  
COVERAGE OF DEBT SERVICE AND LEASE RENTAL  
REQUIREMENTS BY COMMONWEALTH AID\***

2024-25 Commonwealth Aid Received .....	\$44,264,609
2024-25 Debt Service Requirements .....	\$14,972,277
Maximum Future Debt Service Requirements after Issuance of Bonds.....	
Coverage of 2024-25 Debt Service Requirements .....	2.96 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 additional non-refunding long-term debt of approximately \$25 million for capital projects over the next 1-2 years.

**LABOR RELATIONS**

**School District Employees**

There are approximately 1,300 employees of the School District, including 791 teachers and administrators, 488 support personnel. The support personnel includes secretaries, cafeteria staff and teachers aids.

The School District’s teachers are represented by the Cumberland Valley Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District, which expires on June 30, 2030. The Cumberland Valley School Service Personnel Association, an AFSCME affiliate, represents the service personnel with a contract, which expires on June 30, 2028. A small segment of service employees are non-union and have wages and benefits approved annually by the School Board.

**Pension Program**

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

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

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

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

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

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

Annual School District contributions have been as follows:

2020-21	\$20,291,724
2021-22	\$21,925,000
2022-23	\$23,957,994
2023-24	\$25,044,561
2024-25	\$26,066,470
2025-26 (budgeted)	\$26,807,388

At June 30, 2025, the School District reported a liability of \$191,989,000 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 0.4587% which was an increase of 0.0102% from its proportion measured as of June 30, 2024.

As of June 30, 2025, the PSERS plan was 64.8% funded, with an unfunded actuarial accrued liability of approximately \$42.0 billion. PSERS’ rate of return for fiscal year ended June 30, 2025 was 9.67%. The Fund had plan net assets of 83.7 billion at June 30, 2025. For more information, visit the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov), which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

#### **Other Post-Employment Benefits**

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District 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 “D” - Audit Report - Fiscal year Ended June 30, 2025.

### **LITIGATION**

The School District is subject to a variety of suits and proceedings arising out of its ordinary course of affairs, some of which may be adjudicated adversely to the School District. Any such litigation is of a routine nature which does not affect the right of the School District to conduct its affairs or the validity of its obligations. At closing, the President or Vice-President of the Board of the School Directors will certify that there is no presently pending or threatened litigation which would materially and adversely affect the validity of the Bonds or the proceedings for issuance of same and there is no litigation which would materially affect the issuer’s financial condition.

### **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 Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Debt 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.**

**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.

## **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.

## **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirements of Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the School District (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will execute a Continuing Disclosure Certificate. See Appendix C for the proposed form of Continuing Disclosure Certificate (the "Continuing Disclosure Certificate").

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

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

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

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

Some operating data of the School District may be inherently included in the annual filings of audited financial statements, the summary of the budget, contents of Preliminary Official Statements prepared by the School District for bond issues as well as other publicly available information. In connection with the Continuing Disclosure Certificate associated with the Bonds, the School District may not be filing this information separately, but it may be available in the other annual filings of the School District or publicly available elsewhere.

The School District has procedures in place to ensure that future filings of the required annual information and event notices will be accomplished within all required time periods.

## **RATINGS**

S&P Global Ratings (“S&P”) is expected to assign its municipal bond insured rating of “AA” (Stable Outlook) to the Bonds and has done so with the understanding that upon issuance and delivery of the Bonds, a municipal bond insurance policy with respect to the Bonds will be issued by AG. S&P has assigned the School District an underlying rating of “A” (Negative Outlook). Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address S&P Global Ratings, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

## **UNDERWRITING**

Stifel Nicolaus & Company, Incorporated, as representative on behalf of itself and Raymond James & Associates, Inc., as underwriters (the “Underwriters”) have agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds, if any of such Bonds are purchased. The aggregate purchase price of the Bonds, exclusive of accrued interest, is \$----- which is equal to the par amount of the Bonds less Underwriters’ discount of \$ \_\_\_\_\_, and plus/less net 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.

## **CERTAIN RELATIONSHIPS**

Eckert Seamans Cherin & Mellott, LLC, Bond Counsel to the School District, in connection with the issuance of the Bonds, has provided certain legal services to the Underwriters in matters unrelated to the issuance and sale of the Bonds.

## **LEGAL OPINION**

The Bonds are offered subject to the receipt of the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the School District. Certain other legal matters will be passed upon for the School District by Johnson, Duffie, Stewart & Weidner, of Lemoyne, Pennsylvania, School District Solicitor and for the Underwriters by Stevens & Lee, P.C., of Reading, Pennsylvania.

## **MUNICIPAL ADVISOR**

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania as Municipal Advisor (the “Municipal Advisor”) in connection with the preparation, authorization, and issuance of the Bonds. 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, 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,” or must, or 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 contemplates or requires such event to occur or such obligations to be fulfilled.

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

CUMBERLAND VALLEY SCHOOL DISTRICT  
Cumberland County, Pennsylvania

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

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**APPENDIX A**  
**Demographic and Economic Information**  
**Relating to the Cumberland Valley School District**

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**Introduction**

The School District is located in portions of Cumberland County, in central Pennsylvania, approximately 40 miles southwest of Harrisburg, and is located Harrisburg-Carlisle Metropolitan Statistical Area (“MSA”).

**Population**

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

**TABLE A-1**  
**RECENT POPULATION TRENDS**

<u>Area</u>	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
School District .....	54,564	65,569	3.74%
Cumberland County .....	235,406	259,469	1.97%
Pennsylvania .....	12,702,379	12,779,559	0.12%

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

**TABLE A-2**  
**AGE COMPOSITION**

	<u>0-19</u>	<u>20-64</u>	<u>65+</u>	<u>Persons Per Household</u>
	<u>Years</u>	<u>Years</u>	<u>Years</u>	
Cumberland County .....	23.8%	53.2%	23.0%	2.38
Pennsylvania .....	24.2%	59.4%	16.3%	2.49

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

## Employment

Overall employment data are not compiled for the School District or municipalities, but such data are compiled for Cumberland County which is included within the MSA, as represented in Table A-3.

**TABLE A-3  
NONFARM JOBS BY INDUSTRY  
HARRISBURG-CARLISLE METROPOLITAN STATISTICAL AREA  
(Cumberland, Dauphin and Perry Counties)**

<i>ESTABLISHMENT DATA</i>	Industry Employment				Net Change From:	
	Nov 2025	Oct 2025	Sep 2025	Nov 2024	Oct 2025	Nov 2024
<b>Total Nonfarm</b>	<b>374,200</b>	372,200	372,400	370,700	2,000	3,500
<b>Total Private</b>	<b>314,300</b>	312,800	312,700	311,400	1,500	2,900
<b>Goods Producing</b>	<b>34,100</b>	34,200	34,400	34,400	-100	-300
<b>Mining, Logging, and Construction</b>	<b>13,000</b>	13,100	13,200	12,700	-100	300
<b>Manufacturing</b>	<b>21,100</b>	21,100	21,200	21,700	0	-600
Durable Goods	<b>9,400</b>	9,500	9,500	10,000	-100	-600
Non-Durable Goods	<b>11,700</b>	11,600	11,700	11,700	100	0
Food mfg.	<b>6,600</b>	6,500	6,600	6,500	100	100
<b>Service-Producing</b>	<b>340,100</b>	338,000	338,000	336,300	2,100	3,800
<b>Private Service-Providing</b>	<b>280,200</b>	278,600	278,300	277,000	1,600	3,200
<b>Trade, Transportation, and Utilities</b>	<b>82,700</b>	80,400	80,100	82,400	2,300	300
Wholesale Trade	<b>12,400</b>	12,500	12,600	12,800	-100	-400
Retail Trade	<b>32,200</b>	31,500	31,300	32,000	700	200
General merchandise stores	<b>6,200</b>	5,700	5,600	5,800	500	400
Transportation, Warehousing, and Utilities	<b>38,100</b>	36,400	36,200	37,600	1,700	500
Transportation and Warehousing	<b>37,600</b>	35,900	35,700	37,200	1,700	400
Truck Transportation	<b>7,500</b>	7,400	7,400	7,500	100	0
Warehousing and Storage	<b>17,700</b>	17,000	16,800	18,000	700	-300
<b>Information</b>	<b>3,200</b>	3,200	3,200	3,200	0	0
<b>Financial Activities</b>	<b>20,300</b>	20,300	20,100	19,800	0	500
Finance and Insurance	<b>17,000</b>	17,000	16,900	16,600	0	400
<b>Professional and Business Services</b>	<b>51,300</b>	51,500	51,800	51,800	-200	-500
Professional and Technical Services	<b>22,200</b>	22,200	22,300	21,500	0	700
Management of Companies and Enterprises	<b>10,400</b>	10,400	10,500	10,300	0	100
Administrative and Waste Services	<b>18,700</b>	18,900	19,000	20,000	-200	-1,300
<b>Education and Health Services</b>	<b>76,000</b>	75,600	75,100	73,200	400	2,800
Educational Services	<b>10,200</b>	10,000	9,800	9,400	200	800
Health Care and Social Assistance	<b>65,800</b>	65,600	65,300	63,800	200	2,000
Hospitals	<b>21,300</b>	21,300	21,200	20,500	0	800
<b>Leisure and Hospitality</b>	<b>30,200</b>	31,000	31,600	30,000	-800	200
Accommodation and Food Services	<b>22,500</b>	22,900	23,200	22,700	-400	-200
Food Services and Drinking Places	<b>18,700</b>	19,000	19,200	18,900	-300	-200
<b>Other Services</b>	<b>16,500</b>	16,600	16,400	16,600	-100	-100
<b>Government</b>	<b>59,900</b>	59,400	59,700	59,300	500	600
Federal Government	<b>7,000</b>	7,000	7,400	7,400	0	-400
State Government	<b>31,800</b>	31,500	31,500	31,100	300	700
Local Government	<b>21,100</b>	20,900	20,800	20,800	200	300
Local Government Educational Services	<b>14,400</b>	14,200	14,000	14,100	200	300
Local Government Excluding Educational Services	<b>6,700</b>	6,700	6,800	6,700	0	0
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***					

Source: Paworkstats.state.pa.us

Table A-4 shows recent trends in labor force, employment, and unemployment for Cumberland County and the Commonwealth. Cumberland County has a lower unemployment rate than that of the Commonwealth.

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025<sup>(1)</sup></u>	<b>Compound Average Annual % Rate</b>
<b><u>Cumberland County</u></b>							
Civilian Labor Force (000)	130.7	131.6	139.6	136.7	140.9	141.9	0.00%
Employment (000)	121.9	124.8	133.6	133.0	136.7	137.1	1.38%
Unemployment (000)	8.7	6.8	3.3	3.7	4.2	4.8	-3.71%
Unemployment Rate	6.70%	5.20%	2.4	2.70%	3.00%	3.40%	
<b><u>Pennsylvania</u></b>							
Civilian Labor Force (000)	6,388.0	6,319.0	6,452.0	6,518.0	6,577.0	6551.0	0.39%
Employment (000)	5,808.0	5,902.0	6,204.0	6,296.0	6,337.0	6274.0	0.74%
Unemployment (000)	580.0	417.0	248.0	223.0	239.0	277.0	-5.98%
Unemployment Rate	9.10%	6.60%	3.8	3.40%	3.60%	4.20%	

<sup>(1)</sup>As of November 2025

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

The ten (10) largest employers located within or near the School District include:

<b><u>Cumberland County</u></b>
<b><u>Owner</u></b>
Federal Government
Amazon.com Services Inc.
Giant Food Stores LLC
State Government
Select Employment Services Inc.
Wal-Mart Associates Inc
Holy Spirit Hospital
Cumberland Valley School District
Excel Inc.
UPMC Pinnacle Hospitals

Source: Quarterly Census of Employment and Wages – Center for Workforce Information and Analysis, Q3 of 2025.

## Income

The data on Table A-5 shows recent trends in per capita income for Cumberland County and the Commonwealth over the 2010-2020 period. Per capita income in the County is somewhat higher than average per capita income in Cumberland County and the Commonwealth.

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

	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u> <u>2010-2020</u>
Cumberland County .....	30,119	38,153	2.66%
Pennsylvania.....	27,049	35,518	3.07%

\*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, 2020

## Commercial Activity

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

**TABLE A-6**  
**TOTAL RETAIL SALES**  
**(Millions of Dollars)**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Cumberland County .....	7,430,486	7,847,375	8,512,426	8,373,302	11,106,321
Pennsylvania.....	274,685,600	297,770,326	310,912,244	317,239,286	403,629,014

Source: The Nielsen Company.

## Educational Institutions

Many educational institutions are located within the County's borders and the immediate area.

Over fifty accredited colleges and universities are within the MSA. The following institutions of higher learning are located within the MSA area:

<b>Name of Institution</b>	<b>Location</b>
Pennsylvania State University	State College
Dickinson School of Law (Penn State)	Carlisle
Dickinson College	Carlisle
Shippensburg State University	Shippensburg
Millersville University of Penn	Millersville
Harrisburg Area Community College	Harrisburg
Harrisburg University	Harrisburg
Bucknell University	Lewisburg
Messiah University	Grantham
Gettysburg College	Gettysburg
Franklin & Marshall College	Lancaster
Capital Campus, Penn State University	Middletown
Lebanon Valley College	Annville
Thompson Institute	Harrisburg
Central Penn Business School	Summerdale
Widener University School of Law- Harrisburg	Harrisburg
Milton S. Hershey Medical School (Penn State)	Hershey
Wilson College	Chambersburg

## **Medical Facilities**

The Carlisle Medical Center, which is owned by Pinnacle Health, is located in the Carlisle Borough. Penn State Health Hampden Medical Center and UPMC Pinnacle West Shore, are both located in Hampden Township. Other hospitals are in East Pennsboro Township and Harrisburg. Basic ambulance service is provided by Silver Spring Ambulance Association and Hampden Township Ambulance Association, and by the fire companies of South Middleton Township, Carlisle, Silver Spring and Hampden Township.

## **Government Facilities**

The County has two important United States Government military installations within its boundaries: Carlisle Barracks (2<sup>nd</sup> oldest Army Post in the United States and home of Carlisle Indian School 1879-1918) and the Naval Inventory Control Point (NAVICP). The NAVICP was recently combined with Navy Ships Parts Control Center and the Aviation Supply Office.

The two installations, together with the New Cumberland Army Depot located in New Cumberland, employ approximately 11,000 people. Other federal government agencies located in the area employ another 1,000 persons.

## **Transportation**

An extensive network of modern interstate highways, including the Pennsylvania Turnpike, Interstate 81, and U.S. Highways 11 and 15, ties the area to such major markets as New York, Philadelphia, Pittsburgh, Baltimore, Washington and Boston. As evidence of the location and highway system of the County, many trucking firms have established distribution centers in the County. These include ABF, Carolina Freight Carriers, Daily Express, Genie and Roadway Express.

A system of crisscrossing competitive rail lines provides the area with bulk freight services to anywhere in the U.S. or Canada. Rail lines such as Conrail and Norfolk Southern offer transportation to points north, south, east and west. These lines are served by Conrail Enola Freight Sorting Yards. Rail passenger service is available just across the river in Harrisburg on the Amtrak passenger system to a number of major cities including New York, Pittsburgh, Philadelphia, Baltimore and Washington, D.C.

Air service, both passenger and cargo, is available at the nearby Harrisburg International Airport. Allegiant, American Airlines, Delta Airlines, Frontier Airlines, United Airlines and various commuter airlines provide regular scheduled flights to major cities. Air service is also provided by the area's Capitol City Airport, which provides overall General Aviation Services.

## **Utility Services**

Metropolitan Edison Company, PP&L, Verizon and United Telephone Company of Pennsylvania service the area. School District residents are provided with water by the Pennsylvania American Water Company, a privately-owned corporation, with filter plants and pumping stations along both the Yellow Breeches and the Conodoguinet Creeks.

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

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[FORM OF BOND COUNSEL OPINION]

\_\_\_\_\_, 2026

Re: Cumberland Valley School District  
Cumberland County, Pennsylvania  
\$\_\_\_\_,\_\_\_\_000 General Obligation Bonds, Series of 2026

To The Purchasers of the Within-Described Bonds:

We have served as bond counsel to Cumberland Valley School District, Cumberland 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 20, 2026, by the Board of School Directors of the School District (the “Board”).

The Bonds are being issued to undertake a capital project that includes planning, designing, acquiring, constructing, equipping and furnishing alterations, additions and renovations to various school buildings owned and operated by 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 the Solicitor 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 Solicitor of 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 Manufacturers and Traders Trust Company, 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**  
**Form of Continuing Disclosure Certificate**

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**CONTINUING DISCLOSURE CERTIFICATE**

Re: CUMBERLAND VALLEY SCHOOL DISTRICT,  
Cumberland County, Pennsylvania  
\$ \_\_, \_\_, 000 General Obligation Bonds, Series of 2026  
Dated \_\_\_\_\_, 2026

\_\_\_\_\_, 2026

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by CUMBERLAND VALLEY SCHOOL DISTRICT, Cumberland County, Pennsylvania (the “Issuer”), in connection with the issuance of its \$ \_\_, \_\_, 000, 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 **180 days** 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 information 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));
- iii. the total assessed value and market value of all taxable real estate for the most recent fiscal year;
- iv. the taxes and millage rates imposed for the most recent fiscal year;
- v. the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed as an aggregate dollar amount); and
- vi. a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year.

Nothing in this subsection (a), however, shall require the filing of information for the fiscal year ended June 30, 2026, already included or summarized in the Official Statement.

(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.

[SIGNATURE PAGE FOLLOWS]

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.

CUMBERLAND VALLEY SCHOOL DISTRICT,  
Cumberland County, Pennsylvania

By: \_\_\_\_\_  
(Vice) President of the Board of School Directors

**APPENDIX D**  
**Audited Financial Statements**  
Fiscal Year Ended June 30, 2025

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**CUMBERLAND VALLEY  
SCHOOL DISTRICT**

**FINANCIAL REPORT**

**JUNE 30, 2025**

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## INDEPENDENT AUDITOR'S REPORT

Board of School Directors  
Cumberland Valley School District  
Mechanicsburg, Pennsylvania

### Report on the Audit of 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 the Cumberland Valley School District (District) as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the Contents.

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

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 the 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.

#### *Change in Accounting Principle*

As described in Note 1 to the financial statements, as of July 1, 2024, the Cumberland Valley School District adopted Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

### ***Responsibilities of Management for the Financial Statements (Continued)***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 the District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the required supplementary information as listed in the Contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Boyer & Ritten". The signature is written in a cursive, flowing style with a large, sweeping underline.

Camp Hill, Pennsylvania  
December 30, 2025

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The management of Cumberland Valley School District is pleased to present the following discussion and analysis of the District’s financial activities for the fiscal year ended June 30, 2025. The purpose of this discussion is to provide a narrative summary of the financial position and activities of the District in order to enhance the reader’s understanding of the District’s basic financial statements.

The District is required to present comparative financial information between the current year and the prior year in its Management’s Discussion and Analysis (MD&A) as mandated by the Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements - and Management’s Discussion and Analysis - for State and Local Governments*.

**FINANCIAL HIGHLIGHTS**

- For the year 2024-2025, the School Board adopted an unbalanced General Fund Budget. The District set real estate taxes at 11.937 mills compared to 11.337 mills for 2023-24.
- The Net Position of the Cumberland Valley School District governmental activities decreased by \$243,197 during fiscal year 2024-25.
- At June 30, 2025, the District’s governmental funds reported combined ending fund balances of \$86,521,345 an increase of \$471,848. The General Fund had a \$5,010,744 net change in fund balance plus a \$518,363 prior period adjustment to fund balance due to the implementation of GASB 101. The Capital Projects Fund had a \$2,337,737 decrease in fund balance. The Debt Service Fund posted a \$2,792,617 decrease in fund balance. The Student Sponsored Activity Fund had a \$73,095 increase in fund balance. A more detailed explanation of the changes is provided later in the Governmental Funds narrative. Approximately 19% of the total Governmental Fund ending fund balance was unassigned and was available for spending at the District’s discretion at June 30, 2025.
- At June 30, 2025, the unassigned fund balance for the General Fund was \$16,626,174 or 8.59% of total General Fund expenditures for 2024-25.

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

These financial statements consist of three sections - Management’s Discussion and Analysis (this section), the basic financial statements, and other required supplementary information.

The first two statements of the basic financial statements are government-wide financial statements. These statements on pages 14 and 15 consist of the Statement of Net Position and the Statement of Activities. The government-wide financial statements provide both short-term and long-term information about the District’s overall financial status.

The remaining basic financial statements consist of fund financial statements. These statements focus on individual funds of the District and provide a more detailed presentation of the District’s operations. The governmental-funds statements on pages 16 through 19 present how general District services are financed in the short-term as well as what remains for future spending. The District’s required information on budgetary comparison is presented on page 20. The proprietary-fund statements on pages 21 through 23 present both short-term and long-term information about the activities that the District operates similar to a business.

The basic financial statements also include notes on pages 26 through 67 which provide a more detailed explanation of some of the information in the financial statements.

**Government-wide Statements Report the District as a Whole**

The government-wide statements report financial information about the District as a whole using accounting methods similar to the accounting used by private-sector companies. The Statement of Net Position includes all of the District’s assets and liabilities utilizing the full-accrual basis of accounting. The Statement of Activities accounts for all of the District’s revenues and expenses, regardless of when cash is received or paid.

These two government-wide statements report the District’s net position and changes in them. The District’s net position represents the difference between the District’s assets and liabilities. The District’s net position is one way to measure the District’s financial health over time. Increases or decreases in the District’s net position is one indicator of whether its financial health is improving or deteriorating, respectively. To assess the overall health of the District, non-financial factors must also be considered, such as changes in the District’s property-tax base and the performance of the students.

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The government-wide financial statements of the District are divided into two categories:

- Governmental activities - All of the District's basic services are included here, such as instruction, administration and community services. Real estate and earned income taxes, state and Federal subsidies and grants finance most of these activities.
- Business-type activities - The District operates a food-service program and charges fees to staff, students and visitors to help it cover the costs of the food-service program.

**Fund Financial Statements**

The District's fund financial statements provide detailed information about the most significant funds, or major funds - not the District as a whole. Some funds are required to be reported as major funds.

- Governmental funds - Most of the District's activities are reported in governmental funds, and focus on changes in financial resources, rather than upon net income determination. These funds are reported using the modified-accrual basis of accounting, which measures cash and all financial assets that can readily be converted to cash. The governmental-fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental-fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statements of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements on pages 17 and 19.
- Proprietary funds - These funds are used to account for the District's activities that are similar to business operations in the private sector. When the District charges customers for services it provides, these services are generally reported in proprietary funds. The Food Service Fund is the District's only proprietary fund and is the same as the business-type activities reported in the government-wide statements.
- Fiduciary funds - The District is the Trustee or agent for individuals, private organizations and/or governmental units as shown on pages 24 and 25.

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

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

The District's total net position was \$(68,481,160) at June 30, 2025, which included \$(68,164,747) in Governmental Activities and \$(316,413) in Business-type Activities. The total net position is impacted by \$157,950,000 in net pension liability.

**Statement of Net Position**

	Governmental Activities		Business-Type Activities		Total School District	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	6/30/2025	6/30/2024
<b>Assets</b>						
Current and other assets	\$ 124,314,939	\$ 111,383,776	\$ 2,064,704	\$ 2,834,594	\$ 126,379,643	\$ 114,218,370
Capital and right-to-use assets	248,613,414	214,647,909	352,463	352,864	248,965,877	215,000,773
<b>Total assets</b>	<b>\$ 372,928,353</b>	<b>\$ 326,031,685</b>	<b>\$ 2,417,167</b>	<b>\$ 3,187,458</b>	<b>\$ 375,345,520</b>	<b>\$ 329,219,143</b>
<b>Deferred outflows of resources</b>	<b>\$ 38,198,051</b>	<b>\$ 44,459,091</b>	<b>\$ 511,170</b>	<b>\$ 541,844</b>	<b>\$ 38,709,221</b>	<b>\$ 45,000,935</b>
<b>Liabilities</b>						
Current and other liabilities	\$ 37,774,936	\$ 25,485,806	\$ 267,752	\$ 989,129	\$ 38,042,688	\$ 26,474,935
Long-term liabilities	434,231,559	405,296,746	2,861,311	2,557,358	437,092,870	407,854,104
<b>Total liabilities</b>	<b>\$ 472,006,495</b>	<b>\$ 430,782,552</b>	<b>\$ 3,129,063</b>	<b>\$ 3,546,487</b>	<b>\$ 475,135,558</b>	<b>\$ 434,329,039</b>
<b>Deferred inflows of resources</b>	<b>\$ 7,284,656</b>	<b>\$ 7,629,774</b>	<b>\$ 115,687</b>	<b>\$ 120,444</b>	<b>\$ 7,400,343</b>	<b>\$ 7,750,218</b>
<b>Net Position</b>						
Investment in capital assets (net of related debt)	\$ 21,415,712	\$ 21,726,721	\$ 352,463	\$ 352,864	\$ 21,768,175	\$ 22,079,585
Restricted	63,192,517	68,249,776	-	-	63,192,517	68,249,776
Unrestricted	(152,772,976)	(157,898,047)	(668,876)	(290,493)	(153,441,852)	(158,188,540)
<b>Total net position</b>	<b>\$ (68,164,747)</b>	<b>\$ (67,921,550)</b>	<b>\$ (316,413)</b>	<b>\$ 62,371</b>	<b>\$ (68,481,160)</b>	<b>\$ (67,859,179)</b>

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

The results of this year’s operations as a whole are reported in the Statement of Activities. Direct expenses are listed by programs, and offset by program revenues to determine net (expense) revenue and changes in net position. General revenues, such as taxes, state subsidies, and investment earnings are then applied prior to transfers, and special items, to determine the change in net position. For the 2024-2025 fiscal year, the change in net position for governmental activities was a decrease of \$243,197 for current year activities. A decrease of \$378,784 was reported for business-type activities, for a net total increase of \$621,981.

**Statement of Activities**

	Governmental Activities	Business-Type Activities	Total School District
<b>Program Revenues</b>			
Charges for services	\$ 1,342,955	\$ 2,790,683	\$ 4,133,638
Operating grants and contributions	29,392,313	3,438,180	32,830,493
<b>General Revenues</b>			
Taxes	142,860,290	-	142,860,290
State general subsidies	19,033,381	-	19,033,381
Investment earnings	5,503,885	73,005	5,576,890
Gain (loss) on disposition of fixed assets	33,305	-	33,305
Transfers	-	-	-
Miscellaneous income	531,004	-	531,004
<b>Total revenues</b>	<u>198,697,133</u>	<u>6,301,868</u>	<u>204,999,001</u>
Direct Expenses	<u>197,003,573</u>	<u>6,482,240</u>	<u>203,485,813</u>
<b>Change in net position</b>	<u>\$ 1,693,560</u>	<u>\$ (180,372)</u>	<u>\$ 1,513,188</u>

Direct expenses represent the actual cost of providing the services while the net cost represents the amount of cost that is not recovered through program revenues such as user charges, grants and contributions. The net cost of services must be recovered through general revenue, consisting primarily of taxes and state subsidies. Amounts not recovered will reduce funds available for future years.

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

	Governmental Activities		Business-Type Activities		District Total	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	6/30/2025	6/30/2024
<b>Revenues</b>						
<b>Program revenues</b>						
Charges for services	\$ 1,342,955	\$ 1,098,462	\$ 2,790,683	\$ 2,725,939	\$ 4,133,638	\$ 3,824,401
Operating grants and contributions	29,392,313	28,560,475	3,438,180	3,575,873	32,830,493	32,136,348
<b>General revenues</b>						
Property taxes	104,391,826	95,761,909	-	-	104,391,826	95,761,909
Other taxes	38,468,464	35,295,074	-	-	38,468,464	35,295,074
Grants, subsidies and contributions, not restricted	19,033,381	17,551,300	-	-	19,033,381	17,551,300
Investment earnings	5,503,885	5,992,547	73,005	53,276	5,576,890	6,045,823
Gain (loss) on disposition of fixed assets	33,305	55,100	-	-	33,305	55,100
Miscellaneous income	531,004	401,591	-	-	531,004	401,591
	<u>198,697,133</u>	<u>184,716,458</u>	<u>6,301,868</u>	<u>6,355,088</u>	<u>204,999,001</u>	<u>191,071,546</u>
<b>Expenses</b>						
Instruction	114,052,304	109,261,480	-	-	114,052,304	109,261,480
Instructional student support	19,807,164	19,469,718	-	-	19,807,164	19,469,718
Administrative and financial services	21,597,047	21,074,112	-	-	21,597,047	21,074,112
Operation and main services of plant	21,389,021	19,116,799	-	-	21,389,021	19,116,799
Pupil transportation	10,427,280	9,596,338	-	-	10,427,280	9,596,338
Student activities	3,899,746	3,648,367	-	-	3,899,746	3,648,367
Community services	173,420	175,026	-	-	173,420	175,026
Interest on long-term debt	5,657,591	5,678,204	-	-	5,657,591	5,678,204
Food service	-	-	6,482,240	6,410,131	6,482,240	6,410,131
	<u>197,003,573</u>	<u>188,020,044</u>	<u>6,482,240</u>	<u>6,410,131</u>	<u>203,485,813</u>	<u>194,430,175</u>
<b>Changes in net position</b>	<b>1,693,560</b>	<b>(3,303,586)</b>	<b>(180,372)</b>	<b>(55,043)</b>	<b>1,513,188</b>	<b>(3,358,629)</b>
<b>Net Position:</b>						
Beginning	(67,921,550)	(64,617,964)	62,371	117,414	(67,859,179)	(64,500,550)
Prior Period Adjustment	(1,936,757)	-	(198,412)	-	(2,135,169)	-
Ending	<u>\$ (68,164,747)</u>	<u>\$ (67,921,550)</u>	<u>\$ (316,413)</u>	<u>\$ 62,371</u>	<u>\$ (68,481,160)</u>	<u>\$ (67,859,179)</u>

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**Governmental Funds**

The General Fund had budgeted total expenditures more than budgeted total revenues by \$5,311,664 for 2024-2025. The District planned to use unassigned fund balance to offset the difference. Actual total expenditures were under budget by \$2,360,977. Included in this variance are the following costs that were below budgetary estimates; labor costs \$1,103,208, Special Education Services and Programming \$1,299,022, building maintenance and grounds \$831,151, a reduced capital project contribution to the Cumberland Perry Career Technical Center \$650,000, interest on debt service \$249,276, educational supplies, textbooks and printing \$792,226. The District over expended the budget for cyber/charter school costs by \$1,626,326, employee benefits by \$423,083(primarily health care), contracted student transportation services by \$476,066. Total revenues received were over budget by \$4,012,203. The District collected \$844,407 over budget for earned income taxes, The District received \$1,170,110 over budget for real estate transfer taxes. The District received additional funds from state subsidies over budget in the following areas; Basic Education subsidy \$617,304 Charter School subsidy \$487,288, Transportation subsidy \$413,456 and Special Education subsidy \$297,139. Under Other Financing Sources the District transferred \$2,907,050 from the Debt Service Fund to the General Fund. These funds had been previously transferred from the General Fund into the Debt Service Fund as an internal debt service defeasance mechanism.

The District used resources in the Capital Projects Fund to work on the following projects; \$43,600,946 was spent on renovation and expansion costs at Green Ridge Elementary School and Eagle View Middle School. The District paid \$3,445,315 to the Cumberland Perry Career Technical Center for the District's one time share of planned upgrades to the facility. The Capital Projects fund received \$41,507,007 from the issuance of the General Obligation Bonds Series 2025A. The Capital Projects Fund also received \$3,201,517 in investment earnings.

There was a \$2,792,617 decrease in the Fund Balance of the Debt Service Fund during the fiscal year ended June 30, 2025. The transactions for the issuance of the 2025A and 2025B General Obligation Bonds were reflected in the Debt Service Fund as follows: \$60,653,267 Gross Proceeds, \$41,507,007 transferred to the Capital Projects Fund, \$18,630,201 payment to the bond escrow agent for the series of 2018B Advance Bond refunding and the remaining \$516,058 was used to pay bond closing costs and fees. The Debt Service Fund also received \$114,432 in investment earnings on existing resources. The District transferred \$2,907,050 to the General Fund of residual internal debt service defeasance funds.

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**General Fund Budget**

A General Fund budget is adopted each year in accordance with the Pennsylvania School Code. The revised budget reflects budget transfers as approved by the Board. Contracted educational services and other instructional programs required budget adjustments.

The District applies for State and Federal grants each year. Certain grants may not be anticipated during the budgeting process and must be added to the budget during the fiscal year. In addition, the grants that are anticipated during the budgeting process are based on estimates. The budget must then be modified based on the actual grant award.

	Final Budget	Actual	Variance
Total Revenues	\$ 190,541,969	\$ 194,554,172	\$ 4,012,203
Total Expenditures	195,833,633	193,497,656	(2,335,977)
<b>Revenues over/(under) expenditures</b>	<b>(5,291,664)</b>	<b>1,056,516</b>	<b>6,348,180</b>
Other Financing Sources (Uses)	(20,000)	3,954,228	3,974,228
<b>Net change in fund balance</b>	<b>\$ (5,311,664)</b>	<b>\$ 5,010,744</b>	<b>\$ 10,322,408</b>

**CAPITAL AND RIGHT-TO-USE ASSETS**

At June 30, 2025, the District had \$248,613,414 in Governmental activities capital assets and right-to-use assets net of accumulated depreciation and amortization, which represents a net increase of \$33,965,505 from June 30, 2024. The annual depreciation cost for these assets was \$11,860,149.

	2025	2024	Change
<b>Governmental Activities</b>			
Land	\$ 7,114,989	\$ 7,114,989	\$ -
Site improvements	9,743,651	10,609,040	(865,389)
Buildings and building improvements	165,587,951	173,892,054	(8,304,103)
Furniture and equipment	10,995,343	11,591,485	(596,142)
Construction-in-progress	53,804,154	10,492,561	43,311,593
Right-to-use leased equipment	1,018,939	843,730	175,209
Right-to-use subscription assets	348,387	104,050	244,337
<b>Total Governmental activities capital and right-to-use assets</b>	<b>\$ 248,613,414</b>	<b>\$ 214,647,909</b>	<b>\$ 33,965,505</b>
<b>Business-Type Activities</b>			
Furniture and equipment	\$ 352,463	\$ 352,864	\$ (401)

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**LONG-TERM LIABILITIES**

As of June 30, 2025 and 2024, General Obligation Debt was \$213,115,000 and \$181,055,000 respectively. Scheduled payments of principal were made during the year to the bondholders in the amount of \$6,690,000. The issuance of General Obligation Bonds Series 2025 A increased General Obligation Debt by \$40,000,000. The issuance of General Obligation Bonds Series of 2025 B for \$16,945,000 advance refunded the Series of 2018B by \$18,195,000.

Compensated absence liabilities increased during the year from an entity-wide perspective by \$2,510,454 to \$6,482,716 at June 30, 2025. The District implemented GASB 101 Accounting for Compensated Absences in fiscal year ended June 30, 2025. The prior period restatement for this activity was \$2,663,625.

Other post-employment benefits liabilities increased during the year from an entity-wide perspective to \$11,892,743 comprised of \$8,181,000 for the PSERS Cost Sharing Plan and \$3,711,743 for the District OPEB Plan at June 30, 2025.

The net pension liability decreased during the year from an entity-wide perspective by \$7,532,000 to \$191,989,000 at June 30, 2025. Please review Note 9 for more detailed presentation about the Pension Plan.

The District proportionate share of the overall pension liability as a percentage of covered payroll increased 0.0102% from .04485% to 0.4587%.

**CUMBERLAND VALLEY SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
JUNE 30, 2025**

**NEXT YEAR’S BUDGET AND ECONOMIC FACTORS**

	Budget 2025-2026	Budget 2024-2025	Change
Total Revenues	\$ 198,902,947	\$ 190,546,969	\$ 8,355,978
Total Expenditures	205,270,225	195,858,633	9,411,592
<b>Revenues over/(under) expenditures</b>	<u>(6,367,278)</u>	<u>(5,311,664)</u>	<u>(1,055,614)</u>
 <b>Net change in fund balance</b>	 <u>\$ (6,367,278)</u>	 <u>\$ (5,311,664)</u>	 <u>\$ (1,055,614)</u>

The new budget for 2025-2026 represents an increase in total budgeted expenditures of 4.81%. This increase includes \$1,746,313 in increased labor and \$6,949,788 in benefit costs( \$6,078,000 for health care), \$1,500,000 increase for Cyber/Charter Schools, and a \$708,095 increase for contracted student transportation services, \$1,655,740 increase for debt service. The District raised real estate taxes the full Act 1 increase amount of 4.00% to 12.414 mills for fiscal year 2025-26.

The final budget for the 2025-26 fiscal year included a \$1,123,500 increase in budgeted earned income taxes, a \$899,195 increase in Basic Education subsidy and a \$461,037 increase in Special Education subsidy. The District continues to monitor the costs for Cyber Schools. The District is experiencing growth in the overall.

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

The District’s financial report is intended to provide the readers with a general overview of the District’s finances and to show the Board’s accountability for the funds it receives. If you have questions about this report or wish to request additional financial information, please contact the District Office of Cumberland Valley School District, 6746 Carlisle Pike, Mechanicsburg, PA 17050, (717) 697-8261.

CUMBERLAND VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION  
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 89,510,057	\$ 1,971,221	\$ 91,481,278
Investments	22,305,214	-	22,305,214
Receivables	10,516,946	57,416	10,574,362
Prepaid expenses	1,982,722	-	1,982,722
Inventories	-	36,067	36,067
Capital and right-to-use assets			
Land and construction-in-progress	60,919,143	-	60,919,143
Other capital and right-to-use assets net of depreciation/amortization	187,694,271	352,463	188,046,734
Total capital and right of use assets	248,613,414	352,463	248,965,877
<b>Total assets</b>	<b>\$ 372,928,353</b>	<b>\$ 2,417,167</b>	<b>\$ 375,345,520</b>
<b>Deferred Outflows of Resources</b>			
Deferred amounts on pension liability	\$ 36,576,000	\$ 482,000	\$ 37,058,000
Deferred amounts on OPEB liabilities	2,091,342	29,170	2,120,512
Deferred amounts on refunding debt	(469,291)	-	(469,291)
<b>Total deferred outflows of resources</b>	<b>\$ 38,198,051</b>	<b>\$ 511,170</b>	<b>\$ 38,709,221</b>
<b>Liabilities</b>			
Internal balances	\$ (94,233)	\$ 94,233	\$ -
Accounts payable and accrued expenses	37,781,012	10,780	37,791,792
Unearned revenues	88,157	162,739	250,896
Long-term liabilities			
Due within one year	7,363,178	12,527	7,375,705
Due in more than one year	225,654,873	180,549	225,835,422
Net pension liability	189,493,000	2,496,000	191,989,000
OPEB liabilities	11,720,508	172,235	11,892,743
Total long-term liabilities	434,231,559	2,861,311	437,092,870
<b>Total liabilities</b>	<b>\$ 472,006,495</b>	<b>\$ 3,129,063</b>	<b>\$ 475,135,558</b>
<b>Deferred Inflows of Resources</b>			
Deferred amounts on pension liability	\$ 2,980,000	\$ 39,000	\$ 3,019,000
Deferred amounts on OPEB liabilities	4,304,656	76,687	4,381,343
<b>Total deferred inflows of resources</b>	<b>\$ 7,284,656</b>	<b>\$ 115,687</b>	<b>\$ 7,400,343</b>
<b>Net Position (Deficit)</b>			
Net investment in capital assets	\$ 21,415,712	\$ 352,463	\$ 21,768,175
Restricted	63,192,517	-	63,192,517
Unrestricted (deficit)	(152,772,976)	(668,876)	(153,441,852)
<b>Total net (deficit) position</b>	<b>\$ (68,164,747)</b>	<b>\$ (316,413)</b>	<b>\$ (68,481,160)</b>

See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES  
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 114,052,304	\$ 163,833	\$ 20,153,834	\$ -	\$ (93,734,637)	\$ -	\$ (93,734,637)
Instructional student support	19,807,164	-	2,579,463	-	(17,227,701)	-	(17,227,701)
Administration and financial services	21,597,047	-	2,132,608	-	(19,464,439)	-	(19,464,439)
Operation and maintenance of plant services	21,389,021	207,643	1,207,332	-	(19,974,046)	-	(19,974,046)
Pupil transportation	10,427,280	-	2,853,900	-	(7,573,380)	-	(7,573,380)
Student activities	3,899,746	861,982	278,338	-	(2,759,426)	-	(2,759,426)
Community services	173,420	109,497	36,109	-	(27,814)	-	(27,814)
Interest on long-term debt	5,657,591	-	150,729	-	(5,506,862)	-	(5,506,862)
<b>Total governmental activities</b>	<b>197,003,573</b>	<b>1,342,955</b>	<b>29,392,313</b>	<b>-</b>	<b>(166,268,305)</b>	<b>-</b>	<b>(166,268,305)</b>
<b>Business-Type Activities:</b>							
Food service	6,482,240	2,790,683	3,438,180	-	-	(253,377)	(253,377)
<b>Total primary government</b>	<b>\$ 203,485,813</b>	<b>\$ 4,133,638</b>	<b>\$ 32,830,493</b>	<b>\$ -</b>	<b>\$ (166,268,305)</b>	<b>\$ (253,377)</b>	<b>\$ (166,521,682)</b>
<b>General Revenues and Transfers:</b>							
Property taxes, levied for general purposes, net					\$ 104,391,826	\$ -	\$ 104,391,826
Public utility, realty transfer and earned income, net					38,468,464	-	38,468,464
Grants subsidies and contributions not restricted					19,033,381	-	19,033,381
Investment earnings					5,503,885	73,005	5,576,890
Gain on sale of fixed assets					33,305	-	33,305
Miscellaneous income					531,004	-	531,004
<b>Total general revenues and transfers</b>					<b>167,961,865</b>	<b>73,005</b>	<b>168,034,870</b>
<b>Changes in net position</b>					<b>1,693,560</b>	<b>(180,372)</b>	<b>1,513,188</b>
<b>Net Position (Deficit) - July 1, 2024</b>					<b>(67,921,550)</b>	<b>62,371</b>	<b>(67,859,179)</b>
<b>Prior period adjustment (see Note 1)</b>					<b>(1,936,757)</b>	<b>(198,412)</b>	<b>(2,135,169)</b>
<b>Net Position (Deficit) - July 1, 2024 (restated)</b>					<b>(69,858,307)</b>	<b>(136,041)</b>	<b>(69,994,348)</b>
<b>Net Position (Deficit) - June 30, 2025</b>					<b>\$ (68,164,747)</b>	<b>\$ (316,413)</b>	<b>\$ (68,481,160)</b>

See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	Major Funds				
	General Fund	Capital Projects Fund	Debt Service Fund	Student Sponsored Activity Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 15,313,620	\$ 73,677,702	\$ 2,630	\$ 516,105	\$ 89,510,057
Investments	22,305,214	-	-	-	22,305,214
Receivables					
Taxes - net	1,378,487	-	-	-	1,378,487
Federal subsidies	512,607	-	-	-	512,607
State subsidies	4,842,499	-	-	-	4,842,499
Other	568,146	-	-	-	568,146
Due from other funds	111,667	-	-	-	111,667
Due from other governments	3,079,673	135,534	-	-	3,215,207
Prepaid expenses	1,982,722	-	-	-	1,982,722
<b>Total assets</b>	<b>\$ 50,094,635</b>	<b>\$ 73,813,236</b>	<b>\$ 2,630</b>	<b>\$ 516,105</b>	<b>\$ 124,426,606</b>
<b>Liabilities</b>					
Due to other funds	\$ -	\$ -	\$ 2,630	\$ 14,804	\$ 17,434
Due to other governments	55	-	-	-	55
Accounts payable	6,180,880	11,122,020	-	-	17,302,900
Accrued salaries and benefits	18,925,262	-	-	-	18,925,262
Payroll deductions and withholdings	647,653	-	-	-	647,653
Unearned revenues	88,157	-	-	-	88,157
<b>Total liabilities</b>	<b>25,842,007</b>	<b>11,122,020</b>	<b>2,630</b>	<b>14,804</b>	<b>36,981,461</b>
<b>Deferred Inflows of Resources</b>					
Delinquent property taxes	923,800	-	-	-	923,800
<b>Fund Balances</b>					
Non-spendable fund balance for:					
Prepaid expenses	1,982,722	-	-	-	1,982,722
Restricted for:					
Capital projects	-	62,691,216	-	-	62,691,216
Student Activities	-	-	-	501,301	501,301
Committed					
Retirement rate stabilization	499,932	-	-	-	499,932
Health care stabilization	3,500,000	-	-	-	3,500,000
Capital projects	720,000	-	-	-	720,000
Unassigned	16,626,174	-	-	-	16,626,174
<b>Total fund balances</b>	<b>23,328,828</b>	<b>62,691,216</b>	<b>-</b>	<b>501,301</b>	<b>86,521,345</b>
<b>Total liabilities, deferred inflows of resources and fund balances</b>	<b>\$ 50,094,635</b>	<b>\$ 73,813,236</b>	<b>\$ 2,630</b>	<b>\$ 516,105</b>	<b>\$ 124,426,606</b>

See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

June 30, 2025

<b>Total fund balances - governmental funds</b>	\$ 86,521,345
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital and right-to-use assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of assets is \$435,789,728 and the accumulated depreciation/amortization is \$187,176,314	248,613,414
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Property taxes and earned income taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures; therefore, they are deferred inflows of resources in the funds.	923,800
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The difference between the reacquisition price and the net carrying amount of refinanced debt is a deferred outflow of resources, which is not reported in the funds.	(469,291)
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Deferred inflows and outflows of resources related to pensions are applicable to future periods and, therefore are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnote for detail):	
Deferred inflows	(2,980,000)
Deferred outflows	36,576,000

Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnote for detail):	
Deferred inflows	(4,304,656)
Deferred outflows	2,091,342

Long-term liabilities, including bonds payable and compensated absences, net pension liability, and other post-employment benefits; are not due and payable in the current period, and therefore, are not liabilities in the funds. Long-term liabilities at year-end consist of:	
Bonds and notes payable	(225,290,190)
Accrued interest	(905,142)
Leases payable	(1,099,744)
Subscription liabilities	(338,477)
Compensated absences	(6,289,640)
Net pension liability	(189,493,000)
OPEB liabilities	(11,720,508)
	(435,136,701)

<b>Total net deficit - governmental activities</b>	<b>\$ (68,164,747)</b>
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See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - GOVERNMENTAL FUNDS  
 Year Ended June 30, 2025

	Major Funds				Totals Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	Student Sponsored Activity Fund	
<b>Revenues</b>					
Local sources	\$ 148,160,949	\$ 3,201,517	\$ 114,432	\$ 630,490	\$ 152,107,388
State sources	44,264,609	-	-	-	44,264,609
Federal sources	2,128,614	-	-	-	2,128,614
<b>Total revenues</b>	<b>194,554,172</b>	<b>3,201,517</b>	<b>114,432</b>	<b>630,490</b>	<b>198,500,611</b>
<b>Expenditures</b>					
Instructional	106,642,523	-	-	-	106,642,523
Support services	68,044,781	796,308	516,058	-	69,357,147
Noninstructional services	3,402,547	-	-	557,395	3,959,942
Capital outlay	435,528	46,249,953	-	-	46,685,481
Debt service	14,329,840	-	-	-	14,329,840
Refund of prior years' receipts	642,437	-	-	-	642,437
<b>Total expenditures</b>	<b>193,497,656</b>	<b>47,046,261</b>	<b>516,058</b>	<b>557,395</b>	<b>241,617,370</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,056,516</b>	<b>(43,844,744)</b>	<b>(401,626)</b>	<b>73,095</b>	<b>(43,116,759)</b>
<b>Other Financing Sources (Uses)</b>					
Operating transfers in	2,907,050	41,507,007	-	-	44,414,057
Operating transfers out	-	-	(44,414,057)	-	(44,414,057)
Insurance proceeds	6,388	-	-	-	6,388
Premium on bond issuance	-	-	3,529,736	-	3,529,736
Issuance of general obligation bonds	-	-	57,123,531	-	57,123,531
Payment to refunded-bond escrow agent	-	-	(18,630,201)	-	(18,630,201)
Proceeds from sale of capital assets	96,477	-	-	-	96,477
Proceeds from leases	581,421	-	-	-	581,421
Proceeds from subscription arrangements	362,892	-	-	-	362,892
<b>Total other financing sources (uses)</b>	<b>3,954,228</b>	<b>41,507,007</b>	<b>(2,390,991)</b>	<b>-</b>	<b>43,070,244</b>
<b>Net changes in fund balances</b>	<b>5,010,744</b>	<b>(2,337,737)</b>	<b>(2,792,617)</b>	<b>73,095</b>	<b>(46,515)</b>
Fund Balances - July 1, 2024	17,799,721	65,028,953	2,792,617	428,206	86,049,497
Prior period adjustment (see Note 1)	518,363	-	-	-	518,363
Fund Balance - July 1, 2024 (restated)	18,318,084	65,028,953	2,792,617	428,206	86,567,860
Fund Balances - June 30, 2025	\$ 23,328,828	\$ 62,691,216	\$ -	\$ 501,301	\$ 86,521,345

See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**  
**Year Ended June 30, 2025**

<b>Net changes in fund balances - governmental funds</b>	\$	(46,515)
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation/amortization expense. This is the amount by which capital outlays exceed depreciation/amortization and dispositions in the period.</p>		
Capital outlays	45,888,826	
Less: Net book value of disposed fixed assets	(63,172)	
Less: Depreciation/amortization expense	<u>(11,860,149)</u>	33,965,505
<p>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. Deferred tax revenue increased by this amount this year.</p>		
		188,123
<p>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. In addition refunding losses are recognized as interest throughout the lives of the loans. The additional interest accrued in the Statement of Activities over the amount due is shown here.</p>		
		(522,969)
<p>Governmental funds report district pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as pension and OPEB expense.</p>		
District pension and OPEB contributions (PSERS)		25,719,000
Cost of benefits earned net of employee contributions (PSERS)		(24,059,500)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds. This amount represents the sum of compensated absences and other post-employment benefits (District's Plan).</p>		
		221,400
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of government funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effects of premium, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Issuance of long-term debt	(56,945,000)	
Refunding of long-term debt	18,630,201	
Repayment of long-term debt	6,254,799	
Premium on issuance of long-term debt	(3,529,736)	
Bond premiums, net of amortization	2,236,119	
Issuance of leases payable	(581,421)	
Issuance of subscription payable	(362,892)	
Repayment of leases payable	398,005	
Repayment of subscription payable	<u>128,441</u>	<u>(33,771,484)</u>
<b>Change in net position of governmental activities</b>		<u>\$ 1,693,560</u>

See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -  
 BUDGET AND ACTUAL - GENERAL FUND  
 Year Ended June 30, 2025

	Budgeted Amounts		Actual	Variance
	Original	Final		
<b>Revenues</b>				
Local sources	\$ 144,585,888	\$ 145,985,888	\$ 148,160,949	\$ 2,175,061
State sources	42,603,081	42,603,081	44,264,609	1,661,528
Federal sources	3,353,000	1,953,000	2,128,614	175,614
<b>Total revenues</b>	<b>190,541,969</b>	<b>190,541,969</b>	<b>194,554,172</b>	<b>4,012,203</b>
<b>Expenditures</b>				
<b>Instructional</b>				
Regular programs	70,057,939	72,657,939	72,222,225	435,714
Special programs	30,841,601	29,441,601	29,413,768	27,833
Vocational education	1,536,216	1,536,216	1,535,104	1,112
Other instructional	3,067,191	3,067,191	2,941,805	125,386
Non public school programs	5,000	85,000	11,498	73,502
Adult education programs	475,000	475,000	471,743	3,257
Higher education programs	88,000	88,000	32,300	55,700
Pre-Kindergarten	-	15,000	14,080	920
<b>Support services</b>				
Pupil personnel services	7,310,473	7,027,373	6,830,652	196,721
Instructional staff services	10,685,709	10,685,709	10,524,390	161,319
Administrative services	11,598,197	11,348,197	11,254,281	93,916
Pupil health	1,847,879	1,847,879	1,508,635	339,244
Business	3,016,098	3,016,098	2,921,805	94,293
Operation and maintenance of plant services	18,736,055	17,436,055	17,306,837	129,218
Student transportation services	9,940,365	10,440,365	10,296,869	143,496
Central support services	7,332,394	7,332,394	7,268,704	63,690
Other support services	135,000	135,000	132,608	2,392
<b>Noninstructional services</b>				
Student activities	676,357	3,476,357	3,211,952	264,405
Community services	200,348	200,348	190,595	9,753
Capital outlay	455,868	455,868	435,528	20,340
Debt service	14,616,043	14,416,043	14,329,840	86,203
Refund of prior-year receipts	-	650,000	642,437	7,563
<b>Total expenditures</b>	<b>192,621,733</b>	<b>195,833,633</b>	<b>193,497,656</b>	<b>2,335,977</b>
<b>(Deficiency) excess of revenues over expenditures</b>	<b>(2,079,764)</b>	<b>(5,291,664)</b>	<b>1,056,516</b>	<b>6,348,180</b>
<b>Other Financing Sources (Uses)</b>				
Operating transfers in	-	-	2,907,050	2,907,050
Operating transfers out	(3,211,900)	-	-	-
Insurance proceeds	-	-	6,388	6,388
Proceeds from sale of capital assets	5,000	5,000	96,477	91,477
Proceeds from leases	-	-	581,421	581,421
Proceeds from subscription arrangements	-	-	362,892	362,892
Special and extraordinary items	(25,000)	(25,000)	-	25,000
<b>Total other financing (uses) sources</b>	<b>(3,231,900)</b>	<b>(20,000)</b>	<b>3,954,228</b>	<b>3,974,228</b>
<b>Net changes in fund balances</b>	<b>\$ (5,311,664)</b>	<b>\$ (5,311,664)</b>	<b>5,010,744</b>	<b>\$ 10,322,408</b>
Fund Balances - July 1, 2024			17,799,721	
Prior period adjustment (see Note 1)			518,363	
Fund Balance - July 1, 2024 (restated)			18,318,084	
Fund Balances - June 30, 2025			\$ 23,328,828	

See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUND - FOOD SERVICE  
June 30, 2025

<b>Assets</b>	
Cash and cash equivalents	\$ 1,971,221
Receivables	
Federal subsidies	36,240
State subsidies	11,028
Other	10,148
Inventories	36,067
Other capital assets, net of depreciation	352,463
<b>Total assets</b>	<u><u>\$ 2,417,167</u></u>
<b>Deferred Outflows of Resources</b>	
Deferred amounts on pension liability	\$ 482,000
Deferred amounts on OPEB liabilities	29,170
<b>Total deferred outflows of resources</b>	<u><u>\$ 511,170</u></u>
<b>Liabilities</b>	
Internal balances	\$ 94,233
Accounts payable and accrued expenses	10,780
Unearned revenues	162,739
Current portion of compensated absences	12,527
Long-term liabilities	
Net pension liability	2,496,000
OPEB liabilities	172,235
Compensated absences	180,549
Total long-term liabilities	<u>2,848,784</u>
<b>Total liabilities</b>	<u><u>\$ 3,129,063</u></u>
<b>Deferred Inflows of Resources</b>	
Deferred amounts on pension liability	\$ 39,000
Deferred amounts on OPEB liability	76,687
<b>Total deferred inflows of resources</b>	<u><u>\$ 115,687</u></u>
<b>Net Position (Deficit)</b>	
Investment in capital assets	\$ 352,463
Unrestricted	(668,876)
<b>Total net deficit</b>	<u><u>\$ (316,413)</u></u>

See Notes to Financial Statements.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -  
 PROPRIETARY FUND - FOOD SERVICE**

**Year Ended June 30, 2025**

<hr/>	
Operating Revenues	
Sales	<u>\$ 2,790,683</u>
Operating Expenses	
Salaries	2,035,874
Employee benefits	1,227,654
Purchased property services	112,743
Other purchased services	668
Supplies	3,048,863
Depreciation	55,613
Other operating expenses	825
<b>Total operating expenses</b>	<u>6,482,240</u>
<b>Operating loss</b>	(3,691,557)
Nonoperating Revenues	
Investment earnings	73,005
State sources	653,513
Federal sources	2,784,667
<b>Total nonoperating revenues</b>	<u>3,511,185</u>
<b>Changes in net position</b>	(180,372)
Net Position - July 1, 2024	62,371
Prior period adjustment (see Note 1)	<u>(198,412)</u>
Net Deficit - July 1, 2024 (restated)	<u>(136,041)</u>
Net Deficit - June 30, 2025	<u><u>\$ (316,413)</u></u>

See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUND - FOOD SERVICE  
Year Ended June 30, 2025

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Cash Flows From Operating Activities	
Cash received from meal sales	\$ 2,786,626
Cash payments for goods and services	(3,461,193)
Cash payments to employees for services	(3,140,778)
<b>Net cash used in operating activities</b>	<u>(3,815,345)</u>
Cash Flows From Noncapital Financing Activities	
Federal and state subsidies	2,966,389
<b>Net cash provided by noncapital financing activities</b>	<u>2,966,389</u>
Cash Flows From Capital and Related Financing Activities	
Purchase of fixed assets	(55,212)
<b>Net cash used in capital and related financing activities</b>	<u>(55,212)</u>
Cash Flows From Investing Activities	
Investment earnings	73,005
<b>Net cash provided by investing activities</b>	<u>73,005</u>
<b>Net change in cash and cash equivalents</b>	(831,163)
Cash and Cash Equivalents:	
July 1, 2024	2,802,384
June 30, 2025	<u>\$ 1,971,221</u>
Reconciliation of Operating Loss to Net Cash used in Operating Activities	
Operating loss	\$ (3,691,557)
Adjustments to reconcile operating loss to net cash used in operating activities	
Depreciation	55,613
Value of donated commodities	424,523
Changes in assets and liabilities:	
(Increase) decrease in:	
Other accounts receivable	(8,749)
Inventories	(5,256)
Deferred outflow resources	30,674
(Decrease) increase in:	
Internal balances	(708,207)
Accounts payable	(9,154)
Accrued expenses	1,385
Unearned revenues	4,692
Pension liability	102,000
OPEB liabilities	8,877
Compensated absences	(15,429)
Deferred inflow of resources	(4,757)
<b>Net cash used in operating activities</b>	<u>\$ (3,815,345)</u>
<b>Supplemental Disclosure</b>	
Noncash noncapital financing activity:	
USDA donated commodities	<u>\$ 424,523</u>

See Notes to Financial Statements.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**STATEMENT OF FIDUCIARY NET POSITION - TRUST FUND**  
**June 30, 2025**

	Private-Purpose Trust Fund
<hr/>	
<b>Assets</b>	
Cash and cash equivalents	\$ 33,415
<b>Total assets</b>	<u>\$ 33,415</u>
<b>Net Position</b>	
Reserved in trust	\$ 33,415
<b>Total net position</b>	<u>\$ 33,415</u>

See Notes to Financial Statements.

CUMBERLAND VALLEY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION - TRUST FUND  
Year Ended June 30, 2025

	Private-Purpose Trust Fund
<hr/>	
Additions	
Contributions	\$ 110,242
Investment earnings	359
<b>Total additions</b>	<u>110,601</u>
Deductions	
Scholarships	<u>123,168</u>
<b>Changes in net position</b>	(12,567)
Net Position - July 1, 2024	45,982
Net Position - June 30, 2025	<u>\$ 33,415</u>

See Notes to Financial Statements.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies

Cumberland Valley School District (the District) operates eight elementary schools, two middle schools and one high school in Cumberland County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The District operates under a locally elected, nine-member Board-form of government.

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

#### A. Reporting Entity

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of the District. The District is not a component unit of another reporting entity, nor does it have any component units.

#### B. Joint Ventures

The District is a participant in four joint venture organizations, each of which is a separate legal entity that offers services to the District and its residents. Each entity serves several school districts and/or municipalities and therefore are not included in this reporting entity. These entities do not have taxing power, but are required to adopt an annual budget, which is funded primarily by its member school districts or others that use its services. Complete financial statements for these entities can be obtained from their respective administrative offices.

Cumberland Perry Area Career & Technical Center provides vocational and technical education services and programs. The amount paid for these services during the year ended June 30, 2025, was approximately \$1,001,892.

Harrisburg Area Community College provides community college education services and programs. The amounts paid for these services during the year ended June 30, 2025, was approximately \$471,743.

Capital Area Intermediate Unit provides special education services and programs. The amount paid for these services during the year ended June 30, 2025, was approximately \$2,163,155.

Cumberland County Tax Bureau provides earned income tax collections services. The amount paid for these services during the year ended June 30, 2025, was approximately \$573,853.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 1. Summary of Significant Accounting Policies (Continued)**

#### C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the primary government. The significant effects of interfund activity have been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function, or segment, are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues.

Separate fund financial statements are provided in the report for all of the governmental funds, proprietary funds and the fiduciary funds of the District, even though the latter are excluded from the government-wide financial statements. Major, individual, governmental funds and the major proprietary fund are reported as separate columns in the fund financial statements. Non-major funds are also presented in a single column. Fiduciary funds are reported by fund type.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The District complies with accounting principles generally accepted in the United States of America (GAAP) and applies all relevant GASB pronouncements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Net position (assets plus deferred outflows of resources less liabilities less deferred inflows of resources) are used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as an expense against current operations and accumulated depreciation is reported in the Statement of Net Position.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified-accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenues from Federal, state and other grants designated for payment of specific district expenditures are recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### D. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)

The District reports the following major governmental funds:

- The General Fund is the District's primary, operating fund. It accounts for all financial resources except those required to be in another fund. Revenues are primarily derived from local property, earned income, per capita taxes, and state and Federal distributions. Many of the more important activities of the School District, including instruction, administration of the School District and certain non-instructional services are accounted for in this Fund.
- The Debt Service Fund accounts for accumulations of resources for, and the payment of, long-term debt principal, interest and related costs.
- The Capital Projects Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- Student Sponsored Activity Fund - This fund is set up in accordance with Section 511 of the PA School Code for student sponsored school organizations and publications which do not meet the criteria to be reported as custodial funds per GASB Statement No. 84, *Fiduciary Activities*.

Proprietary funds are used to account for activities that are similar to those often found in the private sector. The measurement focus is upon determination of net income and capital maintenance. The District operates one proprietary fund, the Food Service Fund. This fund accounts for the activities of the District's food service program. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal on-going operations. The principal operating revenues of the District's proprietary fund are food service charges. Operating expenses for the District's proprietary fund include food production costs, supplies, administrative costs and depreciation on capital assets. All revenues or expenses not meeting these classifications are reported as non-operating revenues and expenses. The District does not attempt to allocate "building-wide costs" to the Food Service Fund. Thus, General Fund expenditures which partially benefit the Food Service Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the Food Service Fund; similarly, the Food Service Fund does not recognize a cost for the building space it occupies (no rental of facilities expense).

The District maintains the following fiduciary - fund types:

- Private-Purpose Trust Funds - The private-purpose trust fund accounts for assets held by the District in a trustee capacity. It accounts for activities in various scholarship accounts, the sole purpose of which is to provide annual scholarships to students as prescribed by donor stipulations.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### E. Budget and Budgetary Accounting

The District follows the following procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to May 31, management submits to the School Board a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the General Fund.
2. At public board meetings, information is presented and debated. The public is welcome to comment on the budget.
3. Prior to June 30, procedures require a budget to be legally enacted.
4. Legal budgetary control is maintained by the School Board at the Departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the Board.
5. Budgetary data is included in the District's management information system and is employed as a management control device during the year.
6. Unused appropriations lapse at the end of each fiscal year; however, the District increases the subsequent year's appropriation by an amount equal to outstanding encumbrances and reserves a portion of fund balance in a like amount.
7. The budget for the General Fund is adopted on the modified-accrual basis of accounting, which is consistent with generally accepted accounting principles.
8. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effects of approved budget amendments.

#### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance

Cash and Cash Equivalents: For purposes of the Statement of Cash Flows presented for the proprietary fund, the District considers all highly-liquid debt instruments with original maturities of three months or less to be cash equivalents.

Investments: Investments are stated at fair value or at amortized costs, depending on the investment type, consistent with generally accepted accounting principles.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Allowances for Estimated Uncollectible Taxes and Unearned Revenues: The allowance for estimated uncollectible taxes is based upon an historical estimate of delinquent taxes that will not be received within one year of the fiscal year-end. Delinquent property taxes in the deferred inflows section are based upon an historical estimate of delinquent taxes expected to be received within one year of the fiscal year-end.

The portion of taxes receivable which is expected to be received within 60 days of June 30 is recorded as revenue in the current year. The remaining amount of taxes receivable which is expected to be received within one year from June 30 is recorded as delinquent property taxes in the deferred inflows section. All other amounts in taxes receivable are written off as estimated uncollectible taxes.

Inventories: In the government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out (FIFO) method and are expensed when used.

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2025. The inventory consisted of government-donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the FIFO method. The District has adopted a single-inventory recordkeeping system which does not distinguish between donated and purchased commodities. Accordingly, no unearned revenues for donated commodities have been recorded.

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items (consumption method) in both the government-wide and fund financial statements.

Capital Assets and Depreciation: Capital assets, which include property, plant and equipment and infrastructure assets, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are capitalized at the discretion of management, unless the assets are acquired by debt proceeds, in which case the asset is required to be capitalized. Management considers various factors in the capitalization of assets, including the assets' estimated useful lives, costs and the extent to which the assets are parts of larger capital projects.

The costs of normal maintenance and repairs that do not add to the values of assets or materially extend the assets' useful lives are not capitalized.

Depreciation is provided for capital assets on the straight-line basis over the estimated useful lives of the assets or groups of assets, as determined by management.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Deferred Outflows of Resources - Deferred amounts on Refunding Debt: The District recognizes the difference between the reacquisition price and the net carrying amount of the old debt as a deferred outflow and recognizes it as a component of interest expense over the remaining life of the old or new debt, whichever is shorter.

Deferred Outflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred outflows of resources, which represent a consumption of net assets that is applicable to a future reporting period and so will not be recognized as an outflow of resources (expense) until that time. The District has identified these items in subsequent notes to the financial statements.

Long-Term Obligations: In the government-wide financial statements, and in proprietary fund types presented in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activities columns in the Statement of Net Position. Bond premiums and discounts are deferred and amortized over the lives of the related bonds. Other issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

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 the debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease and Subscription Based Information Technology Arrangement (SBITA) Liabilities: The District enters into non-cancellable arrangements for the leasing of equipment and vehicles and for subscription based information technology. Lease and SBITA that are significant, either individually or in the aggregate, are recognized as a liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a lease or SBITA, the District initially measures the liability at the present value of payments expected to be made during the agreement term. Subsequently, the liability is reduced by the principal portion of payments made. The right-to-use asset is initially measured as the initial amount of the liability, adjusted for payments made at or before the contract commencement date. Subsequently, the right-to-use asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected payments to present value, (2) contract term and (3) contract payments. The District uses the interest rate charged by the lessor as the discount rate for lease and SBITA liabilities, if provided. When the interest rate charged is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases and SBITA liabilities.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

##### Lease and Subscription Based Information Technology Arrangement (SBITA) Liabilities (Continued):

The term includes the non-cancellable period of the lease or SBITA. Payments included in the measurement of the liability are composed of fixed payments and the purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its arrangements and will remeasure the related asset and liability if certain changes occur that are expected to significantly affect the amount of the liability.

Right-to-use assets are reported with other capital assets and lease and SBITA liabilities are reported with long-term debt on the Statement of Net Position.

Compensated Absences: Effective July 1, 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This Statement establishes uniform recognition and measurement criteria for all types of compensated absences, including vacation, personal leave, sick leave and other forms of paid time off that are attributable to services already rendered, accumulate and are more likely than not to be used or otherwise paid. The liability for compensated absences is reported as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements.

As part of the implementation, the District adopted a last-in, first-out (LIFO) flow assumption for the use of leave balances. Under this approach, the most recently earned leave is assumed to be used first. This assumption aligns with the District's administrative practices and provides a more accurate reflection of the expected settlement value of compensated absences.

Under the terms of District's employment agreements, employees earn vacation, personal, and sick leave in varying amounts. The compensated absences liability includes the estimated value of leave expected to be used during employment, based on historical usage patterns, as well as amounts expected to be settled upon separation from service in accordance with contractual payout provisions. The liability is measured using current pay rates and includes applicable salary-related payments, such as payroll taxes, where applicable

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

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Other Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans. The first is a single employer plan administered by the District. The plan provides retiree health, vision, dental care and prescription drug benefits for eligible, retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation. The single employer OPEB plan is unfunded.

The District also participates in a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) with PSERS for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The balance of the District's OPEB liabilities and related deferred outflows/inflows of resources at June 30, 2025, are as follows:

	Governmental Activities	Business-Type Activities	Total
<u>OPEB Liabilities</u>			
PSERS Cost Sharing Plan	\$ 8,083,000	\$ 98,000	\$ 8,181,000
District Plan	3,637,508	74,235	3,711,743
Total	<u>\$ 11,720,508</u>	<u>\$ 172,235</u>	<u>\$ 11,892,743</u>
<u>Deferred Outflows of Resources</u>			
PSERS Cost Sharing Plan	\$ 1,637,100	\$ 19,900	\$ 1,657,000
District OPEB Plan	454,242	9,270	463,512
Total	<u>\$ 2,091,342</u>	<u>\$ 29,170</u>	<u>\$ 2,120,512</u>
<u>Deferred Inflows of Resources</u>			
PSERS Cost Sharing Plan	\$ 1,355,500	\$ 16,500	\$ 1,372,000
District OPEB Plan	2,949,156	60,187	3,009,343
Total	<u>\$ 4,304,656</u>	<u>\$ 76,687</u>	<u>\$ 4,381,343</u>

Additional disclosures related to other post-employment benefits of the District's Single Employer Plan and PSERS Cost Sharing Plan can be found in subsequent notes to the financial statements.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### F. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources and Net Position or Fund Balance (Continued)

Interfund Activity: Advances between funds that are not expected to be repaid are accounted for as transfers. In those cases when repayment is expected, the advances are accounted for through the various “due from” and “due to” accounts.

On the fund financial statements, short-term, interfund loans are classified as interfund balances. These amounts are eliminated in the Statement of Net Position, except for those amounts due between governmental and business-type activities, which are presented as internal balances.

Deferred Inflows of Resources - Unearned Revenues: The District recognizes the property tax revenues when they become available. Available includes those property tax receivables expected to be collected within 60 days after year-end. Those property tax receivables expected to be collected after 60 days after year end are shown as deferred inflows of resources in the fund financial statements. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

Deferred Inflows of Resources - Pensions and Other Post-Employment Benefits: The District recognizes deferred inflows of resources, which represent an acquisition of net assets that is applicable to a future reporting period and so will not be recognized as an inflow of resources (revenue) until that time. The District has identified these items in subsequent notes to the financial statements.

Fund Balance: The School District’s fund balance classifications are defined and described as follows:

*Non-spendable:* Represents fund balance amounts that cannot be spent because they are not in a spendable form or are contractually required to be maintained intact.

*Restricted:* Represents fund balance amounts that are constrained for a specific purpose through restrictions of external parties, through constitutional provisions, or by enabling legislation.

*Committed:* Represents fund balance amounts that can only be used for specific purposes pursuant to the constraints imposed by formal action of the Board of School Directors, the District’s highest level of decision-making authority. Committed amounts cannot be used for any other purpose unless the Board removes the constraints or changes the specified purpose through the same action it used to commit the funds.

*Assigned:* Represents fund balance amounts that are constrained by the government’s intent to be used for a specific purpose but are neither restricted nor committed. Through Board Policy, the Board has delegated the authority to express intent to the District’s Business Manager.

*Unassigned:* Represents fund balance amounts that have not been restricted, committed, or assigned to specific purposes within the general fund.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 1. Summary of Significant Accounting Policies (Continued)

#### G. New Accounting Pronouncements

The following list reflects only those pronouncements initially effective in the current or upcoming reporting periods which based on our review, may be applicable to the District's reporting requirements.

Following are descriptions of significant pronouncements that were considered or initially selected during the year ended June 30, 2025:

GASB Statement No. 101, *Compensated Absences*, requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements.

GASB Statement No. 102, *Certain Risk Disclosures* establishes financial reporting requirements to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

The following are descriptions of accounting pronouncements which will be considered for implementation during subsequent fiscal years:

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This statement addresses requirements relating to management's discussion and analysis, unusual or infrequent items, presentation of the proprietary fund statement of revenues, expenses, and changes in fund net position, major component unit information and budgetary comparison information.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District beginning with its year ending June 30, 2026 (fiscal years beginning after June 15, 2025). This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures. Lease assets, subscription assets, intangible right-to-use assets and intangible assets should be disclosed separately by major class of underlying asset within the note disclosures. This Statement also requires additional disclosures for capital assets held for sale.

The effects of implementation of these standards have not yet been determined.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

H. Other

Use of Estimates: The preparation of financial statements in conformity with 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 revenues and expenditures or expenses during the reporting period. Actual results could differ from those estimates.

Restatement: During the year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. Implementation of the new standard changed the District’s compensated absences liability measurement. The effects of the change in accounting principle are summarized in the “Restatement - GASB 101 implementation” column in the table below:

	June 30, 2024 net position / fund balance, as previously reported	Restatement - GASB 101 implementation	June 30, 2024 net position / fund balance, as restated
<b>Government-wide</b>			
Governmental Activities	\$ (67,921,550)	\$ (1,936,757)	\$ (69,858,307)
Business-type Activities	62,371	(198,412)	(136,041)
Total government-wide	<u>\$ (67,859,179)</u>	<u>\$ (2,135,169)</u>	<u>\$ (69,994,348)</u>
<b>Governmental Funds</b>			
General Fund	<u>\$ 17,799,721</u>	<u>\$ 518,363</u>	<u>\$ 18,318,084</u>
<b>Proprietary Funds</b>			
Food Service Fund	<u>\$ 62,371</u>	<u>\$ (198,412)</u>	<u>\$ (136,041)</u>

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 30, 2025, the date the financial statements were available to be issued. See Note 13.

## CUMBERLAND VALLEY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 2. Deposits and Investments**

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds consistent with sound business practices in the following types of investments:

- U.S. Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by either:
  1. The Federal Deposit Insurance Corporation (FDIC), or
  2. The Federal Savings and Loan Insurance Corporation (FSLIC), or
  3. The National Credit Union Share Insurance Fund (NCUSIF) to the extent that such accounts are so insured, and for any amounts above maximum insurable limits, provided that approved collateral as provided by law shall be pledged by the depository
- Obligations of (a) the United States of America or its agencies or instrumentalities backed by the full-faith and credit of the United States of America, and (b) the Commonwealth of Pennsylvania or instrumentalities thereof backed by the full-faith and credit of these political subdivisions
- Shares of investment companies whose investments are restricted to the above categories

The deposit and investment policies of the District adhere to state statutes and prudent business practices. There were no deposit or investment transactions during the year that were in violation of either state statutes or District policies.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 2. Deposits and Investments (Continued)**

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District’s deposits and/or investments may not be returned to it. A summary of the District’s deposits at June 30, 2025, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	FNB
Uninsured and collateralized by assets maintained in conformity with Act 72	17,506,787	20,015,628	FNB
	<u>\$ 17,756,787</u>	<u>\$ 20,265,628</u>	

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis and authorizing the appointment of custodians to act as the pledgers of the assets.

Investments

As of June 30, 2025, the District had the following investments:

	Credit Rating	Weighted Avg. Maturity in Years	Carrying Value
<b>Pennsylvania Local Government Investment Trust</b>			
PLGIT - Class	AAAm	0.282	\$ 12,858,705
PLGIT - Reserve/Class	AAAm	0.282	60,443,071
<b>Pennsylvania School District Liquid Asset Fund</b>			
PSDMAX	AAAm	0.115	452,296
PSDLAF Full Flex Pool	N/A	Various	22,305,214
			<u>\$ 96,059,286</u>

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Investments (Continued)

Certain external pool investments held by the District, based on portfolio maturity, quality, diversification and liquidity measures, qualify for measurement at amortized cost at both the pool and the participating government levels consistent with GASB Statement No. 79. The District measures those investments, which includes PSDMAX at amortized cost.

The PLGIT fund invests in U.S. Treasury and agency securities and repurchase agreements secured by such obligations, and certain municipal obligations and collateralized or insured certificates of deposit. Weighted-average, portfolio maturity for the fund is expected to be kept at or below 60 days.

The PLGIT - Class Shares are a flexible option which requires no minimum balance, no minimum initial investment and dividends are paid monthly.

The PLGIT/Reserve - Class Shares is an option which requires a minimum investment of \$50,000, a one day investment period and limits redemptions or exchanges to two per calendar month. However, there is no minimum investment period and dividends are paid monthly.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

The PSDLAF Full Flex Pool, as part of the Fixed term series at PSDLAF, are fixed term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed Term Series are fixed term investment vehicles with maturities depending upon the maturity date of each particular Fixed Term Series. All investments in a Fixed Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed Term Series are invested is registered in the name of that particular Fixed Term Series. Certificates of deposit used for Fixed Term Series (i) are normally in principal amounts in excess of the FDIC insurance limit of \$250,000, (ii) are collateralized in accordance with law and (iii) the collateral is held by a third party custodian pursuant to a custody agreement among the Fund, the bank that issues the certificate of deposit and the third party custodian. In some instances, the collateral consists of an Irrevocable Letter of Credit issued by the applicable Federal Home Loan Bank.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 2. Deposits and Investments (Continued)

#### Investments (Continued)

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; Level 3 inputs are significant unobservable inputs. Presently, the investments currently held by the District are valued at amortized cost and are not subject to the fair value categorization disclosures.

#### Weighted-Average Maturity

The weighted-average maturity (WAM) method expresses investment time horizons - the time when investments become due and payable - in years or months, weighted to reflect the dollar-size of individual investments within an investment type. In this illustration, WAMs are computed for each investment type. The portfolio's WAM is derived by dollar-weighting the WAM for each investment type.

#### Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

#### Credit Risk

As indicated above, Section 440.1 of the Public School Code of 1949, as amended, limits the composition of the District's investments, and the District has no investment policy that would further limit its investment choices.

#### Concentrations of Credit Risk

The District places no limit on the amounts invested in any one issuer. The District's investments are held with PLGIT and PSDLAF.

<u>Investment</u>	<u>Percent of Portfolio</u>
Pennsylvania Local Government Investment Trust	
PLGIT - Class	13.39%
PLGIT - Reserve/Class	62.92%
Pennsylvania School District Liquid Asset Fund	
PSDMAX	0.47%
PSDLAF Full Flex Pool	23.22%
	<u>100.00%</u>

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 3. Taxes Receivable and Deferred Inflows of Resources and Estimated Uncollectible Taxes**

A summary of the taxes receivable and related accounts at June 30, 2025, are as follows:

	Amount
Taxes Receivable	\$ 1,406,619
Allowance for estimated uncollectible taxes	(28,132)
Taxes receivable - net	<u>\$ 1,378,487</u>
Taxes to be collected within 60 days	\$ 454,687
Deferred inflows of resources - delinquent property taxes	923,800
Taxes receivable - net	<u>\$ 1,378,487</u>
Deferred Inflow of Resources	
Delinquent taxes	\$ 923,800
Total Deferred Inflow of Resources	<u>\$ 923,800</u>

**Note 4. Property Taxes**

Based upon assessed valuations provided by Cumberland County, the municipal tax collector bills and collects property taxes on behalf of the District. The schedule for property taxes levied for 2024-2025 is as follows:

July 1, 2024	Tax-Levy Date
Through August 31, 2024	2% Discount
Through October 31, 2024	Face-Payment Period
November 1, 2024	10% Penalty
January 15, 2025	Lien Filing Date

The District's tax rate for all purposes in 2024-2025 was 11.9370 mills (\$11.9370 per \$1,000 assessed valuation). Refunds on payments of prior year taxes are classified as Other Debt Service items under the Commonwealth of Pennsylvania accounting system.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 5. Internal Balances and Interfund Transfers**

Individual fund receivable and payable balances at June 30, 2025, are as follows:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	\$ 111,667	\$ -
Debt Service Fund	-	2,630
Student Sponsored Activities	-	14,804
Total Governmental Funds	111,667	17,434
Proprietary Fund - Food Service	-	94,233
	\$ 111,667	\$ 111,667

All interfund receivable/payable balances resulted from time lags between the dates that (1) interfund goods and services were provided or reimbursable expenditures occurred, (2) transactions were recorded in the accounting system and (3) payments between funds were made. All balances are expected to be repaid within the following year.

Individual fund operating transfers as of June 30, 2025, were as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	\$ 2,907,050	\$ -
Capital projects	41,507,007	-
Debt service	-	44,414,057
Total Governmental Funds	\$ 44,414,057	\$ 44,414,057

Transfers and payments within the District are substantially for purposes or subsidizing operating functions, funding capital projects and asset acquisitions, or maintaining debt service on a routine basis. Resources are accumulated in a fund to support and simplify the administration of various projects or programs.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 6. Capital and Right-to-Use Assets

Capital and right-to-use asset activity for the year ended June 30, 2025, was as follows:

	July 1, 2024	Increases	Decreases	June 30, 2025
<b>Governmental Activities</b>				
Capital assets, not being depreciated				
Land	\$ 7,114,989	\$ -	\$ -	\$ 7,114,989
Capital and right-to-use assets being depreciated/amortized				
Site improvements	21,341,882		-	21,341,882
Buildings and building improvements	301,629,733	171,845	-	301,801,578
Furniture and equipment	48,276,563	1,461,075	(445,837)	49,291,801
Right-to-use leased equipment	1,715,808	581,421	(432,895)	1,864,334
Right-to-use subscription assets	208,098	362,892	-	570,990
Total capital and right-to-use assets being depreciated/amortized	373,172,084	2,577,233	(878,732)	374,870,585
Less accumulated depreciation/amortization				
Site improvements	10,732,842	865,389	-	11,598,231
Buildings and building improvements	127,737,679	8,475,948	-	136,213,627
Furniture and equipment	36,685,078	1,993,225	(381,845)	38,296,458
Right-to-use leased equipment	872,078	407,032	(433,715)	845,395
Right-to-use subscription assets	104,048	118,555	-	222,603
Total accumulated depreciation/amortization	176,131,725	11,860,149	(815,560)	187,176,314
Total capital and right-to-use assets being depreciated/amortized, net	197,040,359	(9,282,916)	(63,172)	187,694,271
Construction-in-progress	10,492,561	43,311,593	-	53,804,154
<b>Total Governmental Activities, Capital and Right-to-Use Assets - Net</b>	<b>\$ 214,647,909</b>	<b>\$ 34,028,677</b>	<b>\$ (63,172)</b>	<b>\$ 248,613,414</b>
<b>Business-Type Activities</b>				
Furniture and equipment	\$ 3,112,411	\$ 55,212	\$ -	\$ 3,167,623
Total business-type activities	3,112,411	55,212	-	3,167,623
Less accumulated depreciation				
Furniture and equipment	2,759,547	55,613	-	2,815,160
<b>Business-Type Activities, Capital Assets - Net</b>	<b>\$ 352,864</b>	<b>\$ (401)</b>	<b>\$ -</b>	<b>\$ 352,463</b>

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 6. Capital and Right-to-Use Assets (Continued)**

Depreciation and amortization expense was charged to the functions/programs of the District as follows:

	Amount
Governmental Activities	
Instruction	\$ 8,078,174
Instructional student support	1,004,075
Admin. and financial support	1,274,145
Operation and maintenance of plant services	1,205,000
Pupil transportation	137,611
Student activities	152,028
Community services	9,116
Total governmental activities	<u>11,860,149</u>
Business-Type Activities	
Food Service	55,613
Total School District	<u><u>\$ 11,915,762</u></u>

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

### Note 7. Long-Term Obligations

A summary of the reporting entity's long-term obligations as of June 30, 2025, and transactions during the year then ended follows:

	July 1, 2024 (restated)	Increases	Decreases	June 30, 2025	Amount Due Within One Year
<b>Governmental Activities:</b>					
General Obligation Bonds					
Series of 2015	\$ 2,420,000	\$ -	\$ -	\$ 2,420,000	\$ 2,420,000
Series of 2018 Series B	18,200,000	-	18,200,000	-	-
Series 2020	8,835,000	-	5,000	8,830,000	5,000
Series 2020A	8,630,000	-	940,000	7,690,000	2,510,000
Series 2020AAA	25,915,000	-	330,000	25,585,000	330,000
Series 2020AAA	10,000,000	-	-	10,000,000	-
Series 2022	23,585,000	-	5,000	23,580,000	5,000
Series 2023A	51,455,000	-	-	51,455,000	-
Series 2023B	26,615,000	-	5,000	26,610,000	805,000
Series 2025A	-	40,000,000	-	40,000,000	-
Series 2025B	-	16,945,000	-	16,945,000	5,000
General Obligation Notes					
Series of 2014 *	5,400,000	-	5,400,000	-	-
Bond premiums (discounts), net of amortization					
	10,881,573	3,529,736	2,236,119	12,175,190	-
<b>Total General Obligation Debt</b>	<b>191,936,573</b>	<b>60,474,736</b>	<b>27,121,119</b>	<b>225,290,190</b>	<b>6,080,000</b>
Compensated absences**	6,427,383	-	137,743	6,289,640	750,393
Leases payable	916,328	581,421	398,005	1,099,744	411,914
Subscription liability	104,026	362,892	128,441	338,477	120,871
<b>Total Governmental Activities</b>	<b>\$ 199,384,310</b>	<b>\$ 61,419,049</b>	<b>\$ 27,785,308</b>	<b>\$ 233,018,051</b>	<b>\$ 7,363,178</b>
<b>Business-Type Activities:</b>					
Compensated absences**	\$ 208,504	\$ -	\$ 15,428	\$ 193,076	\$ 12,527
<b>Total Business-Type Activities</b>	<b>208,504</b>	<b>-</b>	<b>15,428</b>	<b>193,076</b>	<b>12,527</b>
<b>Total Government</b>	<b>\$ 199,592,814</b>	<b>\$ 61,419,049</b>	<b>\$ 27,800,736</b>	<b>\$ 233,211,127</b>	<b>\$ 7,375,705</b>

\* Direct Borrowings

\*\* The change in the compensated absences liability is presented as a net change.

General Obligation Note - Series of 2014 - On December 23, 2014, the District issued the General Obligation Note - Series of 2014 in the principal amount of \$10,000,000. The proceeds of the note were used for the design, acquisition, construction, installation and furnishing of a new elementary and middle school. The note bears interest at a fixed rate of 1.87% annually. Interest is payable semi-annually, and the note matures serially in amounts ranging from \$5,000 to \$5,400,000. During the June 30, 2025 fiscal year, this obligation was paid in full.

## CUMBERLAND VALLEY SCHOOL DISTRICT

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Long-Term Obligations (Continued)

General Obligation Bonds - Series of 2015 - On April 28, 2015, the District issued General Obligation Bonds - Series of 2015 in the principal amount of \$54,360,000. The proceeds of the Bonds were used for the design, acquisition, construction, installation and furnishing a new elementary and middle school. The bonds bear annual interest rates ranging from 0.50% to 5.00%. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$6,205,000 through November 15, 2035. The Bond was partially refunded by the GOB Series AA of 2020 during the June 30, 2021, fiscal year and by the GOB Series B of 2023 during the June 30, 2024, fiscal year.

General Obligation Bonds - Series B of 2018 - On April 11, 2018, the District issued the General Obligation Bonds - Series of 2018 Series B in the principal amount of \$18,200,000. The proceeds of the bonds were used to fund the completion of costs of construction of a new elementary school and middle school, the renovations, acquisition and construction of improvements at existing facilities, additional capital projects as set forth by the Board and to pay the costs and expenses of the issuance of the bonds. The bonds bear annual interest rates ranging from 2.50% to 5.00%. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$2,685,000 through December 1, 2035. Principal payments begin in the 2024-2025 fiscal year.

General Obligation Bonds Series of 2020 - On June 30, 2020, the District issued the General Obligation Bonds - Series of 2020 in the principal amount of \$8,850,000. The proceeds of the bonds were used to pay costs of the design, acquisition, and construction, installation, furnishing and equipping various school buildings owned and operated by the District; and to pay the costs and expenses of issuing the bonds. The bonds bear an annual interest rate of 4.00% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$2,325,000 through November 15, 2039.

General Obligation Bonds Series A of 2020 - On June 30, 2020, the District issued General Obligation Bonds - Series A of 2020 in the principal amount of \$9,550,000. The proceeds of the Bonds were used to currently refund the District's outstanding General Obligation Notes, Series of 2017, and to pay related costs and expenses, including the costs of issuing the 2020A Bonds. The economic gain on this transaction was \$681,017. The bonds bear an annual interest rate of 2.00% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$2,625,000 through November 15, 2027.

General Obligation Bonds Series AA of 2020 - On November 24, 2020, the District issued General Obligation Bonds - Series AA of 2020 in the principal amount of \$26,575,000. The proceeds of the Bonds were used to currently advance refunding a portion of the District's outstanding General Obligation Bonds, Series of 2015, and to pay related costs and expenses, including the costs of issuing the 2020AA Bonds. The economic gain on this transaction was \$4,000,527. The bonds bear interest rates ranging between 0.5470% and 2.492% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$6,030,000 through November 15, 2035.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Long-Term Obligations (Continued)

General Obligation Bonds Series AAA of 2020 - On November 24, 2020, the District issued General Obligation Bonds - Series AAA of 2020 in the principal amount of \$10,000,000. The proceeds of the bonds were used to fund costs for the design, acquisition, construction, installation, furnishing and equipping of various school buildings owned and operated by the District and to pay the costs and expense of issuing the 2020AAA Bonds. The bonds bear an annual interest rate of 2.00% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$2,355,000 to \$2,645,000 through November 15, 2039. Principal payments begin in the 2036-2037 fiscal year.

General Obligation Bonds Series of 2022 - On March 7, 2022, the District issued General Obligation Bonds - Series of 2022 in the principal amount of \$23,590,000. The proceeds of the bonds were used to fund costs for the design, acquisition, construction, installation, furnishing, and equipping of various school buildings owned and operated by the District and to pay the costs and expense of issuing the 2022 Bonds. The bonds bear interest rates ranging between 2.00% and 4.00% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$2,710,000 through November 15, 2047. Principal payments begin in the 2023-2024 fiscal year.

General Obligation Bonds Series A of 2023 - On August 17, 2023, the District issued General Obligation Bonds - Series A of 2023 in the principal amount of \$51,455,000. The proceeds of the bonds were used to fund costs for the design, acquisition, construction, installation, furnishing, and equipping various school buildings owned and operated by the District and to pay the costs and expense of issuing the 2023A Bonds. The bonds bear an annual interest rate of 5.00% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$8,020,000 through November 15, 2047. Principal payments begin in the 2032-2033 fiscal year.

General Obligation Bonds Series B of 2023 - On August 17, 2023, the District issued General Obligation Bonds - Series B of 2023 in the principal amount of \$26,615,000. The proceeds of the Bonds were used to currently advance refunding a portion of the Districts outstanding General Obligation Bonds, Series of 2015, and to pay related costs and expenses, including the costs of issuing the 2023B Bonds. The economic gain on this transaction was \$2,141,830. The bonds bear interest rates ranging between 0.4% and 5.00% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$5,080,000 through November 15, 2031.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Long-Term Obligations (Continued)

General Obligation Bonds Series A of 2025 - On March 12, 2025, the District issued General Obligation Bonds - Series A of 2025 in the principal amount of \$40,000,000. The proceeds of the bonds were used to fund costs for the design, acquisition, construction, installation, furnishing, and equipping various school buildings owned and operated by the District and to pay the costs and expense of issuing the 2025A Bonds. The bonds bear interest rates ranging between 3.375% and 5.00% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$4,790,000 through December 1, 2053. Principal payments begin in the 2025-2026 fiscal year.

General Obligation Bonds Series B of 2025 - On March 12, 2025, the District issued General Obligation Bonds - Series B of 2025 in the principal amount of \$16,945,000. The proceeds of the Bonds were used to currently advance refunding a portion of the Districts outstanding General Obligation Bonds, Series B of 2018, and to pay related costs and expenses, including the costs of issuing the 2025B Bonds. The economic gain on this transaction was \$1,670,508. The bonds bear an annual interest rate of 5.00% throughout the life of the bonds. Interest is payable semi-annually, and the bonds mature serially in amounts ranging from \$5,000 to \$2,505,000 through December 1, 2035. Principal payments begin in the 2025-2026 fiscal year.

The District is in compliance with all debt covenants of the outstanding issues. Those covenants include the following: The District shall include the annual debt service in its budget for the fiscal year, shall appropriate said debt-service from its general revenues; and shall punctually cause the payment of principal and interest of each of the bonds and notes.

Fiscal year maturities of the long-term debt issues are as follows:

Years	Principal	Interest	Total
2025-2026	\$ 6,080,000	\$ 9,601,783	\$ 15,681,783
2026-2027	6,280,000	8,972,774	15,252,774
2027-2028	6,520,000	8,733,666	15,253,666
2028-2029	6,480,000	8,450,526	14,930,526
2029-2030	6,795,000	8,129,085	14,924,085
2031-2035	38,720,000	35,888,890	74,608,890
2036-2040	39,570,000	28,797,859	68,367,859
2041-2045	44,805,000	19,675,850	64,480,850
2046-2050	40,110,000	8,330,475	48,440,475
2051-2053	17,755,000	1,832,875	19,587,875
	<u>\$ 213,115,000</u>	<u>\$ 138,413,783</u>	<u>\$ 351,528,783</u>

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 7. Long-Term Obligations (Continued)

#### Leases Payable

The District leases equipment and vehicles for the District's operations. These terms range from one to five years. The District's equipment and vehicle leases contain scheduled annual or monthly payments, with expiration dates extending through 2030. Leases payable are fully funded by the general fund.

The following is a schedule of future minimum lease payments for leases with initial or remaining terms in excess of one year as of June 30, 2025:

Year ending June 30:	Principal	Interest	Total
2026	\$ 411,914	\$ 27,787	\$ 439,701
2027	339,338	15,880	355,218
2028	256,675	6,702	263,377
2029	77,190	1,372	78,562
2030	14,627	148	14,775
	<u>\$ 1,099,744</u>	<u>\$ 51,889</u>	<u>\$ 1,151,633</u>

#### Subscription Based Information Technology Arrangements

The District enters into various arrangements for administrative and educational software. Many of the software and subscription arrangements are one year or less, however, the District enters into longer term arrangements that required right-to use subscription asset and liability accounting. The term of the arrangement is for four years.

The District's subscription based information technology arrangements contain scheduled annual payments with expiration dates extending through 2025. Subscription liability obligations are primarily funded by the general fund. During the year ended June 30, 2025, the District did not recognize additional expense for variable payments or for other payments not previously included in the subscription liability.

The following is a schedule of future minimum subscription liability payments for agreements with initial or remaining terms in excess of one year as of June 30, 2025:

Year ending June 30:	Principal	Interest	Total
2026	\$ 120,871	\$ 9,787	\$ 130,658
2027	70,380	6,596	76,976
2028	72,514	4,463	76,977
2029	74,712	2,265	76,977
	<u>\$ 338,477</u>	<u>\$ 23,111</u>	<u>\$ 361,588</u>

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 8. Self-Insurance Medical and Prescription Insurance Coverage

Effective January 1, 2017, the District became self-funded for medical and prescription insurance for employees, retirees and their dependents. The District uses third-party administrators for medical and prescription coverage. Under the medical and prescription plans, the District reimburses the third-party administrators for actual claims paid, and additionally, incurs expenses for administrative, reinsurance and other fees associated with the administration of the program. These activities are recorded in the General Fund.

At June 30, 2025, the District had stop-loss coverage in excess of \$250,000 per person. Changes in claim obligations are as follows for the year ended June 30, 2025:

	Amount
Claims payable July 1, 2024	\$ 2,340,000
Incurred claims	22,454,411
Claims paid	(23,207,411)
Margin for large claims	1,127,000
Claims payable June 30, 2025	<u>\$ 2,714,000</u>

At June 30, 2025, the District had \$3,500,000 available for Health Care Costs in a Committed Fund Balance on the General Fund.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Defined-Benefit Pension Plan

#### Plan Description

PSERS (Pennsylvania Public School Employee's Retirement System or the System) 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](http://www.psers.pa.gov).

#### Benefits Provided

PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who 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 three years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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 three 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 1.0% and 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 2.0% 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.

CUMBERLAND VALLEY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

**Note 9. Defined-Benefit Pension Plan (Continued)**

Benefits Provided (Continued)

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

Contributions

Member Contributions:

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

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

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

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 9. Defined-Benefit Pension Plan (Continued)**

Contributions (Continued)

Employer Contributions:

The District’s contractually required contribution rate for the fiscal year ended June 30, 2025, was 33.27% 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. Included in the District’s contractually required contribution rate is the Act 5 contribution rate totaling an estimated 0.35%.

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth’s share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District’s rate. The District’s contributions to the Plan, relating to pension benefits, for the year ended June 30, 2025, was \$25,582,050, and is equal to the required contribution for the year. For the year ended June 30, 2025, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$12,768,121.

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

At June 30, 2025, the District reported a liability of \$191,989,000 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 reported proportion was 0.4587%, which was an increase of 0.0102% from its proportion reported as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$24,052,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 3,019,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	3,178,000	-
Changes in proportion	8,298,000	-
Contributions subsequent to the measurement date	25,582,000	-
	<u>\$ 37,058,000</u>	<u>\$ 3,019,000</u>

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Defined-Benefit Pension Plan (Continued)

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

\$25,582,000 is 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 ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2026	\$ (854,000)
2027	8,009,000
2028	1,947,000
2029	(645,000)
	<u>\$ 8,457,000</u>

#### Actuarial Assumptions

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

- Valuation Date - June 30, 2023
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreased from 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.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Defined-Benefit Pension Plan (Continued)

#### Actuarial Assumptions (Continued)

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

#### Investments

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.

For the year ended June 30, 2024, the annual money weighted rate of return on pension plan investments, net of pension plan investment expense was 8.08%. The money weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
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/MLPs	10.0%	6.4%
Real estate	9.5%	5.9%
	<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.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 9. Defined-Benefit Pension Plan (Continued)

#### 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 District's proportionate share of the net pension liability, calculated using the discount rate of 7.00%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.00%) or one-percentage-point higher (8.00%) than the current discount rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Districts proportionate share of the net pension liability	\$ 252,908,000	\$ 191,989,000	\$ 140,547,000

#### Pension Plan Fiduciary Net Position

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

#### Plan Payables

At June 30, 2025, the District reported a payable to PSERS of \$9,272,438, which represents the employer contributions owed to the pension plan.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10. Other Post-Employment Benefits - District’s Single Employer Plan**

Plan Description, Benefit Terms and Funding Policy

The District provides retiree health, vision and dental-care benefits, including prescription drug coverage, to eligible retired employees and qualified spouses/beneficiaries. This is a single-employer, defined benefit plan administered by the District. The District funds OPEB on a pay-as-you go basis, and there is no obligation to make contributions in advance of when insurance premiums or claims are due for payment. The District does not maintain or accumulate any assets within a trust in accordance with paragraph 4 of GASB Statement No. 75. The plan description and benefit terms provided by the plan are summarized in the chart below:

<b>GROUP</b>	<b>ELIGIBILITY</b>	<b>COVERAGE AND PREMIUM SHARING</b>	<b>DURATION</b>
<b><u>I. ADMINISTRATORS</u></b>	Must be eligible for coverage as an active full time employee and retire through PSERS	<b>Coverage:</b> Medical, Prescription Drug, Dental, and Vision.  <b>Premium Sharing:</b> The member must pay full premium as determined for the purpose of COBRA.  <b>Dependents:</b> Spouse and Family included.	Member and spouse coverage continue until member Medicare age.
<b><u>II. TEACHERS</u></b>	Same as I	Same as I	Same as I
<b><u>III. SUPPORT STAFF</u></b>	Same as I	Same as I	Same as I

Notes: Act 110/43 Eligibility: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

Spouses eligible to continue coverage beyond age 65 must enroll in a Medicare supplement plan provided by the District.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 10. Other Post-Employment Benefits - District’s Single Employer Plan (Continued)**

Employees Covered by Benefit Terms

As of the July 1, 2024, actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	99
Inactive employees entitle to but not yet receiving benefit payments	-
Active employees	1,156
	<u>1,255</u>

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

At June 30, 2025, the District reported a liability of \$3,711,743 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2024, and was determined by an actuarial valuation as of July 1, 2024. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	<u>\$ 3,267,915</u>
Changes for the year	
Service cost	255,565
Interest	143,167
Difference between expected and actual experience	156,611
Changes in assumptions	(6,341)
Benefit payments	(105,174)
Net Changes	<u>443,828</u>
Total OPEB Liability, ending	<u>\$ 3,711,743</u>

For the year ended June 30, 2025, the District recognized OPEB expense of \$55,237. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 144,564	\$ 1,511,984
Changes of assumptions	178,348	1,497,359
Benefit payments subsequent to the measurement date	140,600	-
	<u>\$ 463,512</u>	<u>\$ 3,009,343</u>

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 10. Other Post-Employment Benefits - District’s Single Employer Plan (Continued)**

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$140,600 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District’s OPEB expense as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2026	\$ (343,495)
2027	(343,495)
2028	(343,495)
2029	(343,493)
2030	(378,786)
Thereafter	(933,667)
	<u><u>\$ (2,686,431)</u></u>

Actuarial Assumptions

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

- Inflation - 2.5%
- Salary Increases - 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%
- Discount Rate - 4.29%. Based on S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2024.
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay
- Health care cost trend rate - 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Retirees’ Share of Benefit-Related Costs - Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Mortality rates are PubT-2010 headcount-weighted mortality table including rate for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rate for contingent survivors for all other employees. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 10. Other Post-Employment Benefits - District’s Single Employer Plan (Continued)**

Sensitivity of the District’s Total OPEB liability to Changes in the Discount Rate

The following presents the total OPEB liability of the district calculated using the discount rate of 4.29%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower (3.29%) or one-percentage-point higher (5.29%) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Total OPEB liability	\$ 4,020,347	\$ 3,711,743	\$ 3,422,863

Change in Actuarial Assumptions

The discount rate used to measure the Total OPEB liability increased from 4.13% as of July 1, 2023, to 4.29% as of July 1, 2024.

Sensitivity of the District’s Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the district calculated using the health care cost trend rates of (7.0% decreasing to 4.0%), as well as what the total OPEB liability would be if it were calculated using a health care cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
Total OPEB liability	\$ 3,287,102	\$ 3,711,743	\$ 4,214,643

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan

#### Plan Description

PSERS administers a defined benefit pension plan, and two post-employment healthcare programs, the Health Insurance Premium Assistance Program (Premium Assistance) and the Health Options Program (HOP) for its retirees. The HOP is a PSERS sponsored voluntary health insurance program for the sole benefit of PSERS retirees, spouses of retirees, and survivor annuitants and their dependents who participate in HOP. The HOP is funded exclusively by the premiums paid by its participants for the benefit coverage they elect.

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

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

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

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

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

#### Benefits Provided

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

#### Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2025, was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$484,421 for the year ended June 30, 2025.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)**

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

At June 30, 2025, the District reported a liability of \$8,181,000 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 reported proportion was 0.4605%, which was an increase of 0.0108% from its proportion reported as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$493,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 31,000	\$ 123,000
Changes in assumptions	499,000	1,249,000
Net difference between projected and actual investment earnings	9,000	-
Changes in proportions	633,000	-
Contributions subsequent to the measurement date	485,000	-
	<u>\$ 1,657,000</u>	<u>\$ 1,372,000</u>

\$485,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years	Amount
2026	\$ (33,000)
2027	(96,000)
2028	(136,000)
2029	55,000
2030	10,000
	<u>\$ (200,000)</u>

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

#### 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:

- Valuation Date - June 30, 2023
- 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 4.5%, 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 discount rate used to measure the total OPEB liability increased from 4.13% as of June 30, 2023, to 4.21%, as of June 30, 2024.

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

The following assumptions were used to determine the contribution rate:

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

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

#### Investments

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>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 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.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 11. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)**

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

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	\$ 9,242,000	\$ 8,181,000	\$ 7,292,000

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

The following presents the District’s proportionate share of the net OPEB liability, as well as what the District’s proportionate share of the net OPEB liability would be if it were calculated using healthcare cost trend rates (between 5% to 7%) that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 8,180,000	\$ 8,181,000	\$ 8,181,000

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](http://www.psers.pa.gov).

Plan Payables

At June 30, 2025, the District reported a payable to PSERS of \$175,583, which represents the employer contributions owed to the OPEB plan.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

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### **Note 12. Risk Management**

The District insures a portion of its workers' compensation insurance through the Pennsylvania School Board Association (PSBA). There were no significant unpaid claims incurred but not reported (IBNR) at June 30, 2025. Total payments to PSBA for the year ended June 30, 2025, amounted to \$246,950.

#### Other Risks

The District is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets and errors or omissions. Significant losses are covered by commercial insurance for all major programs. For insured programs, there have been no significant reductions in settlement coverage. Settlement amounts have not exceeded insurance coverage for the current or three prior years. During the year ended June 30, 2025, the District did not incur any significant losses that were not covered by insurance.

#### Funding Constraints

The District is subject to external constraints that may create a risk of substantial impact on its financial position. During the fiscal year ended June 30, 2025, approximately 24% of the District's general fund revenues were derived from the Commonwealth of Pennsylvania and the Federal Government. The District is dependent on timely appropriations and disbursements from these governments to fund its operations and programs. The Commonwealth of Pennsylvania and Federal Government have experienced delays in the passage of their annual budgets, resulting in delays in the release of state and certain federal pass-through funds to local governments and agencies. Management continues to monitor the budget process at both the federal and state levels and will update its mitigation strategies as necessary.

### **Note 13. Commitments**

#### Commitments

The District approved multiple projects throughout the District totaling approximately \$135.6 million during the fiscal year. At June 30, 2025, approximately \$89.1 million remains as an outstanding commitment of the District.

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**REQUIRED SUPPLEMENTARY INFORMATION**

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net Pension Liability</b>	<b>District's Proportionate Share of the Net Pension Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>
2025	0.4587%	\$ 191,989,000	\$ 73,101,618	262.63%	64.63%
2024	0.4485%	\$ 199,521,000	\$ 68,898,047	289.59%	61.85%
2023	0.4317%	\$ 191,928,000	\$ 63,564,074	301.94%	61.34%
2022	0.4206%	\$ 172,685,000	\$ 59,615,702	289.66%	63.67%
2021	0.4129%	\$ 203,308,000	\$ 58,235,055	349.12%	54.32%
2020	0.4127%	\$ 193,072,000	\$ 56,915,911	339.22%	55.66%
2019	0.4041%	\$ 193,988,000	\$ 54,423,207	356.44%	54.00%
2018	0.4002%	\$ 197,652,000	\$ 53,287,558	370.92%	51.84%
2017	0.3826%	\$ 189,604,000	\$ 49,547,784	382.67%	50.14%
2016	0.3725%	\$ 161,350,000	\$ 47,928,792	336.65%	54.36%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S PENSION CONTRIBUTIONS -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2025	\$ 25,582,050	\$ (25,582,050)	\$ -	\$ 76,702,173	33.35%
2024	\$ 25,044,561	\$ (25,044,561)	\$ -	\$ 74,969,327	33.41%
2023	\$ 23,957,994	\$ (23,957,994)	\$ -	\$ 69,376,865	34.53%
2022	\$ 21,925,410	\$ (21,925,410)	\$ -	\$ 64,041,518	34.24%
2021	\$ 20,291,724	\$ (20,291,724)	\$ -	\$ 59,612,639	34.04%
2020	\$ 19,456,152	\$ (19,456,152)	\$ -	\$ 58,228,362	33.41%
2019	\$ 18,613,259	\$ (18,613,259)	\$ -	\$ 56,936,777	32.69%
2018	\$ 17,316,160	\$ (17,316,160)	\$ -	\$ 54,407,094	31.83%
2017	\$ 15,241,965	\$ (15,241,965)	\$ -	\$ 53,274,781	28.61%
2016	\$ 12,506,908	\$ (12,506,908)	\$ -	\$ 49,547,688	25.24%

The schedule is presented to illustrate the requirement to show information for 10 years.

CUMBERLAND VALLEY SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -  
 SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -  
 DISTRICT'S SINGLE EMPLOYER PLAN  
 For the Fiscal Year Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
<b>Total OPEB liability</b>								
Service cost	\$ 255,565	\$ 239,459	\$ 408,560	\$ 410,278	\$ 484,374	\$ 484,381	\$ 491,332	\$ 448,789
Interest	143,167	127,625	104,340	81,846	204,810	172,401	189,586	129,172
Differences between expected and actual experience	156,611	-	(621,528)	-	(1,265,863)	-	(709,126)	-
Changes in assumptions	(6,341)	43,924	(1,022,208)	(139,807)	(855,854)	(168,983)	(67,798)	423,542
Benefit payments	(105,174)	(102,773)	(168,513)	(181,813)	(196,578)	(155,046)	(185,133)	(162,171)
<b>Net change in total OPEB liability</b>	<b>443,828</b>	<b>308,235</b>	<b>(1,299,349)</b>	<b>170,504</b>	<b>(1,629,111)</b>	<b>332,753</b>	<b>(281,139)</b>	<b>839,332</b>
<b>Total OPEB Liability - beginning</b>	<b>3,267,915</b>	<b>2,959,680</b>	<b>4,259,029</b>	<b>4,088,525</b>	<b>5,717,636</b>	<b>5,384,883</b>	<b>5,666,022</b>	<b>4,826,690</b>
<b>Total OPEB Liability - ending</b>	<b>\$ 3,711,743</b>	<b>\$ 3,267,915</b>	<b>\$ 2,959,680</b>	<b>\$ 4,259,029</b>	<b>\$ 4,088,525</b>	<b>\$ 5,717,636</b>	<b>\$ 5,384,883</b>	<b>\$ 5,666,022</b>
<b>Covered payroll</b>	<b>\$ 69,169,196</b>	<b>\$ 61,024,124</b>	<b>\$ 61,024,124</b>	<b>\$ 53,464,084</b>	<b>\$ 53,464,084</b>	<b>\$ 50,856,143</b>	<b>\$ 50,856,143</b>	<b>\$ 47,320,621</b>
<b>Net OPEB liability as a percentage of covered payroll</b>	<b>5.37%</b>	<b>5.36%</b>	<b>4.85%</b>	<b>7.97%</b>	<b>7.65%</b>	<b>11.24%</b>	<b>10.59%</b>	<b>11.97%</b>

Notes to Schedule:

For the fiscal year ended June 30, 2025:

Changes in assumptions: The discount rate changed from 4.13 to 4.29%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>District's Proportion of the Net OPEB Liability</b>	<b>District's Proportionate Share of the Net OPEB Liability</b>	<b>District's Covered Payroll</b>	<b>District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll</b>	<b>Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability</b>
2025	0.4605%	\$ 8,181,000	\$ 73,101,618	11.19%	7.13%
2024	0.4497%	\$ 8,136,000	\$ 68,898,047	11.81%	7.22%
2023	0.4323%	\$ 7,958,000	\$ 63,564,074	12.52%	6.86%
2022	0.4205%	\$ 9,967,000	\$ 59,615,702	16.72%	5.30%
2021	0.4149%	\$ 8,965,000	\$ 58,235,055	15.39%	5.69%
2020	0.4127%	\$ 8,777,000	\$ 56,915,911	15.42%	5.56%
2019	0.4041%	\$ 8,425,000	\$ 54,423,207	15.48%	5.56%
2018	0.4002%	\$ 8,154,000	\$ 53,287,558	15.30%	5.73%

The amounts presented for each fiscal year were determined as of the measurement date, which is one year prior to the fiscal year end.

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULES OF DISTRICT'S OPEB CONTRIBUTIONS -  
PENNSYLVANIA PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM**

<b>For the Fiscal Year Ended June 30</b>	<b>Contractually Required Contribution</b>	<b>Contributions in Relation to the Contractually Required Contribution</b>	<b>Contribution Deficiency (Excess)</b>	<b>District's Covered Payroll</b>	<b>Contributions as a Percentage of Covered Payroll</b>
2025	\$ 484,421	\$ (484,421)	\$ -	\$ 76,702,173	0.63%
2024	\$ 480,471	\$ (480,471)	\$ -	\$ 74,969,327	0.64%
2023	\$ 520,675	\$ (520,675)	\$ -	\$ 69,376,865	0.75%
2022	\$ 513,777	\$ (513,777)	\$ -	\$ 64,041,518	0.80%
2021	\$ 493,891	\$ (493,891)	\$ -	\$ 59,612,639	0.83%
2020	\$ 488,585	\$ (488,585)	\$ -	\$ 58,228,362	0.84%
2019	\$ 473,896	\$ (473,896)	\$ -	\$ 56,936,777	0.83%
2018	\$ 452,817	\$ (452,817)	\$ -	\$ 54,407,094	0.83%

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, only information for those years for which information is available is shown.

**SUPPLEMENTARY INFORMATION**



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

Board of School Directors  
Cumberland Valley School District  
Mechanicsburg, Pennsylvania

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

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 District's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.


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

## **Report on Compliance and Other Matters**

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

### **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.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is centered on the page.

Camp Hill, Pennsylvania  
December 30, 2025



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

Board of School Directors  
Cumberland Valley School District  
Mechanicsburg, Pennsylvania

**Report on Compliance for Each Major Federal Program**

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

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

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

***Responsibilities of Management for Compliance***

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

### *Auditor's Responsibilities for the Audit of Compliance*

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the 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 that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the 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 the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

## Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in cursive script that reads "Boyer & Ritter". The signature is written in dark ink and is centered on the page.

Camp Hill, Pennsylvania  
December 30, 2025

**CUMBERLAND VALLEY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2025**

**Section I -- Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? \_\_\_ Yes  X  None Reported

Noncompliance material to financial statements noted? \_\_\_ Yes  X  No

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_ Yes  X  No
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? \_\_\_ Yes  X  None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)3? \_\_\_ Yes  X  No

- Identification of the major programs:

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

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

Auditee qualified as low-risk auditee?  X  Yes \_\_\_ No

**CUMBERLAND VALLEY SCHOOL DISTRICT**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2025**

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**Section II -- Financial Statement Findings**

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A. Significant Deficiency(ies) in Internal Control

There were no findings relating to the financial statement audit required to be reported.

B. Compliance Findings

There was no compliance findings relating to the financial statement audit required to be reported.

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

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A. Compliance Findings

There were no findings relating to the Federal awards required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

B. Significant Deficiencies in Internal Control

There were no findings relating to the federal awards required to be reported in accordance with 2 CFR 200.516(a) of the Uniform Guidance.

CUMBERLAND VALLEY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended June 30, 2025

Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2025	Provided to Subrecipient
<b>U.S. Department of Agriculture</b>										
Passed through the Pennsylvania Department of Education										
National School Lunch Program	10.555	N/A	24-25	N/A	\$ 1,823,986	\$ -	\$ 1,850,950	\$ 1,850,950	\$ 26,964	\$ -
Total National School Lunch Program					1,823,986	-	1,850,950	1,850,950	26,964	-
School Breakfast Program	10.553	N/A	24-25	N/A	499,918	-	509,194	509,194	9,276	-
Total National School Breakfast Program					499,918	-	509,194	509,194	9,276	-
Total Passed through the Pennsylvania Department of Education					2,323,904	-	2,360,144	2,360,144	36,240	-
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donation	10.555	1-15-21160-3	24-25	N/A	424,523	-	424,523	424,523	-	-
<b>Total U.S. Department of Agriculture</b>					2,748,427	-	2,784,667	2,784,667	36,240	-
<b>U.S. Department of Education</b>										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Education Agencies	84.010	13-24-0109	23-24	\$ 986,816	257,331	257,331	-	-	-	-
Title I - Grants to Local Education Agencies	84.010	13-25-0109	24-25	\$ 968,691	761,998	-	968,691	968,691	206,693	-
					1,019,329	257,331	968,691	968,691	206,693	-
Title II - Supporting Effective Instruction State Grants	84.367	020-24-0109	23-24	\$ 186,726	37,907	36,547	1,360	1,360	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-25-0109	24-25	\$ 181,981	143,226	-	181,351	181,351	38,125	-
					181,133	36,547	182,711	182,711	38,125	-
Title IV - Student Support & Academic Enrichment Program	84.424	144-25-0109	24-25	\$ 73,889	73,889	-	73,889	73,889	-	-
					73,889	-	73,889	73,889	-	-
COVID-19 American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund										
	84.425U	FA-223-21-0109	20-24	\$ 3,199,853	232,716	(215,525)	448,241	448,241	-	-
					232,716	(215,525)	448,241	448,241	-	-
Total Passed through the Pennsylvania Department of Education					1,507,067	78,353	1,673,532	1,673,532	244,818	-

(Continued)

CUMBERLAND VALLEY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

Grantor Program Title	Assistance Listing Number	Pass Through Grantor's Number	Grant Period	Program or Annual Award	Total Received for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2025	Provided to Subrecipient
Passed through the Capital Area Intermediate Unit										
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	010-24-0615	23-24	\$ 106,107	3,056	3,056	-	-	-	-
Title III - Language Instruction for Limited English Proficient and Immigrant Students	84.365	010-25-0615	24-25	\$ 106,321	133,869	-	134,154	134,154	285	-
					<u>136,925</u>	<u>3,056</u>	<u>134,154</u>	<u>134,154</u>	<u>285</u>	<u>-</u>
Special Education - Preschool Grants (IDEA Preschool)	84.173	131-240015	24-25	\$ 14,080	14,080	-	14,080	14,080	-	-
Special Education - Grants to States (IDEA, Part B)	84.027	062-220015	24-25	\$ 1,381,793	1,381,793	-	1,381,793	1,381,793	-	-
Total Special Education Cluster					<u>1,395,873</u>	<u>-</u>	<u>1,395,873</u>	<u>1,395,873</u>	<u>-</u>	<u>-</u>
Total Passed through the Capital Area Intermediate Unit					<u>1,532,798</u>	<u>3,056</u>	<u>1,530,027</u>	<u>1,530,027</u>	<u>285</u>	<u>-</u>
<b>Total U.S. Department of Education</b>					<u>3,039,865</u>	<u>81,409</u>	<u>3,203,559</u>	<u>3,203,559</u>	<u>245,103</u>	<u>-</u>
<b>U.S. Department of Treasury</b>										
Passed through the Pennsylvania Commission on Crime and Delinquency										
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-CM-01 42756	24-25	\$ 220,768	45,170	-	79,025	79,025	33,855	-
<b>Total U.S. Department of Treasury</b>					<u>45,170</u>	<u>-</u>	<u>79,025</u>	<u>79,025</u>	<u>33,855</u>	<u>-</u>
<b>U.S. Department of Health and Human Services</b>										
Passed through the Pennsylvania Department of Public Welfare										
Medical Assistance Program	93.778	044-007109	23-24	N/A	19,091	19,091	-	-	-	-
Medical Assistance Program	93.778	044-007109	24-25	N/A	8,254	-	8,254	8,254	-	-
Total Medicaid Cluster passed through the Pennsylvania Department of Public Welfare					<u>27,345</u>	<u>19,091</u>	<u>8,254</u>	<u>8,254</u>	<u>-</u>	<u>-</u>
<b>Total U.S. Department of Health and Human Services</b>					<u>27,345</u>	<u>19,091</u>	<u>8,254</u>	<u>8,254</u>	<u>-</u>	<u>-</u>
<b>Total Expenditure of Federal Awards</b>					<u>\$ 5,860,807</u>	<u>\$ 100,500</u>	<u>\$ 6,075,505</u>	<u>\$ 6,075,505</u>	<u>\$ 315,198</u>	<u>\$ -</u>
Child Nutrition Cluster (Assistance Listing Numbers - 10.553, 10.555)					<u>\$ 2,748,427</u>	<u>\$ -</u>	<u>\$ 2,784,667</u>	<u>\$ 2,784,667</u>	<u>\$ 36,240</u>	<u>\$ -</u>
Special Education Cluster (Assistance Listing Numbers - 84.027 and 84.173)					<u>\$ 1,395,873</u>	<u>\$ -</u>	<u>\$ 1,395,873</u>	<u>\$ 1,395,873</u>	<u>\$ -</u>	<u>\$ -</u>
Education Stabilization Fund (Assistance Listing Numbers - 84.425)					<u>\$ 232,716</u>	<u>\$ (215,525)</u>	<u>\$ 448,241</u>	<u>\$ 448,241</u>	<u>\$ -</u>	<u>\$ -</u>

See Note to Schedule of Expenditures of Federal Awards.

# CUMBERLAND VALLEY SCHOOL DISTRICT

## NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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### **Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of the Cumberland Valley School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Cumberland Valley School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Cumberland Valley School District.

### **Note 2. Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Revenue is recognized when earned, and expenses are recognized when incurred. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Pass-through entity identifying numbers are presented where available. The District has not elected to use the 10-percent de Minimis indirect cost rate as allowed under the Uniform Guidance.

### **Note 3. Access Program**

The ACCESS Program is a medical assistance program that reimburses local education agencies for direct, eligible health-related services provided to enrolled special needs students. ACCESS reimbursements are federal monies but are classified as fee-for-service revenues and are not considered federal financial assistance and are not included on the Schedule. The District expended \$233,649 of ACCESS funding in 2024-2025.

**CUMBERLAND VALLEY SCHOOL DISTRICT**

**SUMMARY SCHEDULE OF PRIOR YEAR'S AUDIT FINDINGS**  
**Year Ended June 30, 2025**

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There were no prior year's audit findings

**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)