This Preliminary Official Statement and the information herein are subject to completion or amendment. 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 these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The School District deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the cover hereof and certain pages herein which have been omitted in accordance with such Rule and which will be supplied in the final Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 20, 2026

NEW ISSUE - BOOK ENTRY ONLY

RATING: S&P: "AA-" (Stable Outlook) (Underlying)
(*See* **"RATING"** *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, if any, 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; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022. 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.*

The Bonds are "qualified tax-exempt obligations" for purposes and effect contemplated by Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

$9,640,000*

EASTERN LANCASTER COUNTY SCHOOL DISTRICT

(Lancaster County, Pennsylvania)

General Obligation Bonds, Series of 2026

Bonds Dated: Date of delivery
Principal Due: February 15, as shown on inside cover
Denomination: Integral multiples of $5,000

Interest Payable: February 15 and August 15
First Interest Payment: August 15, 2027
Form: DTC Book-Entry Only

Legal Investment for Fiduciaries in Pennsylvania: The Bonds are a legal investment for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

General: The General Obligation Bonds, Series of 2026 (the "Bonds" or "2026 Bonds") in the aggregate principal amount of $9,640,000* are being issued by the Eastern Lancaster County School District (the "School District"), a public school district located in Lancaster County, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Fulton Bank, National Association, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See **"BOOK-ENTRY ONLY SYSTEM"** herein. Interest on the Bonds is payable initially on August 15, 2027, and thereafter, semiannually on February 15 and August 15 of each year.

Security: The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on June 16, 2025, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law (see **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS", APPENDIX A - "TAXING POWERS AND LIMITS"** and **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS" – "Taxpayer Relief Act (Act 1)"** herein).

Redemption: The Bonds are subject to optional redemption prior to their stated maturity dates, as described herein.

Proceeds of the Bonds will be used to fund various capital improvements to school facilities and school buildings owned and operated by the School District and paying costs and expenses associated with the issuance of the Bonds.

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of Saxton & Stump, LLC, Lancaster, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Saxton & Stump, LLC, Lancaster, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter's counsel, McNees Wallace & Nurick LLC, Lancaster, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about December ___, 2026.

RAYMOND JAMES®

*Preliminary, subject to change.

$9,640,000*

EASTERN LANCASTER COUNTY SCHOOL DISTRICT

(Lancaster County, Pennsylvania)

General Obligation Bonds, Series of 2026

Bonds Dated: Date of delivery
Principal Due: February 15, as shown on inside cover
Denomination: Integral multiples of $5,000

Interest Payable: February 15 and August 15
First Interest Payment: August 15, 2027
Form: DTC Book-entry Only

BOND MATURITY SCHEDULE

(February 15) Year	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers [1]
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					

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

*Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriter to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the School District or the Underwriter. This 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 by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and, while the information set forth in this Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriter or, as to information obtained from other sources, by the School District. The information and expressions of opinion set forth in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that the affairs of the School District have remained unchanged since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS AND NOTES ARE MADE ONLY BY THE MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

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

TABLE OF CONTENTS

SUMMARY PAGE 1
BOARD OF SCHOOL DIRECTORS 2
INTRODUCTION 3
PURPOSE OF THE ISSUE 3
SOURCES AND USES OF FUNDS 3
DESCRIPTION OF THE BONDS 4
Payment of Principal and Interest 4
Transfer, Exchange and Registration of Certificated Bonds 4
REDEMPTION OF BONDS 5
Mandatory Sinking Fund Redemptions 5
Optional Redemption 5
Notice of Redemption 5
Manner of Redemption 5
BOOK-ENTRY ONLY SYSTEM 6
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS 7
General Obligation Pledge 7
Actions in the Event of Default on the Bonds 7
Sinking Fund 7
Commonwealth Enforcement of Debt Service Payments 8
Pennsylvania Budget Adoption Impasses 8
Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse) 9
BONDHOLDER CONSIDERATIONS 9
Cybersecurity 9
Climate Change 10
Risk of Audit by Internal Revenue Service 10
CONTINUING DISCLOSURE UNDERTAKING 10
NO LITIGATION 11
TAX MATTERS 11
Federal 11
Pennsylvania 11
Other Jurisdictions 11
Risk of Future Legislative Changes and/or Court Decisions 11
Other 12
LEGAL OPINIONS 12
RATINGS 12
UNDERWRITING 12
PAYING AGENT 12
CERTAIN OTHER MATTERS 13

APPENDIX A - SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

DESCRIPTION OF THE SCHOOL DISTRICT A-1
Introduction A-1
School Facilities A-1
Pupil Enrollment A-1
SCHOOL DISTRICT FINANCES A-1
Financial Reporting A-1
Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act) A-2
Summary and Discussion of Financial Results A-3
TAXING POWERS AND LIMITS A-4
In General A-4
PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS A-4
Taxpayer Relief Act (Act 1) A-4
Status of the Bonds Under the Taxpayer Relief Act (Act 1) A-5
Limitations on School District Fund Balance A-5
TAX REVENUES OF THE SCHOOL DISTRICT A-6
Tax Levies A-6
Real Estate Tax Collection Record A-6
Trends in Market and Assessed Valuations A-7
Ten Most Valuable Taxable Parcels in the School District A-7
COMMONWEALTH AID TO SCHOOL DISTRICTS A-8
DEBT STATEMENT AND DEBT LIMITS A-9
FUTURE FINANCING A-10
BORROWING CAPACITY A-10
LABOR RELATIONS A-10
Employees and Labor Contracts A-10
Pension Program A-10
Other Post-Employment Benefits ("OPEB") A-11

APPENDIX B – LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION

APPENDIX C – FORM OF OPINION OF BOND COUNSEL

APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E – AUDITED FINANCIAL STATEMENTS

APPENDIX F – BOND AMORTIZATION SCHEDULE

SUMMARY PAGE

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. A full review of the entire Official Statement should be made by potential Bond purchasers.

Issuer	Eastern Lancaster County School District, Lancaster County, Pennsylvania (the "School District").
Bonds	The General Obligation Bonds, Series of 2026 in the principal amount of $9,640,000* (the "Bonds"), dated as of the date of delivery, maturing on February 15, _____ through February 15, _____. Interest on the Bonds shall be payable semiannually on February 15 and August 15. See **"DESCRIPTION OF THE BONDS"** herein.
Optional Redemption	The Bonds stated to mature on or after February 15, _____, are subject to redemption prior to maturity at the option of the School District in whole or, from time to time, in part, in any order of maturities as the School District shall select, on any date or dates on or after February 15, _____, at a price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption.
Form	Book-Entry Only.
Application of Proceeds	Proceeds of the Bonds will be used to fund various capital improvements to school facilities and school buildings owned and operated by the School District and paying costs and expenses associated with the issuance of the Bonds.
Security	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
Rating	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the School District an underlying rating of "AA-" (stable outlook). (See **"RATING"** herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See **"CONTINUING DISCLOSURE UNDERTAKING"** and "**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE"** herein.)

*Preliminary, subject to change.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT

(Lancaster County, Pennsylvania)

669 E. Main Street
New Holland, Pennsylvania 17557

BOARD OF SCHOOL DIRECTORS

Jonathan P. Dahl	President
Brian T. Conroy	Vice President
Rebekah Ray	Secretary (Non-Member)
Zachary Eberly	Member
Jacqueline Geyer	Member
Jarod Hynson	Member
Paul Irvin	Member
Phil Stoltzfus	Member
Jeremy Weaver	Member
Thomas E. Wentzel	Member

SCHOOL ADMINISTRATION

Michael Snopkowski Ed.D.	Superintendent
Keith D. Ramsey	Chief of Finance and Operations

BOND COUNSEL/SOLICITOR

Saxton & Stump, LLC
Lancaster, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

McNees Wallace & Nurick LLC
Lancaster, Pennsylvania

PAYING AGENT

Fulton Bank, National Association
Lancaster, Pennsylvania

OFFICIAL STATEMENT

$9,640,000*

EASTERN LANCASTER COUNTY SCHOOL DISTRICT

(Lancaster County, Pennsylvania)

General Obligation Bonds, Series of 2026

INTRODUCTION

This Official Statement is furnished by the Eastern Lancaster County School District (the "School District"), a public school district located in Lancaster County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2026 (the "Bonds") in the aggregate principal amount of $9,640,000*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on June 16, 2025 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of $5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on February 15 and August 15 of each year, commencing August 15, 2027. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Fulton Bank, National Association (the "Paying Agent"), serving as paying agent and sinking fund depositary, for transfer to DTC. 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 bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See **"BOOK-ENTRY ONLY SYSTEM"** herein.

The information which follows contains summaries of the Resolution, the Bonds, the Debt Act, Act 1 (herein defined) and other laws, the School District's Budget and its Financial Statements. Such summaries do not purport to be complete, and reference is made to such documents and laws in their entirety, copies of which are on file and available for examination at the offices of the School District.

Neither the delivery of the Official Statement nor any sale of the Bonds made hereunder shall, under any circumstances, create an implication that there have been no changes in the affairs of the School District, or in the communities or areas in or about the School District, since the date of the Official Statement of the earliest date as of which certain information contained herein is given.

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to: fund various capital improvements to school facilities and school buildings owned and operated by the School District and paying costs and expenses associated with the issuance of the Bonds.

SOURCES AND USES OF FUNDS

	Total
Sources of Funds	
Proceeds of the Bonds	
[Net] Original Issue Premium [Discount]	
Total Sources of Funds	
Uses of Funds	
Construction Fund Deposit	
Costs of Issuance [(1)]	
Total Uses of Funds	

[(1)] Includes legal fees, underwriter's discount, paying agent fees, rating fee, CUSIP, printing and miscellaneous fees.

*Preliminary, subject to change.

DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of $5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on August 15, 2027, and thereafter, semiannually on February 15 and August 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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

The principal of any certificated Bonds, when due upon maturity or any earlier mandatory or optional redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to the Paying Agent at its designated corporate trust office (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding, August 15, 2027, 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 a 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^{th}) day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of 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 the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certificated Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Certificated Bonds

Subject to the provisions herein under ***"BOOK-ENTRY ONLY SYSTEM"***, any certificated Bonds are transferable or exchangeable by the registered owners thereof upon surrender of such Bonds 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 such Bonds in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered and certificated bond or bonds of authorized denominations of the same, maturity and interest rate for the aggregate principal amount that the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any certificated Bond as the absolute owner thereof (whether such 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 certificated Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) day next preceding any date of selection of such Bonds to be redeemed and ending at the close of business on the day of mailing of the applicable notice of redemption; or (b) to register the transfer of or exchange any portion of any certificated Bond selected for redemption until after the redemption date. Certificated Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity, and interest rate.

REDEMPTION OF BONDS

Mandatory Sinking Fund Redemptions

In the manner and upon the terms and conditions provided in the Resolution, the following Bond maturities are subject to mandatory redemption in direct order of maturity, pursuant to operation of the Mandatory Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest, on February 15st of the following years and in the following principal amounts:

Year	Amount

Optional Redemption

The Bonds maturing on and after February 15, _____ are subject to redemption prior to maturity at the option of the School District, in whole or in part, in any order of maturities as the School District shall select, on any date on or after February 15, _____ at a redemption price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Bonds of a particular maturity are to be redeemed, the Bonds of such maturity shall be drawn by lot by the Paying Agent.

Notice of Redemption

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See **"BOOK-ENTRY ONLY SYSTEM"** herein for further information regarding conveyance of notices and Beneficial Owners.*

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

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

The notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent or other escrow agent on the redemption date in sufficient time to effectuate the redemption of Bonds. If, after issuing a notice of redemption, the School District is unable or otherwise fails to deposit with the Paying Agent (or other bank or depositary acting as refunding escrow agent) money sufficient to redeem the Bonds called for redemption, such notice may be withdrawn or be of no effect until such money is so deposited.

Manner of Redemption

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

If a Bond is of a denomination larger than $5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by $5,000, each $5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a certificated Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for certificated Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

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

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds

of such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of $5,000 principal amount.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 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 series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

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

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

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds within 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 to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or 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 SCHOOL DISTRICT 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 School District 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 Official Statement.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligation Pledge

The Bonds are general obligations of the School District, payable from its local taxes and other general revenues, including available state subsidies, on a parity basis with each other, and other existing or future general obligation debt of the School District. The taxing powers of the School District are described more fully in **APPENDIX A – TAXING POWERS AND LIMITS**. The School District has covenanted in the Resolution that it will include in its budget for each fiscal year, and will appropriate in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay, or cause to be paid, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power.

Actions in the Event of Default on the Bonds

In the event of a failure by 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 remedies specified 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% 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.

Sinking Fund

Under the Resolution, the School District has created a "Sinking Fund - General Obligation Bonds, Series of 2026" (the "Sinking Fund Depository") as required by the Debt Act and segregated from all other funds of the School District. The School District shall deposit in the respective Sinking Funds, not later than the date when principal or interest is to become due on the Bonds, an amount sufficient to provide for the payment of interest and principal becoming due on the Bonds.

The Sinking Fund shall be held by the Sinking Fund Depositary and invested by the Sinking Fund Depositary in such securities 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 Sinking Fund Depositary, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Funds.

The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the respective Bonds when due and payable.

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"), 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 of the Pennsylvania Department of Education ("PDE") shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depositary for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers' salaries. In addition, 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"** herein.

Pennsylvania Budget Adoption Impasses

The Commonwealth's fiscal year begins on July 1st; however, over several of the past years, the Commonwealth has started its fiscal year without a fully adopted state budget.

The Governor timely signed the state's 2021-22 fiscal year budget on June 30, 2021. That budget included an increase of $300 million for basic education, with $100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a $50 million increase, boosting that budget line to $1.24 billion, while preschool and Head Start programs received a $30 million increase, to $311.5 million. All told, funding for K-12 schools reached a then record high of $13.55 billion in the 2021-22 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 includes (i) $8.262 billion for the basic education funding appropriation, which is more than a $100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) $1.526 billion for the special education appropriation, which is a $40,000,000 increase over the same appropriation for the 2024-25 fiscal year. The budget also increases the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget hopes to provide $175 million in estimated savings for school districts through reforms to the existing cyber charter school law.

After approximately two weeks of delay, Governor Josh Shapiro signed the state's budget for the 2026-27 fiscal year on July 12, 2026. The $50.85 billion budget represents a 1.4% increase in spending over the prior fiscal year. The budget includes $8.3 billion for the basic education funding appropriation, which is a $50 million increase over the 2025-26 fiscal year appropriation, and $1.58 billion for the special education appropriation, which is a $55 million increase over the same appropriation for the 2025-26 fiscal year. The budget also includes $75 million in annual savings from cyber charter funding reform, bringing total cyber charter savings to $250 million annually. (See **"SECURITY FOR THE BONDS"** herein.)

During a state budget impasse, school districts in the Commonwealth cannot be certain that 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 Public School Code. Act 85 of 2016 was adopted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See "Act 85 of 2016" below.**

Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse)

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by PDE otherwise due a school district that is 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" Sections 633 of the Public School Code. The School District's general obligation debt, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts as 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 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 of Act 85 of 2016 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 subject to an intercept statute or intercept agreement must deliver to PDE, in the format PDE directs, information pertaining to each eligible borrowing within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information 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.

BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This 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 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 Official Statement inclusive of its Appendices.

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or

information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

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

Climate Change

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

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

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

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

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

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

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

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

Although the School District has been subject to the Rule in the past, it has not been subject to the Rule over the past five (5) years. The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements going forward commencing with this issuance of Bonds.

NO LITIGATION

As a condition to the settlement for the Bonds, the School District will deliver a certificate, and the School District's Solicitor's opinion will include a paragraph, stating that there is no pending litigation challenging or pertaining to the Bonds.

TAX MATTERS

Federal

Exclusion of Interest From Gross Income. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be 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. As a result, beginning for tax year after December 31, 2022, interest on the Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing such alternative minimum tax.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and the 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 interest on the Bonds for federal income tax purposes. These covenants and representations relate to the use and investment of proceeds of the Bonds and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

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

The Bonds are designated, as "qualified tax-exempt obligations'' for purposes and effected by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Bond Counsel is not rendering any opinion as to 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 Bond Counsel opinion included as APPENDIX C. 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.

Other Jurisdictions

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

Risk of Future Legislative Changes and/or Court Decisions

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code which could affect the tax exemption and/or tax consequences of holding tax-exempt obligations, such as the Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to the Bonds of a state or local governmental unit, such as the School District, or the taxability of interest in general. Proposals to alter or eliminate the exclusion of interest on tax-exempt bonds from gross income for some or all taxpayers have been made in the past and may be made again in the future. Future legislation, if enacted into law, or clarification of the Code may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such future legislation or clarification of the Code may also affect the market price for, or marketability of, the Bonds. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING ANY PROPOSED FEDERAL TAX LEGISLATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.

No representation is made or can be made by the School District or any other party associated with the issuance of the Bonds as to whether or not any other legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the Bonds.

Other

The Inflation Reduction Act, H.R. 5376 (the "IRA") was passed by both houses of Congress and signed by the President; as passed, the IRA includes a 15% alternative minimum tax to be imposed on the "adjusted financial statement income", as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. If the IRA is enacted as passed, interest on the Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing such alternative minimum tax.

LEGAL OPINIONS

The issuance of the Bonds is subject to the approving legal opinion of Saxton & Stump, LLC, in Lancaster, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix C. Certain legal matters will be passed on for the School District by Saxton & Stump, LLC, in Lancaster, Pennsylvania, Solicitor to the School District, and McNees Wallace & Nurick LLC, in Lancaster, Pennsylvania, will pass upon certain legal matters as limited scope undertaking counsel to the underwriter.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned the School District an underlying rating of "AA-" (stable outlook). This underlying rating may be changed, suspended or withdrawn as a result in, or unavailability of, information.

The above rating are not recommendations to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings mayhave an adverse effect on the market price of the Bonds.

UNDERWRITING

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

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

PAYING AGENT

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

CERTAIN OTHER MATTERS

All references to sections or language of the Debt Act, Act 1, the Bonds and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to be complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services, and other sources, which we believe to reliable; but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not representations of fact.

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

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
Lancaster County, Pennsylvania

By:
President, Board of School Directors

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APPENDIX A

SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

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DESCRIPTION OF THE SCHOOL DISTRICT

Introduction

The Eastern Lancaster County School District (the "School District") covers 95 square miles and is comprised of two boroughs and four rural townships. The School District is approximately twelve miles east of the City of Lancaster. Located in the northeastern section of Lancaster County, the School District is situated on the Piedmont Plateau which is often referred to as the Lancaster Plain. The rich and fertile farm land which is characteristic of the area has a topography of rolling hills and gentle slopes. Eastern Lancaster County is approximately 50 miles from Harrisburg and Philadelphia, 75 miles from Baltimore, 140 miles from New York City and 120 miles from Washington D.C.

Because of the School District's close proximity to the largest metropolitan communities of the east, the world's largest markets are readily available for the many diverse products of the area. The School District's location and its many other attributes form a nucleus of economic and social activity that is impressive from all points of view.

The School District is a school district of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania. The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operations and management of the School District are performed by a central administrative staff which is led by the Superintendent and the Chief of Finance & Operations who are appointed by the Board of School Directors.

School Facilities

Building	Original Construction Date	Addition/ Renovation Date	Grades	Rated Pupil Capacity	2026-27 Enrollment
Blue Ball	1960	1971, 1999	K-5	714	302
Brecknock	1953	1965, 1990, 2002, 2014	K-5	678	340
New Holland	1960	1971, 2004	K-5	660	381
Middle/High School	1959	1965, 1988, 1993, 1996, 1999, 2001, 2010, 2020	6-12	2,002	1,433
Total					2,456

Source: School District officials.

Pupil Enrollment

The past, current and projected enrollments within the School District are shown below:

Year	Elementary	Secondary	Total
2022-23	1,427	1,373	2,800
2023-24	1,367	1,312	2,679
2024-25	1,301	1,283	2,584
2025-26	1,257	1,276	2,533
2026-27 (Current)	1,217	1,239	2,456
2027-28 (Projected)	1,185	1,234	2,419

Source: School District Officials.

SCHOOL DISTRICT FINANCES

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units.

The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of CliftonLarsonAllen LLP, King of Prussia, Pennsylvania currently serves as the School District's auditor. The School District's auditor has not been engaged to perform and has not performed since the date of its report, any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this official statement.

Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education ("PDE"). An annual operating budget is prepared by school district administrative officials on a uniform form furnished by PDE and submitted to the board of school directors for approval prior to the beginning of the school districts' fiscal year beginning on July 1.

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

If the adopted preliminary budget includes an increase in the rate of any tax levied, the school district must submit information on the increase to PDE on a uniform form furnished by PDE. Such information must be submitted no later than 85 days prior to the date of the election immediately preceding the school district's next fiscal year. PDE compares the proposed percentage increase in the rate of any tax with an index established annually (see **"The Taxpayer Relief Act (Act 1)"** herein) and within 10 days of the receipt of the information but not later than 75 days prior to the date of the election immediately preceding the beginning of the school district's next fiscal year, PDE informs the school district whether the proposed tax rate increase is less than or equal to the index. If PDE determines that the proposed percentage increase in the rate of the tax exceeds the index, PDE notifies the school district that: (1) the proposed tax increase must be reduced to an amount less than or equal to the index; or (2) the proposed tax increase must be approved by the electorate at the election immediately preceding the beginning of the school district's next fiscal year; or (3) the School District seek approval to utilize one or more of the referendum exceptions authorized under the Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see **"The Taxpayer Relief Act (Act 1)"** herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election if it so chooses.

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

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the applicable 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 that the school district comply with the procedures in Section 687 of the School Code for the adoption of its proposed and final budgets. Section 687 of the School Code requires that the school district adopt a proposed budget at least thirty (30) days prior to the adoption of the annual budget; that the proposed budget be made available for public inspection at least twenty (20) days prior to the date set for the adoption of the annual budget; and that action shall not be taken on the annual budget until after ten (10) days public notice. No referendum exceptions are available to a school district adoption such resolution.

Summary and Discussion of Financial Results

The table below presents a summary of the School District's General Fund Financial Condition for Fiscal Years ending June 30, 2022 through June 30, 2025 and estimated June 30, 2026. For more complete information, the individual financial statements and the 2027 Budget of the School District are available on the School District's website or may be reviewed at the School District's Business Office.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balances
(Fiscal Years Ending June 30)

	ACTUAL				Estimated	Budgeted
	2022	**2023**	**2024**	**2025**	**2026**	**2027**
Revenues						
Local Sources	$45,333,228	$47,200,649	$48,547,865	$49,054,359	$50,430,807	$50,856,787
State Sources	14,442,988	14,793,111	15,819,655	16,566,422	16,867,549	16,904,980
Federal Sources	5,190,866	5,450,455	4,258,498	2,415,336	1,634,173	1,646,929
Total Revenues	$64,967,082	$67,444,215	$68,626,018	$68,036,117	$68,932,529	$69,408,696
Expenditures						
Instruction	$35,622,791	$35,851,063	$37,297,480	$37,502,966	$38,069,768	$39,071,668
Support Services	22,406,985	24,316,546	25,537,750	25,848,728	27,775,986	26,734,752
Operation of Non-Instructional Services	1,198,501	1,291,686	1,385,389	1,540,942	1,607,411	1,383,099
Facilities acquisition, construction and improvement	179,285	207,748	499,229	585,252	549,710	0
Refund of Prior Year Revenues/Receipts	0	0	0	0	0	0
Leases and Other Right-to-Use Arrangements	0	0	0	0	487,883	0
Debt Service	2,052,400	28,438	28,438	486,744	0	0
Budgetary Reserve	0	0	0	0	0	0
Total Expenditures	$61,459,962	$61,695,481	$64,748,286	$65,964,632	$68,490,759	$67,189,519
Excess Expenditures Over (Under) Revenues	$3,507,120	$5,748,734	$3,877,732	$2,071,485	$441,770	$2,219,177
Other Financing Sources (Uses)						
Proceeds from subscription right-to-use arrangements	$0	$100,950	$0	$458,306	$540,011	$0
Sale of/compensation for capital assets	$267,249	1,035,112	11,616	(19)	300	0
Insurance recoveries	$56,199	0	13,336	1,756	6,286	0
Refund of prior year receipts	(2,310)	(21,651)	(1,309)	(23,638)	(8,207)	(10,000)
Transfers in	0	0	0	0	0	0
Transfers out	(3,819,249)	(6,034,060)	(3,804,329)	(2,755,018)	(980,159)	(3,039,102)
Total other financing sources (uses)	$(3,498,111)	$(4,919,649)	$(3,780,686)	$(2,318,613)	$(441,769)	$(3,049,102)
Net Change in Fund Balance	$9,009	$829,085	$97,046	($247,128)	$1	($829,925)
Beginning Fund Balance	$10,699,271	$10,708,280	$11,537,365	$11,634,411	$11,387,283	$11,387,284
Fund Balance June 30	$10,708,280	$11,537,365	$11,634,411	$11,387,283	$11,387,284	$10,557,359

Source: School District Audits and Budget.

TAXING POWERS AND LIMITS

In General

Subject to certain limitations imposed by the Act 1 (more specifically described below), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An 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 over 18 years of age of not more than $5.00.

4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, a per capita tax, an earned income and net profits 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")/Tax Equalization Division ("TED") 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.

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

Taxpayer Relief Act (Act 1)

The information set forth below is a partial summary of relevant sections of Act 1 and their impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor intended to provide a legal interpretation of any provision of Act 1. A prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.

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. 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 <u>not</u> elected to become subject to Act 72 (as in the case of the School District); (a) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (b) 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;

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 great than the Index (as determined by PDE in accordance with the provisions of Act 1), subject to the limitation that the salary base used for calculating estimated payments is capped at the 2011-12 salary base level, per PDE Referendum Exception Guidelines."

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, as the case may be. 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.

"Index" is defined in Act 1 as follows:

INDEX

1. Except as set forth in paragraph (2), the average of the percentage increase in the Statewide Average Weekly Wage and the Employment Cost Index.

2. For a school district with a market value/income aid ratio great than 0.400 for the school fiscal year prior to the school fiscal year for which the Index is calculated, the value under paragraph (1) multiplied by the sum of:

   (i) 0.75; and
   (ii) the school district's market value/income aid ratio for the school fiscal year prior to the school fiscal year for which the Index is calculated.

"Statewide Average Weekly Wage" is defined in Act 1 as follows:

STATEWIDE AVERAGE WEEKLY WAGE

That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the Act of December 5, 1936 (2nd Sp. Sess., 1937 P.L. 2897, No. 1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

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

Fiscal Year	Index %
2026-27	3.5
2025-26	4.0
2024-25	5.3
2023-24	4.1
2022-23	3.4

Source: Pennsylvania Department of Education website.

In accordance with Act 1, 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 an 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. The referendum was not approved by a majority of the voters at the primary election.

Status of the Bonds Under the Taxpayer Relief Act (Act 1)

The debt service payable on the Bonds described in this Official Statement is not eligible for a specific exception to the Index limits of Act 1.

Limitations on School District Fund Balance

Set forth below is a summary of relevant sections of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor intended to provide 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.

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 fiscal 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:

Total Budgeted Expenditures:	Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures[1]:
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, undesignated fund balance" is defined in Act 2003-48 as that portion of the fund balance which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district's budget was adopted and held in the general fund accounts of the school district.

*Applicable to the School District

[1] Effective June 30, 2011, Governmental Accounting Standards Statement #54 adopted the term "Unassigned" to refer to general fund balances that would fall within the definition of "Unreserved and Undesignated Fund Balance" in the statute known as Act 48 of 2003.

TAX REVENUES OF THE SCHOOL DISTRICT

Tax Levies

2026-27 Real Estate and Non-Real Estate Tax Rates

	Real Estates Tax (Mills)			Real Estate Transfer		Earned Income	
Municipality	School	Municipal	County	School	Municipal	School	Municipal
Brecknock Township	14.4546	1.2000	3.201	0.5	0.5	0.5	0.5
Caernarvon Township	14.4546	0.0200	3.201	0.5	0.5	0.5	0.5
Earl Township	14.4546	1.4000	3.201	0.5	0.5	0.5	0.5
East Earl Township	14.4546	1.7000	3.201	0.5	0.5	0.5	0.5
New Holland Borough	14.4546	3.5000	3.201	0.5	0.5	0.5	0.5
Terre Hill Borough	14.4546	4.2500	3.201	0.5	0.5	0.5	0.5

	Local Services Tax	
Municipality	School	Municipal
Brecknock Township	$10.00	$42.00
Caernarvon Township	$10.00	$ 0.00
Earl Township	$10.00	$42.00
East Earl Township	$10.00	$42.00
New Holland Borough	$10.00	$42.00
Terre Hill Borough	$10.00	$ 0.00

Source: Local Government Officials

Real Estate Tax Collection Record

The School District's realty tax collection record for the current and previous five fiscal years ending June 30th, of the years shown below, is as follows:

Fiscal Year	Adjusted Total Levy[1]	Current Collections	Current Percent Collected	Collections in Subsequent Tax Levy Years	Total Collections	Total Percent Collected
2020-21	$34,622,464	$33,654,210	97.2%	$627,381	$34,281,591	99.0%
2021-22	36,051,179	35,072,134	97.3	539,815	35,611,949	96.4
2022-23	36,923,684	36,087,626	97.7	448,640	36,536,266	99.0
2023-24	38,036,801	37,094,896	97.5	402,326	37,497,222	98.6
2024-25	39,079,200	38,054,641	97.4	411,858	38,466,499	98.4

[1] The Adjusted Total Levy includes the amount of and does not reflect receipt of funds from State Property Tax Reduction Allocation.
Source: School District Officials.

Trends in Market and Assessed Valuations

The trend in market and assessed valuations of real estate in the School District is shown below:

Tax Year	Market Value	Assessed Value	Ratio
2020-2021	$2,857,165,786	$2,811,457,400	98.40%
2021-2022	3,024,042,872	2,862,224,300	94.65%
2022-2023	3,067,635,029	2,896,768,900	94.43%
2023-2024	3,339,777,073	2,912,026,300	87.19%
2024-2025	3,367,394,041	2,930,625,700	87.03%

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Source: Pennsylvania State Tax Equalization Board (STEB). Valuations are certified in June of following year.

Ten Most Valuable Taxable Parcels in the School District

The following table represents the ten real estate parcels having the highest assessed values in the School District. These taxpayers represent approximately 6.18% of the School District's total most recent assessed value.

Taxpayer	Taxable Aggregate Assessed Valuation
Garden Spot Village	$ 85,312,100
New Holland North America, Inc	22,032,800
Martin Limestone	10,770,800
Weaver Realty Co II LP	10,571,400
Weaver Victor F Inc	10,221,800
Zausner Foods Corp	9,838,900
RGH Realty LLC	8,390,400
Conestoga Wood Specialists	7,913,000
Berk Tek LLC	7,540,900
DM & DJ Family Partnership	7,301,900
Totals	$179,894,000

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Source: County Assessment Office

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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 2023-24 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. Beginning in 2024-25, there is also a Hold Harmless Relief Supplement for qualifying school districts.

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 also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

Lack of Commonwealth Appropriations for Debt Service Reimbursement

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's CARF is currently higher at 42.26%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

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 expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year. On June 28, 2019, the Governor approved and signed House Bill 1615, known as Act 16 of 2019, that included a continuation of the moratorium on new PlanCon Part A submittals through the end of the 2019-20 fiscal year. Act 30 of 2020 extended the moratorium on new PlanCon Part A submittals through the end of the 2020-21 fiscal year. On June 30, 2021, the Governor approved and signed Senate Bill 381 known as School Code or Act 26 of 2021, which extended the moratorium on new PlanCon Part A submittals through the end of the 2021-2022 fiscal year.

To date, the CFA has issued $1,903,065,000, to provide for PlanCon reimbursements owed to school districts, consisting of 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 and its Revenue Bonds, Series of 2019 (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 will be used to provide PlanCon reimbursement to the School District for the current and future 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 Commonwealth 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.

DEBT STATEMENT AND DEBT LIMITS

Residents of the School District are responsible for the following debt within the School District, the municipalities within the School District and the County following the settlement of the Bonds. The School District has never defaulted on the payment of debt service.

DIRECT DEBT NONELECTORAL DEBT	Gross Outstanding	Project Reimbursable Percent (%)[1]	Effective Reimbursement	State Share	Local Share
Issue Type					
General Obligation Bonds, Series of 2026	$9,640,000	0.00%	0.00%	$0	$9,640,000
Total Principal of Nonelectoral Debt	$9,640,000			$0	$9,640,000
LEASE RENTAL DEBT					
Total Principal of Lease Rental Debt	$ 0				
TOTAL DIRECT DEBT	$9,640,000				
OVERLAPPING DEBT					
Component Municipalities Debt	$4,139,000				
Lancaster County[2]	13,297,868				
Total Principal of Overlapping Debt	$17,436,868				
TOTAL DIRECT AND OVERLAPPING DEBT	$27,076,868				
DEBT RATIOS OF DIRECT DEBT					
Market Valuation of Real Estate	0.29%				
Assessed Valuation of Real Estate	0.33%				
Per Capita (2020 Population)	$293				
DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT					
Market Valuation of Real Estate	0.80%				
Assessed Valuation of Real Estate	0.92%				
Per Capita (2024 Population)	$822				

[1]Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See **"Commonwealth Aid to School Districts"** herein.

[2]School District's pro rata 7.54% share of the County's $176,380,000 principal amount outstanding.

Source: Department of Community and Economic Development ("DCED") website.

FUTURE FINANCING

The School District does anticipate issuing additional long-term debt of approximately $30 million to fund its capital improvement plan within the next 3 years.

BORROWING CAPACITY
(Under Local Government Unit Debt Act)

The legal borrowing capacity of the School District is calculated in accordance with the Debt Act, which describes the applicable debt limits for local government units (entities with taxing powers), including school districts and municipalities. Under the Debt Act, the School District may incur electoral debt, which is debt that is approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Net nonelectoral debt, or debt not approved by the School District's electorate, net of state aid, may not exceed 225% of the School District's "Borrowing Base", as defined in the Debt Act. The Bonds constitute nonelectoral debt under the Debt Act. The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Debt Act), for the three full fiscal years next preceding the date of incurring debt. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and similar agreements relating to debt payments), net of approved state aid, incurred on behalf of the School District may not exceed 225% of the School District's Borrowing Base. The Borrowing Base and borrowing capacity of the School District are as follows:

	2023-24	2024-25	Estimated 2025-26
Total General Fund Revenues	$68,626,018	$68,036,117	$68,932,529
Less: Required Deductions			
a. Rental and Sinking Fund Reimbursement	$42,355	$41,874	$41,481
b. Revenues for Self-Liquidating Debt	0	0	0
c. Refunds from Prior Year Expenditures	0	0	0
d. Grant and Gifts for Capital Projects	0	0	0
e. Sale of Equipment and Non-Recurring Items	0	0	0
Total Deductions	$42,355	$41,874	$41,481
Total Revenues	$68,583,663	$67,994,243	$68,891,048
Total Net Revenues for Three Years		$205,468,954	
Borrowing Base - Average Net Revenues for Three-Year Period		$68,489,651	
Computation of Borrowing Capacity			
Debt Limitation - 225% OF Borrowing Base		$154,101,716	
Less: Net Non-Electoral and Lease Rental Debt		9,640,000	
Current Non-Electoral and Lease Rental Borrowing Capacity		$144,461,716	

LABOR RELATIONS

Employees and Labor Contracts

The School District has approximately 422 employees, including 268 professional employees, 128 support staff, and 26 administrative staff.

The professional employees are represented by the Eastern Lancaster County Education Association (ELCEA), an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2027.

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. On December 3, 2020, the

PSERS Board certified the employer rate, to be paid by the School District, of 34.94% for the 2021-22 fiscal year. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

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

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

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted bi-weekly for each paycheck and remitted monthly. Recent School District payments, net of reimbursement, have been as follows:

Fiscal Year		Amount
2022-23		$4,399,807
2023-24		4,487,690
2024-25		4,562,484
2025-26		4,680,915
2026-27	(Budgeted)	4,823,108

On June 30, 2025, the School District reported a liability of $69,730,335 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 the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System's fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year report covered payroll. On June 30, 2025 (measurement date), the School District's proportion was 0.1666%, which was an increase of 0.0029% 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, 2024 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, which is not incorporated by specific reference into this Official Statement.

Source: School District Audit and PSERS

Other Post-Employment Benefits ("OPEB")

The School District provides certain health care and life insurance benefits for its retirees (commonly referred to as "other post-employment benefits" or "OPEB"). Effective for the 2008-2009 fiscal year, the District adhered to Governmental Accounting Standards Board Statement No. 45, ("GASB 45") "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits and life insurance benefits provided by the District. As of June 2017, GASB 45 has been eliminated and replaced with a new standard, Governmental Accounting Standards Board Statement No. 75 ("GASB 75"). GASB 75 replaces the requirements of GASB 45 and establishes new accounting and financial reporting requirements. The School District funds the PSERS cost sharing, multiple-employer OPEB plan through contractually required contribution rates. No assurances can be given that the District's future OPEB obligations will not have a material impact on the District's ability to pay its debts, including the Bonds.

For a full description of the pension and OPEB plans, please refer to Appendix E – Audited Financial Statements.

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APPENDIX B

LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND STATISTICAL INFORMATION

Population

	2020	2010
School District	32,854	32,141
Lancaster County	543,050	519,445
Pennsylvania	12,794,885	12,702,379

Source: U.S. Bureau of Census.

Age Composition
(2020)

	Percent Under 18	Percent 65 and Over
Lancaster County	23.5	18.0
Pennsylvania	20.7	18.3

Source: U.S. Bureau of Census.

Income
(2020 5-year estimates)

	Median Household	Per Capita	Persons in Poverty
School District	$85,216	$37,111	7.2%
Lancaster County	83,703	41,319	8.7
Pennsylvania	76,081	43,104	11.8

Source: U.S. Bureau of Census.

Housing Characteristics
(2020)

	Number of Households	Percent Persons per Household
School District	11,318	2.9
Lancaster County	210,5362	2.6
Pennsylvania	5,235,339	2.4

Source: U.S. Bureau of Census.

Medical facilities

Institution	Location
Ephrata Community Hospital	Ephrata
Lancaster General Hospital	Lancaster
UPMC Pinnacle Lititz	Lititz
Lancaster Behavioral Health Hospital	Lancaster
Lancaster Rehabilitation Hospital	Lancaster

Source: Pennsylvania Department of Health, Bureau of Health Statistics

Transportation

The four-lane by-pass (U.S. Route 222) connects the School District to Lancaster and Reading. Also, the Pennsylvania Turnpike, which passes through the School District in an east-west direction, provides access to Philadelphia, Harrisburg, Pittsburgh and other cities throughout the state. Several other smaller highways connect the School District to surrounding cities and communities.

Public transportation is readily available to residents of the School District. Commuter air transportation for the area is provided by the Lancaster Airport to Philadelphia, Baltimore-Washington, and Harrisburg International Airports. Conrail provides freight service to the County and Amtrak provides passenger service to all major eastern cities on a daily basis. Nationwide bus service is available through Greyhound Bus Lines and National Trailways Bus Service.

Lancaster County's regional setting shows its close proximity to the large metropolitan communities of the East. Today's transportation systems, along with the County's strategic location, make the world's largest markets readily available for the many diverse products of the County.

Utilities

Pennsylvania is a leader among states in implementing a deregulated, competitive electric energy market. As the Commonwealth switches to a deregulated environment, businesses will be allowed to choose their electric suppliers. Companies will shop in an open market for the best price and service. By taking a lead in this effort, Pennsylvania is providing local firms with a competitive advantage that should last for years to come.

PPL Electric Utilities provides Lancaster County with a dependable, competitively-priced supply of electric energy. The utility supplies electricity to 1.2 million customers in Lancaster and 28 other counties in central eastern Pennsylvania. PPL maintains an active presence in economic development, working to attract new businesses to the area and helping existing businesses to expand within Lancaster County.

UGI Utilities is a leader in offering firm and interruptible natural gas transportation service. The utility's distribution system consists of 607 miles of lines within Lancaster County. UGI maintains gas transportation services to more than 700 customers on its system.

Higher Education

Lancaster County has a number of institutions of higher learning including: Elizabethtown College, a privately owned institution in Elizabethtown, which offers an undergraduate liberal arts education; Franklin and Marshall College, a coeducational liberal arts college in Lancaster; Millersville University, a State-owned institution in Millersville; the Lancaster campus of Harrisburg Area Community College; the Lancaster Campus of Penn State; Pennsylvania College of Art and Design, a member of the National Association of Schools of Art & Design; Lancaster Bible College, a four-year Christian career college unaffiliated with any denomination; Thaddeus Stevens College of Technology and the Lancaster General College of Nursing and Health Sciences. In addition, the Lancaster Theological Seminary, and three vocational-technical schools are located within the County.

Tourism

Because of the area's historic sites, the City of Lancaster's architectural charm, the County's rolling, well-kept farmlands, and the large Amish community, Lancaster has become more and more attractive to tourists. Each year some 8 million people visit the area, spending about $1.2 billion and generating $2.3 billion in indirect activity.

ECONOMIC INFORMATION

Ten Largest Employers in Lancaster County

Company
Lancaster General Hospital
Mutual Assistance Group
Giant Food Stores LLC
County of Lancaster
Eurofins Lancaster Laboratories Inc.
Lancaster School District
Dart Container Corporation
Nordstrom Inc.
Lancaster General Medial Group
Masonic Villages of the Grand Lodge

Source: Center for Workforce Information and Analysis – Labor & Industry (L & I), 4th Quarter, 2024.

TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND UNEMPLOYMENT RATE BY PLACE OF RESIDENCE

TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOY-MENT	UNEMPLOY-MENT	RATE (%)	SEASONALLY ADJUSTED			
					LABOR FORCE	EMPLOY-MENT	UNEMPLOY-MENT	RATE (%)
June 2025	289,000	278,600	10,400	3.6	289,000	279,800	9,200	3.2
May	287,900	279,000	8,800	3.1	290,100	281,000	9,100	3.1
April	289,500	281,600	7,900	2.7	290,700	281,700	9,000	3.1
June 2024	295,500	285,900	9,500	3.2	292,700	284,300	8,400	2.9

LANCASTER METROPOLITAN STATISTICAL AREA

(Lancaster County)

June 2025

NONFARM JOBS - NOT SEASONALLY ADJUSTED

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Jun 2025	May 2025	Apr 2025	Jun 2024	May 2025	Jun 2024
TOTAL NONFARM	**269,700**	268,900	268,000	267,300	800	2,400
TOTAL PRIVATE	**250,700**	248,900	247,300	248,700	1,800	2,000
GOODS-PRODUCING	**57,800**	56,700	56,300	58,100	1,100	-300
Mining, Logging, and Construction	**20,700**	20,100	19,700	20,400	600	300
Manufacturing	**37,100**	36,600	36,600	37,700	500	-600
Durable Goods	**20,500**	20,300	20,300	20,900	200	-400
Non-Durable Goods	**16,600**	16,300	16,300	16,800	300	-200
Food mfg.	**8,600**	8,400	8,400	8,800	200	-200
SERVICE-PROVIDING	**211,900**	212,200	211,700	209,200	-300	2,700
PRIVATE SERVICE-PROVIDING	**192,900**	192,200	191,000	190,600	700	2,300
Trade, Transportation, and Utilities	**58,600**	58,700	58,400	58,400	-100	200
Wholesale Trade	**13,600**	13,600	13,500	13,800	0	-200
Retail Trade	**29,400**	29,400	29,400	29,400	0	0
General merchandise retailers	**3,500**	3,400	3,400	3,300	100	200
Transportation, Warehousing, and Utilities	**15,600**	15,700	15,500	15,200	-100	400
Information	**2,500**	2,500	2,400	2,600	0	-100
Financial Activities	**10,800**	10,700	10,700	10,800	100	0
Professional and Business Services	**27,600**	27,700	27,700	27,800	-100	-200
Education and Health Services	**52,300**	52,700	53,000	50,200	-400	2,100
Health care and social assistance	**46,100**	46,100	45,900	44,500	0	1,600
Hospitals	**10,800**	10,800	10,700	10,400	0	400
Leisure and Hospitality	**27,700**	26,500	25,600	27,600	1,200	100
Accommodation and food services	**21,800**	21,200	20,600	21,400	600	400
Food services and drinking places	**18,000**	17,600	17,200	17,600	400	400
Other Services	**13,400**	13,400	13,200	13,200	0	200
Government	**19,000**	20,000	20,700	18,600	-1,000	400
Federal Government	**1,200**	1,200	1,300	1,300	0	-100
State Government	**2,300**	2,600	3,300	2,200	-300	100
Local Government	**15,500**	16,200	16,100	15,100	-700	400
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

SAXTON & STUMP
LAWYERS AND CONSULTANTS

280 Granite Run Drive, Suite 300 • Lancaster, PA 17601
P: (717) 556-1000 • F: (717) 441-3810

DRAFT

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER COUNTY, PENNSYLVANIA
$_____ GENERAL OBLIGATION BONDS, 2026

OPINION

We have acted as Bond Counsel in connection with the issuance by the Eastern Lancaster County School District, Lancaster County, Pennsylvania (the "School District"), of the $_____ General Obligation Bonds, Series of 2026 (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are issued in accordance and in compliance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996 (53 Pa. Cons. Stat. Chs. 80-82), ("the Act"), without the assent of the electors, and pursuant to two resolutions adopted by the Board of School Directors of the School District on June 16, 2025.

2. The Bonds are a valid and binding obligation of the School District.

3. The School District has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund in which it has covenanted to deposit amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable and, to the extent required, to apply such amounts to such purposes.

4. The School District has further covenanted that, subject to statutory restrictions and limitations, it will include in its budget for each fiscal year in which the Bonds are outstanding, and will appropriate in each such fiscal year, the amount of the debt service on the Bonds for such year, that it will duly and punctually pay or cause to be paid, the principal of and interest on the Bonds at the dates and place and in the manner stated on the Bonds; and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power. For purposes of such payments, the School District has covenanted that it will exercise its ad valorem taxing power, within limitations provided by law, upon all taxable property within the School District. The Bonds are additionally secured by the "state aid intercept" provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

5. The Bonds are "qualified tax-exempt obligations" as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the "Code") and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of the portion of such financial institutions' interest expense allocable to interest on the Bonds. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code, and any regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bonds, in order that the Bonds continue to constitute qualified tax exempt obligations for purposes of Section 265(b)(3) of the Code. Failure to comply with such requirements may cause the Bonds to cease to constitute qualified tax exempt obligations, with the result that the Bonds would have to be taken into account by financial institutions (as defined in Section 265(b)(5) of the Code) for purposes of determining the allocation of interest expense to tax-exempt interest under Sections 265(b)(1) and (2) of the Code retroactive to the date of issuance of the Bonds.

6. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bonds, in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

7. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds and the interest thereon will be free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of certain government obligations, including the Bonds, may be subject to state and local taxation within the Commonwealth of Pennsylvania.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Very truly yours,

SAXTON & STUMP, LLC

_____, 2026

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

DRAFT

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
LANCASTER COUNTY, PENNSYLVANIA

$_____ GENERAL OBLIGATION BONDS, SERIES OF 2026
DATED, ISSUED AND DELIVERED _____, 2026

CONTINUING DISCLOSURE AGREEMENT

This agreement (the "Agreement") is executed as one of the closing documents for the $_____ General Obligation Bonds, Series of 2026 (the "Bonds") in accordance with the provisions of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934.

The undersigned are officers of the Board of School Directors of Eastern Lancaster County School District (the "School District"), a Pennsylvania governmental unit, and hereby certify on behalf of the School District as follows:

Section 1. Undertaking to file current information with MSRB. The School District agrees, in accordance with the Rule, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") as designated by the Commission in accordance with the Rule, the following annual financial information and operating data commencing with the fiscal year ended June 30, 2027:

a. A copy of its budget and audited financial statements, prepared in accordance with the guidelines adopted by the Governmental Accounting Standard Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of State and Local Government, containing the:

(i) Combined balance sheet of all fund types and account groups; and

(ii) Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and expendable trust funds.

b. An update of the following information in the Official Statement for the Bonds dated _____:

(i) 2026-27 Real Estate and Non-Real Estate Tax Rates (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(ii) Real Estate Tax Collection Record (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iii) Trends in Market and Assessed Valuations (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) Ten Most Valuable Taxable Parcels in the School District (may be contained within the budget or audit for the current fiscal year without need for further cross reference).

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

Section 2. Modification of types of information and format of information permitted. The School District reserves the right to modify from time to time the specific types of information provided, the time period within which the information must be filed, the format of the presentation of such information, or any other requirements hereunder, in its sole discretion, so long as such modification or amendment would have been allowed under the Rule at the time of the undertaking. Any such modification will be done in a manner consistent with the Rule at the time of the undertaking, and will not substantially impair the interest of the holders of the Bonds.

Section 3. Time period within which annual information must be filed. The annual information and operating data described above in Section 1 must be provided within 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2027. Such information shall be made available, in addition to the MSRB, to the Paying Agent for the Bonds and to each holder of Bonds who makes request for such information. In the event that no such audited financial statement is available within 270 days of the close of the fiscal year, the School District shall provide an unaudited statement, and shall thereafter provide an audited financial statement for the same period as soon as available. Upon receipt of the audited financial statement, the School District will promptly file it.

Section 4. Notice of failure to comply with annual information updates. The School District agrees to provide or cause to be provided, in a timely manner, to the Paying Agent for the Bonds, and to the MSRB, notice of a failure by the School District to provide the annual financial information described in Section 1 above on or prior to the date set forth in Section 3 above.

Section 5. Event disclosure. The School District agrees to provide or cause to be provided to the MSRB, in a timely manner, not to exceed ten (10) days after occurrence, notice of the occurrence of any of the following events with respect to the Bonds:

a. Principal and interest payment delinquencies;

b. Non-payment related defaults, if material;

c. Unscheduled draws on debt service reserves reflecting financial difficulties;

d. Unscheduled draws on credit enhancements reflecting financial difficulties;

e. Substitution of any credit or liquidity providers, or their failure to perform;

f. Adverse tax opinions, IRS notices or material events affecting the tax status of the Bonds;

g. Modifications to rights of holders of the Bonds, if material;

h. Bond calls, if material, and tender offers;

i. Defeasances;

j. Release, substitution, or sale of property securing repayment of the Bonds, if material;

k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the School District (which is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of any order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District);

m. Merger, consolidation or acquisition involving the School District, if material; or

n. Appointment of successor or additional trustee or the change of name of a trustee, if material.

o. Incurrence of a financial obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and

p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the School District, any of which reflect financial difficulties.

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

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the School District, such

other event is material with respect to the Bonds, but the School District does not commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 6. Termination of reporting obligation. The School District's obligations under this Agreement shall terminate upon the redemption or payment in full of all of the Bonds.

Section 7. Enforcement. The School District agrees that its undertakings pursuant to this Agreement are intended to be for the benefit of the holders of the Bonds (including beneficial owners thereof) and shall be enforceable by the holders of the Bonds or the Paying Agent for the Bonds on behalf of such holders; provided that the holders of the Bonds, or in lieu thereof, the Paying Agent's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the School District's obligations hereunder, and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default, with respect to the Bonds.

Section 8. Amendment; waiver. Notwithstanding any other provision of this Agreement, the School District may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of Bond Counsel, to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule.

IN WITNESS WHEREOF, the undersigned officers of the School District, being duly authorized, have executed this certificate in the name of and on behalf of the School District and in our own names and on our own behalf, the day and year of the issuance and delivery of the Bonds set forth above.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT

By:_____
(Vice) President

Attest:_____
Secretary

(SEAL)

APPENDIX E

AUDITED FINANCIAL STATEMENTS



EASTERN LANCASTER COUNTY SCHOOL DISTRICT
NEW HOLLAND, PENNSYLVANIA
LANCASTER COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

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EASTERN LANCASTER COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
GOVERNMENT-WIDE FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	18
STATEMENT OF ACTIVITIES	19
FUND FINANCIAL STATEMENTS	
BALANCE SHEET – GOVERNMENTAL FUNDS	20
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION	21
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	22
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES	23
STATEMENT OF NET POSITION – PROPRIETARY FUNDS	24
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION – PROPRIETARY FUNDS	25
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS	26
STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	27
STATEMENT OF CHANGES IN NET POSITION – FIDUCIARY FUNDS	28
NOTES TO BASIC FINANCIAL STATEMENTS	29
REQUIRED SUPPLEMENTARY INFORMATION	
BUDGETARY COMPARISON SCHEDULE – GENERAL FUND	67
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PSERS	68

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2025

SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS – PSERS	69
SCHEDULE OF CHANGES IN OPEB LIABILITY – SINGLE EMPLOYER PLAN	70
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS	71
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS – PSERS	72
COMBINING FUND FINANCIAL STATEMENTS	
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS	73
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS	74
SINGLE AUDIT	
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	75
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	77
INDEPENDENT AUDITORS' 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*	78
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	80
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	83

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INDEPENDENT AUDITORS' REPORT

Board of School Directors
Eastern Lancaster County School District
New Holland, 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 Eastern Lancaster County School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Eastern Lancaster County School District's basic financial statements as listed in the table of 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 Eastern Lancaster County School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Eastern Lancaster County School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Change in Accounting Principle

As discussed in Note 2 and 14 to the financial statements, effective July 1, 2024, Eastern Lancaster County School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Eastern Lancaster County School District adopted the requirements of the guidance effective July 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption. Our opinions are not modified with respect to this matter.

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Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with 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 Eastern Lancaster County School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Eastern Lancaster County School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule – General Fund, the schedules of the District's proportionate share of the net pension liability – PSERS and pension plan contributions – PSERS, schedule of changes in OPEB liability single employer plan and the schedules of the District's proportionate share of the net OPEB liability – PSERS and OPEB plan contributions – PSERS 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 GAAS, 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 Eastern Lancaster County School District's basic financial statements. The combining fund financial statements and the 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 GAAS. In our opinion, the combining fund financial statements and the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 9, 2026, on our consideration of Eastern Lancaster County School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Eastern Lancaster County School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eastern Lancaster County School District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 9, 2026

Management's discussion and analysis (MD&A) of the financial performance of the Eastern Lancaster County School District (the District) provides an overview of the District's financial performance for fiscal year ended June 30, 2025. Readers should also review the basic financial statements and related notes to enhance their understanding of the District's financial performance.

DISTRICT PROFILE

The District consists of three elementary schools, a middle school, a senior high school and an online virtual academy consisting of approximately 2,600 students. The District covers 95 square miles 12 miles east of the City of Lancaster and is comprised of the Townships of Brecknock, Caernarvon, Earl and East Earl, and the Boroughs of New Holland and Terre Hill. During 2024-2025, there were 321 employees in the District, consisting of 235 teachers, 23 administrators, including general administration, principals and supervisors, and 63 support personnel including administrative assistants, maintenance staff, custodial staff, transportation staff, food service staff, technology staff, school monitors and staff nurses.

The vision of the District is "*Empowering Learners as Global Thinkers and Producers."*

FINANCIAL HIGHLIGHTS

- On a government-wide basis including all governmental activities and the business type activities, the assets and deferred outflows of resources exceeded the liabilities and deferred inflows of resources of the District resulting in total net position at the close of the 2024-2025 fiscal year of $28,464,448. During the 2024-2025 fiscal year, the District had an increase in total net position of $1,241,087. The net position of governmental activities increased by $1,569,706 and the net position of the business-type activities decreased by $328,619.

- The General Fund reported a decrease in its fund balance of $247,128, bringing the cumulative balance to $11,387,283 at the conclusion of the 2024-2025 fiscal year.

- At June 30, 2025, the General Fund's fund balance includes $3,420,310 committed to retirement rate stabilization, $1,720,344 committed to technology initiatives, $2,806,984 committed to balance future budgets, and unassigned amounts of $3,271,311 or approximately 5% of the $69,009,473 2025-2026 General Fund expenditure budget. This is in compliance with guidelines prescribed by the Pennsylvania Department of Education which allows a school district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditure budget.

- Actual revenues and other financing sources were $2,155,838 more than budgeted amounts and actual expenditures and other financing uses were $2,087,106 more than budgeted amounts resulting in a net overall positive variance of $68,732.

OVERVIEW OF THE FINANCIAL STATEMENTS

The MD&A is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the basic financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial condition of the District is improving or deteriorating. To assess the District's overall health, the reader will need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements distinguish the functions of the District that are principally supported by taxes and intergovernmental revenues from other functions that are intended to recover all or a significant portion of their costs through user fees and charges.

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

Governmental Activities

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

Business-Type Activities

The District charges fees to cover the costs of its food services program.

The government-wide financial statements can be found on pages 18 and 19 of this report.

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

Governmental Funds

Most of the District's activities are included in the governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on short-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

FUND FINANCIAL STATEMENTS (Continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the governmental near-term financing decisions. Both the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains two major individual governmental funds. Information is presented separately in the Balance Sheet – Governmental Funds and Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds for each of the major funds.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided for the General Fund to demonstrate compliance with the budget.

The governmental fund financial statements can be found on pages 20 through 23 of this report.

Proprietary Funds

The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District uses its internal service fund to account for the District's self-funded healthcare and unemployment programs. Because an internal service fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

The proprietary fund financial statements provide separate financial information for its major fund and internal service fund. The proprietary fund financial statements can be found on pages 24 through 26 of this report.

Fiduciary Funds

The District is the trustee, or fiduciary, for assets that belong to others, consisting of scholarship and student activity funds. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose and by those to whom the assets belong. Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on pages 27 and 28 of this report.

Notes to the Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the financial statements.

The notes to the financial statements can be found on pages 29 through 66 of this report.

FUND FINANCIAL STATEMENTS (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information which consists of the budgetary comparison schedule for the General Fund, schedules of the District's proportionate share of the net pension liability-PSERS and pension plan contributions-PSERS, schedule of changes in OPEB liability single-employer plan, and the schedules of the District's proportionate share of the net OPEB liability-PSERS and OPEB plan contributions-PSERS, as well as additional analysis consisting of combining fund financial statements.

The other information can be found on pages 67 through 74 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2024-2025 fiscal year the District's assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $28,464,448. The following table presents condensed information for the Statement of Net Position of the District at June 30, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024 (As restated)	2025	2024 (As restated)	2025	2024 (As restated)
ASSETS						
Current Assets	$ 48,380,948	$ 45,632,358	$ 1,355,021	$ 1,649,740	$ 49,735,969	$ 47,282,098
Capital Assets, Net	58,412,545	60,148,228	351,713	247,472	58,764,258	60,395,700
Total Assets	106,793,493	105,780,586	1,706,734	1,897,212	108,500,227	107,677,798
DEFERRED OUTFLOWS						
Deferred Charges - Pension	11,405,555	14,115,585	115,517	131,249	11,521,072	14,246,834
Deferred Charges - OPEB	1,585,460	1,929,868	16,057	6,010	1,601,517	1,935,878
Total Deferred Outflows	12,991,015	16,045,453	131,574	137,259	13,122,589	16,182,712
LIABILITIES						
Current Liabilities	7,596,491	7,025,044	81,254	46,985	7,677,745	7,072,029
Noncurrent Liabilities	79,651,806	82,820,382	837,521	751,949	80,489,327	83,572,331
Total Liabilities	87,248,297	89,845,426	918,775	798,934	88,167,072	90,644,360
DEFERRED INFLOWS						
Deferred Credits - Pension	2,608,722	3,322,110	26,422	30,890	2,635,144	3,353,000
Deferred Credits - OPEB	2,332,528	2,633,248	23,624	6,541	2,356,152	2,639,789
Total Deferred Inflows	4,941,250	5,955,358	50,046	37,431	4,991,296	5,992,789
NET POSITION (DEFICIT)						
Net Investment In Capital Assets	58,063,377	60,100,391	351,713	247,472	58,415,090	60,347,863
Restricted	19,008,950	16,414,436	-	-	19,008,950	16,414,436
Unrestricted (Deficit)	(49,477,366)	(50,489,572)	517,774	950,634	(48,959,592)	(49,538,938)
Total Net Position	$ 27,594,961	$ 26,025,255	$ 869,487	$ 1,198,106	$ 28,464,448	$ 27,223,361

The District's total assets as of June 30, 2025 were $108,500,227 of which $42,709,219 or 39.36% consisted of cash and investments and $58,764,258 or 54.16% consisted of the District's investment in capital assets net of depreciation. The District's total liabilities as of June 30, 2025 were $88,167,072 of which $69,730,335 or 79.09% consisted of the actuarially determined net pension liability.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The District had a deficit in unrestricted net position of $48,959,591 at June 30, 2025. The District's unrestricted net position increased by $579,347 during 2024-2025 primarily due to the current results of operations and the change in the actuarially determined net pension liability and related deferred outflows and inflows or resources.

A portion of the District's net position reflects its restricted net position which totaled $19,008,950 as of June 30, 2025. All of the District's restricted net position related to amounts restricted for capital expenditures.

Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2025, the District's net investment in capital assets, decreased by $1,932,774 because capital assets were being depreciated faster than capital assets were being acquired with sources other than long-term debt.

GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

The following table presents condensed information for the Statement of Activities of the District for 2025 and 2024:

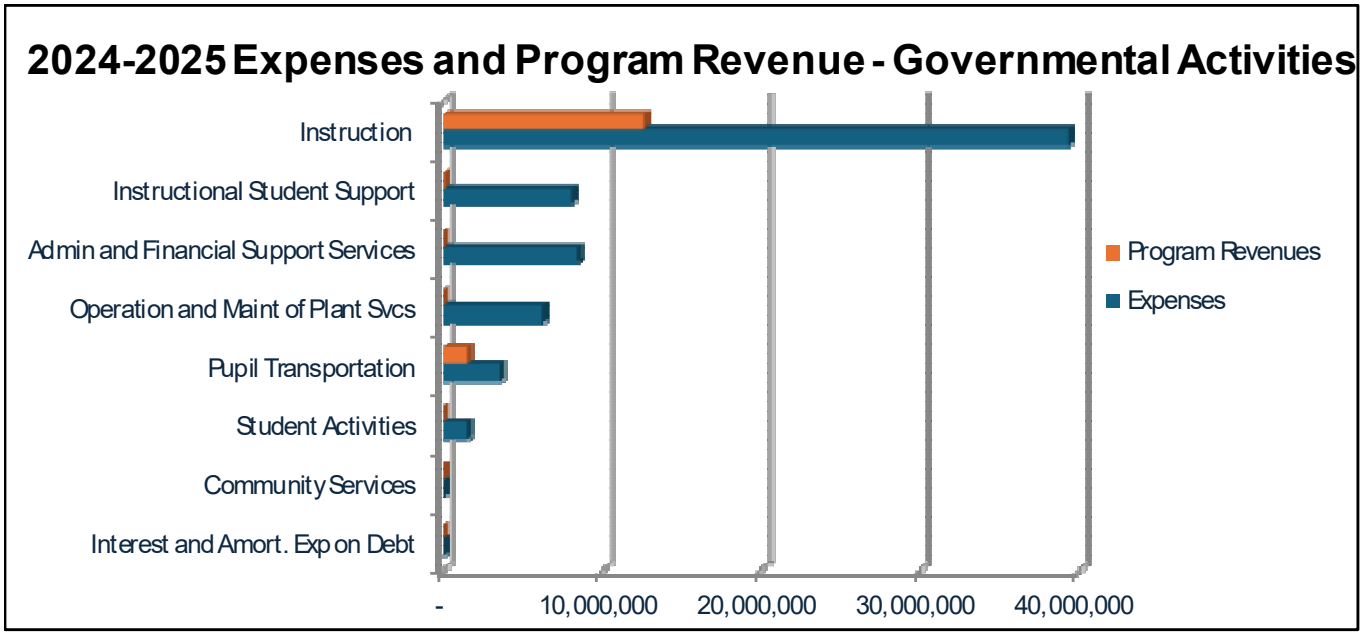
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024 (As restated)	2025	2024 (As restated)	2025	2024 (As restated)
REVENUES						
Program Revenues:						
Charges for Services	$ 2,455,999	$ 2,373,030	$ 403,936	$ 407,814	$ 2,859,935	$ 2,780,844
Operating Grants and Contributions	12,092,961	14,345,960	1,292,235	1,526,429	13,385,196	15,872,389
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes Levied for General Purposes	38,893,494	37,880,084	-	-	38,893,494	37,880,084
Earned Income Taxes Levied for General Purposes	5,329,829	5,175,967	-	-	5,329,829	5,175,967
Other Taxes	1,153,119	877,954	-	-	1,153,119	877,954
Grants And Entitlements Not Restricted to Specific Programs	6,892,077	6,485,640	-	-	6,892,077	6,485,640
Gain on Sale of Capital Assets	-	206,262	-	-	-	206,262
Investment Earnings	1,998,367	2,059,202	56,871	84,377	2,055,238	2,143,579
Total Revenues	68,815,846	69,404,099	1,753,042	2,018,620	70,568,888	71,422,719
EXPENSES						
Instruction	39,301,446	41,780,315	-	-	39,301,446	41,780,315
Instructional Student Support Services	8,094,192	8,321,367	-	-	8,094,192	8,321,367
Administrative and Financial Support Services	8,479,867	8,038,081	-	-	8,479,867	8,038,081
Operation and Maintenance of Plant Services	6,194,929	6,330,701	-	-	6,194,929	6,330,701
Pupil Transportation	3,579,604	3,671,557	-	-	3,579,604	3,671,557
Student Activities	1,567,565	1,434,212	-	-	1,567,565	1,434,212
Community Services	13,014	14,599	-	-	13,014	14,599
Interest and Amortization Expense Related to Noncurrent Liabilities	960	-	-	-	960	-
Food Service	-	-	2,096,224	2,160,370	2,096,224	2,160,370
Total Expenses	67,231,577	69,590,832	2,096,224	2,160,370	69,327,801	71,751,202
CHANGE IN NET POSITION BEFORE TRANSFERS	1,584,269	(186,733)	(343,182)	(141,750)	1,241,087	(328,483)
TRANSFERS	(14,563)	(11,657)	14,563	11,657	-	-
CHANGE IN NET POSITION (DEFICIT)	$ 1,569,706	$ (198,390)	$ (328,619)	$ (130,093)	$ 1,241,087	$ (328,483)

Overall, the District's financial position has been improving but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have the potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated.

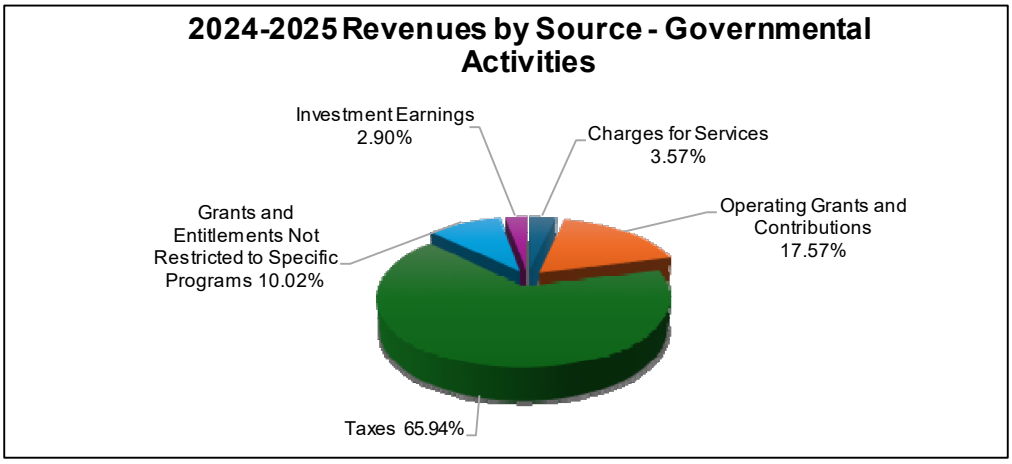
GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)

A majority of the District's property tax base is in the form of residential housing whose growth has slowed in recent years. Although the District is primarily a residential community, the District also has a property tax base derived from commercial facilities.

The Statement of Activities provides detail that focuses on how the District finances its services. The Statement of Activities compares the costs of the District functions and programs with the resources those functions and programs generate themselves in the form of program revenues. As demonstrated by the following graph, the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the District's functions or programs cost more than they raise, the Statement of Activities shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues to finance its governmental activities.



GOVERNMENTAL FUNDS

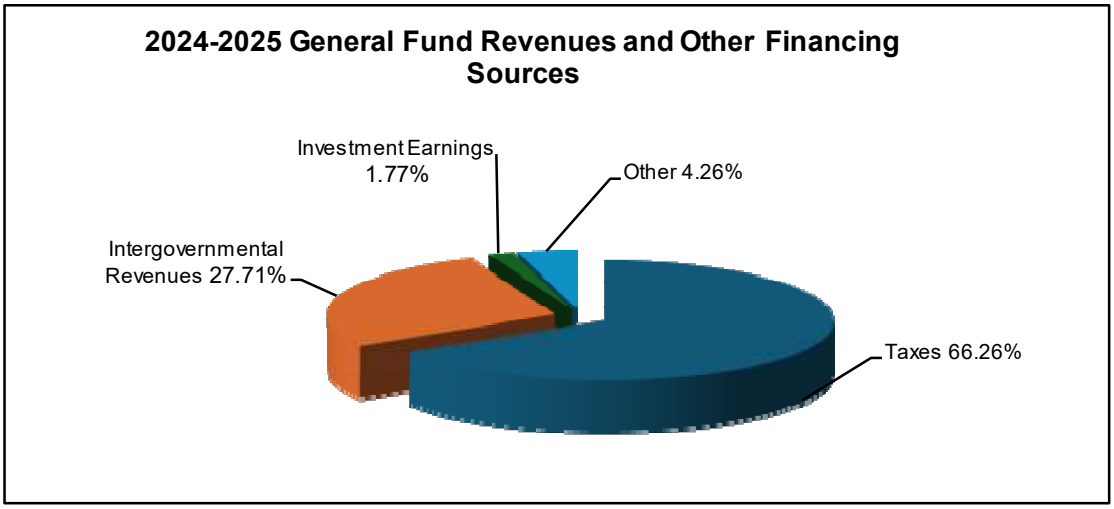
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2025, the District's governmental funds reported a combined fund balance of $30,067,424 which is an increase of $2,018,577 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2025 and 2024 and the total 2025 change in governmental fund balances.

	2025	2024	Change
General Fund	$ 11,387,283	$ 11,634,411	$ (247,128)
Capital Projects Fund	18,680,141	16,414,436	2,265,705
Total	$ 30,067,424	$ 28,048,847	$ 2,018,577

General Fund

The General Fund is the District's primary operating fund. At the conclusion of the 2024-2025 fiscal year, the General Fund's fund balance was $11,387,283, which is a decrease of $247,128 from the prior year. The results of the District's General Fund is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2024-2025 fiscal year.

The District's reliance upon tax revenues is demonstrated by the graph below that indicates 66.25% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	2025	2024	Change Amount	Change Percent
Taxes Revenues	$ 45,380,013	$ 43,911,965	$ 1,468,048	3.34 %
Intergovernmental Revenues	18,981,758	20,805,971	(1,824,213)	(8.77)
Investment Earnings	1,215,067	1,508,776	(293,709)	(19.47)
Other	2,919,322	2,424,259	495,063	20.42
Total	$ 68,496,160	$ 68,650,971	$ (154,811)	(0.23)%

GOVERNMENTAL FUNDS (Continued)

General Fund Revenues and Other Financing Sources (Continued)

Net tax revenues increased by $1,468,048 or 3.34% due to several factors. A millage increase of 2.25% in 2024-2025, an increase in real estate assessed value and increases in collections for earned income and realty transfer taxes accounted for a majority of the current year increase in tax revenue, which indicates an improvement to the economy of our local community. The following table summarizes the changes in the District's tax revenues for 2024-2025 compared to 2023-2024:

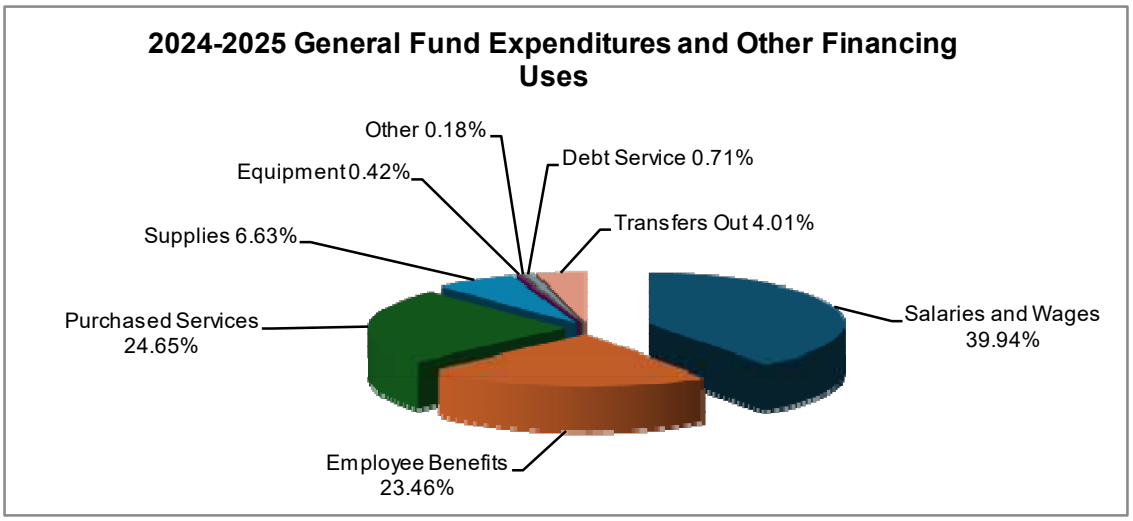
	2025	2024	Change Amount	Change Percent
Real Estate Tax	$ 38,267,087	$ 37,296,701	$ 970,386	2.60 %
Interim Real Estate Tax	214,548	181,058	33,490	18.50
PURTA Tax	40,933	37,475	3,458	9.23
Local Services Tax	194,929	178,232	16,697	9.37
Earned Income Tax	5,333,400	5,153,926	179,474	3.48
Realty Transfer Tax	917,257	662,247	255,010	38.51
Delinquent Tax	411,859	402,326	9,533	2.37
Total	$ 45,380,013	$ 43,911,965	$ 1,468,048	3.34 %

Intergovernmental revenues decreased in 2024-2025 primarily due to the expiration of Elementary and Secondary School Emergency Relief (ESSER) funding.

Investment earnings decreased commensurate with a decrease in interest rates and deposits and investments on hand.

Other revenue increased due to the tuition charge to other Districts to educate their students.

As the graph below illustrates, the largest portion of General Fund expenditures are for salaries and benefits. The District is an educational service entity and as such is labor intensive.



GOVERNMENTAL FUNDS (Continued)

General Fund Expenditures and Other Financing Uses

	2025	2024	Change Amount	Change Percent
Salaries and Wages	$ 27,457,174	$ 26,686,101	$ 771,073	2.89 %
Employee Benefits	16,129,596	15,692,936	436,660	2.78
Purchased Services	16,948,079	16,023,100	924,979	5.77
Supplies	4,555,072	5,184,077	(629,005)	(12.13)
Equipment	289,749	1,079,829	(790,080)	(73.17)
Other	121,856	83,553	38,303	45.84
Debt Service	486,744	-	486,744	-
Transfers Out	2,755,018	3,804,329	(1,049,311)	(27.58)
Total	$ 68,743,288	$ 68,553,925	$ 189,363	0.28 %

Salaries and wages increased by $771,073 or 2.89% in 2024-2025 compared to 2023-2024 as a result of scheduled salary increases within the District's collective bargaining agreement negotiated with the professional employee group, salary increases for other employee groups, and additional positions based on instructional needs.

Employee benefits increased by $436,660 or 2.78% over the prior year primarily due to an increase in the medical insurance funding to the Internal Service Fund and the benefits for the additional positions based on instructional needs.

Supplies decreased by $629,005, or 12.13%, in 2024-2025 compared to 2023-2024, primarily due to a reduction in technology-related supply and software purchases that supported the District's technology initiatives and were partially funded in the prior year with one-time ESSER funding provided in response to COVID-19.

Debt service increased by $486,744 due to the subscription-based information technology arrangement (SBITA) principal payments in 2024-2025.

Equipment decreased by $790,080 or 73.17% in 2024-2025 compared to 2023-2024 due to the purchase of information technology equipment and new vehicles in 2023-2024.

Transfers out decreased commensurate with reduced amounts appropriated by the School Board to the Capital Projects Fund for anticipated future capital needs.

Capital Projects Fund

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2024-2025, the Capital Projects Fund reported an increase in fund balance of $2,265,705 primarily due to transfers from the General Fund in excess of amounts expended for capital expenditures. The remaining fund balance of $18,680,141 as of June 30, 2025 is restricted for future capital expenditures.

GENERAL FUND BUDGET INFORMATION

Actual revenues and other financing sources were $2,155,838 more than budgeted amounts and actual expenditures and other financing uses were $2,087,106 more than budgeted amounts resulting in a net overall positive variance of $68,732.

Major budgetary highlights for 2024-2025 were as follows:

- Actual local revenues received were $1,340,484 more than budgeted amounts primarily due to a 2.25% increase in real estate taxes and more than anticipated real estate, earned income, delinquent and real estate transfer tax collections, and interest earnings.

- Transfers out were $1,501,808 more than budgeted amounts due to better than anticipated revenues over expenditures resulting in an increase in the transfer to the Capital Reserve Fund.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2024-2025, the net position of the business-type activities and Food Service Fund decreased by $328,619. As of June 30, 2025, the business-type activities and Food Service Fund had net position of $869,487.

CAPITAL ASSETS

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2025 amounted to $58,764,258 net of accumulated depreciation. This investment in capital assets includes land and improvements, buildings and improvements, furniture and equipment and right-to-use subscription assets. The total decrease in the District's investment in capital assets for the current fiscal year was $1,631,441 or 2.70%. The decrease was the result of current year depreciation/amortization expense and the net book value of disposals exceeded capital additions.

Current year capital expenditures were $1,800,033 and depreciation/amortization expense and the net book value of disposed capital assets were $3,431,474.

NONCURRENT LIABILITIES

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. As of June 30, 2025, the District had no outstanding obligation debt and the current debt limitation for the District was $143,703,795.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the Pennsylvania State Employee Retirement System (PSERS). The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $69,730,335 as of June 30, 2025. The District's net pension liability decreased by $3,093,869 or 4.25% during the fiscal year.

The District reports a liability for its other post-employment benefits (OPEB) related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled $6,952,379 as of June 30, 2025. The District's OPEB liability decreased by $361,823 or 5.49% during the fiscal year.

NONCURRENT LIABILITIES (Continued)

Other noncurrent liabilities consist of the District's liabilities for subscriptions, accrued retirement bonuses, and compensated absences, which totaled $3,806,613 as of June 30, 2025. These liabilities decreased by $391,647 or 9.33% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District continues to be strong financially. As the preceding information shows, the District maintains a healthy investment in capital assets to support and provide comprehensive educational services. The District also considers future implications of current and ongoing financial obligations and prudently manages its financial assets. Strong academic performance is supported by reasonable and competitive per pupil spending.

The District adopted a balanced 2025-2026 budget totaling $69,009,473 which includes a tax increase of 0.3739 mills or 2.75%. The 2025-2026 budget utilizes $949,306 of committed fund balance, helping to reduce the tax burden on District residents as well as offsetting projected increases in expenditures.

As we have seen throughout the nation, the economic situation is having an effect on the public sector. Challenges face many school districts in Pennsylvania on a number of issues. With the passage of Act 1 of 2006, our District is faced with a cap on the amount of money that can be funded from a property tax increase without voter referendums. This cap is based upon a percentage calculated and provided by the Pennsylvania Department of Education. While some exceptions may apply that would allow for a tax increase in excess of the index, the District will face pressure to keep tax increases at or below the allowable increase for the foreseeable future. In addition, recent legislation has severely hampered the potential benefits of using special exceptions in future years. Another implication of the new law includes earlier budgetary planning cycles.

In addition to meeting Pennsylvania Academic Standards for school districts, there is the additional challenge of the Every Student Succeeds Act (ESSA) mandate imposed by the Federal government. This legislation replaced the No Child Left Behind (NCLB) and has far-reaching requirements on academic performance, adequate yearly progress, teacher qualifications and training, disaggregation of student achievement data, and extensive reporting to the community. It will require a continued, and possibly greater, emphasis on investment in technology, staff development and communication to comply with the requirements of ESSA.

Many school districts face the common problem of escalating costs for employee benefits, particularly the retirement expenses of the PSERS and, as in the case for our District, self-insured medical costs. Both of these costs are set by outside influences and, therefore, are not discretionary costs that can be controlled by District management.

In November 2010 and, again, in 2017 legislation was signed into law to implement a series of actuarial and funding changes to PSERS. The 2017 law was effective as of July of 2019. The law changes the pension plans for all new hires effective July 1, 2019. It does not impact the pension benefits of current or retired PSERS members. Based on available projections, relief from the new legislation will not be fully realized until 10-20 years in the future. The employer contribution rate for 2026-2027 has been certified at 33.59% and the longest-term rate projection is for 2033-2034 at 37.48%. Currently, the employer contribution rate for 2025-2026 is 34.00%.

FACTORS BEARING ON THE DISTRICT'S FUTURE (Continued)

The costs of medical benefits will continue to have an effect on the District budget, as the District continues to offer a competitive benefits package to employees through the District's self-insured plan. The District continues to implement various strategies to lower the pace of medical inflation. The current collective bargaining agreement, which expires June 30, 2027, will continue to provide some relief to these costs through a qualified high deductible health plan that is combined with a health savings account.

Maintaining an appropriate physical environment for learning requires investment in the construction, expansion, and renovation of school facilities. This is a well-planned and ongoing process in our District, accompanied by constant monitoring of enrollment trends and financial implications for the District. In fact, Crabtree, Rohrbaugh & Associates is performing a study of the demographics and community growth patterns in the District including aggregate projections of public school enrollments by grade. Crabtree, Rohrbaugh & Associates will then update their previous District-wide facility study, which assesses the current conditions of the buildings and provides options for renovations and/or additions to the existing school facilities to accommodate future enrollment and/or program needs.

In conclusion, the District has committed itself to financial and educational excellence for the future. The District's systems of budgeting and internal controls are well regarded and consistently followed. Continued diligence in all financial matters will be a key component of continued financial performance well into the future.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief of Finance and Operations, Eastern Lancaster County School District, 669 E. Main Street, New Holland, PA 17557.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025

	Governmental Activities	Business-type Activities	Totals
ASSETS			
Current Assets:			
Cash	$ 25,550,710	$ 1,144,109	$ 26,694,819
Investments	16,014,400	-	16,014,400
Taxes Receivable	1,376,119	-	1,376,119
Internal Balances	(22,131)	22,131	-
Due From Other Governments	3,977,198	133,580	4,110,778
Other Receivables	1,316,318	2,127	1,318,445
Prepaid Expenses	168,334	-	168,334
Inventories	-	53,074	53,074
Total Current Assets	48,380,948	1,355,021	49,735,969
Noncurrent Assets:			
Nondepreciable Capital Assets	6,193,150	-	6,193,150
Depreciable/Amortizable Capital Assets, Net	52,219,395	351,713	52,571,108
Total Noncurrent Assets	58,412,545	351,713	58,764,258
Total Assets	106,793,493	1,706,734	108,500,227
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges - Pension	11,405,555	115,517	11,521,072
Deferred Charges - OPEB	1,585,460	16,057	1,601,517
Total Deferred Outflows of Resources	12,991,015	131,574	13,122,589
LIABILITIES			
Current Liabilities:			
Accounts Payable	$ 1,491,971	$ 34,347	1,526,318
Accrued Salaries, Payroll Withholdings and Benefits	6,052,849	320	6,053,169
Unearned Revenues	44,671	46,587	91,258
Other Liabilities	7,000	-	7,000
Total Current Liabilities	7,596,491	81,254	7,677,745
Noncurrent Liabilities:			
Due Within One Year	188,470	429	188,899
Due in More than One Year	79,463,336	837,092	80,300,428
Total Noncurrent Liabilities	79,651,806	837,521	80,489,327
Total Liabilities	87,248,297	918,775	88,167,072
DEFERRED INFLOWS OF RESOURCES			
Deferred Credits - Pension	2,608,722	26,422	2,635,144
Deferred Credits - OPEB	2,332,528	23,624	2,356,152
Total Deferred Inflows of Resources	4,941,250	50,046	4,991,296
NET POSITION			
Net Investment in Capital Assets	58,063,377	351,713	58,415,090
Restricted	19,008,950	-	19,008,950
Unrestricted (Deficit)	(49,477,366)	517,774	(48,959,592)
Total Net Position	$ 27,594,961	$ 869,487	$ 28,464,448

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Totals
PRIMARY GOVERNMENT							
Governmental Activities:							
Instruction	$ 39,301,446	$ 2,327,351	$ 10,383,047	$ -	$ (26,591,048)	$ -	$ (26,591,048)
Instructional Student Support	8,094,192	-	108,991	-	(7,985,201)	-	(7,985,201)
Administrative and Financial Support Services	8,479,867	29,497	-	-	(8,450,370)	-	(8,450,370)
Operation and Maintenance of Plant Services	6,194,929	31,735	-	-	(6,163,194)	-	(6,163,194)
Pupil Transportation	3,579,604	26,197	1,559,049	-	(1,994,358)	-	(1,994,358)
Student Activities	1,567,565	41,219	-	-	(1,526,346)	-	(1,526,346)
Community Services	13,014	-	-	-	(13,014)	-	(13,014)
Interest and Amortization Expense Related to Noncurrent Liabilities	960	-	41,874	-	40,914	-	40,914
Total Governmental Activities	67,231,577	2,455,999	12,092,961	-	(52,682,617)	-	(52,682,617)
Business-Type Activities:							
Food Service	2,096,224	403,936	1,292,235	-	-	(400,053)	(400,053)
Total Business-Type Activities	2,096,224	403,936	1,292,235	-	-	(400,053)	(400,053)
Total Primary Government	$ 69,327,801	$ 2,859,935	$ 13,385,196	$ -	(52,682,617)	(400,053)	(53,082,670)
General Revenues:							
Property Taxes Levied for General Purposes					38,893,494	-	38,893,494
Earned Income Taxes Levied for General Purposes					5,329,829	-	5,329,829
Other Taxes					1,153,119	-	1,153,119
Grants and Entitlements Not Restricted to Specific Programs					6,892,077	-	6,892,077
Investment Earnings					1,998,367	56,871	2,055,238
Transfers					(14,563)	14,563	-
Total General Revenues and Transfers					54,252,323	71,434	54,323,757
CHANGE IN NET POSITION					1,569,706	(328,619)	1,241,087
Net Position - Beginning of Year, as Previously Stated					29,239,496	1,252,305	30,491,801
Net Position - Effect of Restatement (Note 14)					(3,214,241)	(54,199)	(3,268,440)
Net Position - Beginning of Year, Restated					26,025,255	1,198,106	27,223,361
NET POSITION - END OF YEAR					$ 27,594,961	$ 869,487	$ 28,464,448

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds		
	General Fund	Capital Projects Fund	Totals Governmental Funds
ASSETS			
Cash	$ 9,332,990	$ 8,107,903	$ 17,440,893
Investments	4,926,300	9,838,100	14,764,400
Taxes Receivable	1,376,119	-	1,376,119
Due From Other Funds	-	908,038	908,038
Due From Other Governments	3,977,198	-	3,977,198
Other Receivables	176,300	154,909	331,209
Prepaid Items	168,334	-	168,334
Total Assets	$ 19,957,241	$ 19,008,950	$ 38,966,191
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 988,445	$ 328,809	$ 1,317,254
Due To Other Funds	1,288,681	-	1,288,681
Accrued Salaries, Payroll Withholdings and Benefits	6,052,849	-	6,052,849
Unearned Revenues	44,671	-	44,671
Other Liabilities	7,000	-	7,000
Total Liabilities	8,381,646	328,809	8,710,455
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Property and Per Capita Taxes	188,312	-	188,312
FUND BALANCES			
Nonspendable:			
Prepaid Items	168,334	-	168,334
Restricted for:			
Capital Projects	-	18,680,141	18,680,141
Committed to:			
Retirement Rate Stabilization	3,420,310	-	3,420,310
Balance Future Budgets	2,806,984	-	2,806,984
Technology Initiatives	1,720,344	-	1,720,344
Unassigned	3,271,311	-	3,271,311
Total Fund Balances	11,387,283	18,680,141	30,067,424
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 19,957,241	$ 19,008,950	$ 38,966,191

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION
JUNE 30, 2025

Total Governmental Fund Balances	$ 30,067,424
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds balance sheet.	58,412,545
Deferred outflows of resources and deferred inflows of resources related to pensions and other post-employment benefits are applicable to future periods and not reported in the governmental funds balance sheet.	8,049,765
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as deferred inflows of resources on the governmental funds balance sheet.	188,312
The Internal Service Fund is used by management to charge the cost of health insurance and unemployment claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position.	10,528,721
Noncurrent liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(79,651,806)
Net Position Of Governmental Activities	$ 27,594,961

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Major Funds		
	General Fund	Capital Projects Fund	Totals Governmental Funds
REVENUES			
Local Sources	$ 49,054,359	$ 783,300	$ 49,837,659
State Sources	16,566,422	-	16,566,422
Federal Sources	2,415,336	-	2,415,336
Total Revenues	68,036,117	783,300	68,819,417
EXPENDITURES			
Current:			
Instruction	37,502,966	-	37,502,966
Support Services	25,848,728	-	25,848,728
Operation of Noninstructional Services	1,540,942	-	1,540,942
Facilities Acquisition, Construction and Improvement Services	585,252	1,258,050	1,843,302
Debt Service	486,744	-	486,744
Total expenditures	65,964,632	1,258,050	67,222,682
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,071,485	(474,750)	1,596,735
OTHER FINANCING SOURCES (USES)			
Issuance of Right-to-Use Arrangements	458,306	-	458,306
Sale of/Compensation for Capital Assets	(19)	-	(19)
Insurance Recoveries	1,756	-	1,756
Refund of Prior Year Receipts	(23,638)	-	(23,638)
Transfers In	-	2,740,455	2,740,455
Transfers Out	(2,755,018)	-	(2,755,018)
Total Other Financing Sources (Uses)	(2,318,613)	2,740,455	421,842
NET CHANGE IN FUND BALANCES	(247,128)	2,265,705	2,018,577
Fund Balances - Beginning of Year	11,634,411	16,414,436	28,048,847
FUND BALANCES - END OF YEAR	$ 11,387,283	$ 18,680,141	$ 30,067,424

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds		$ 2,018,577
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/ amortization expense. This is the amount by which depreciation/ amortization expense and the net book value of disposed capital assets exceeded capital outlays in the current period.		
Capital Outlay Expenditures	$ 1,656,734	
Depreciation and Amortization Expense	(3,392,417)	(1,735,683)
Because some property and per capita 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 inflows of resources decreased by this amount in the current period.		
Deferred Inflows of Resources June 30, 2024	(191,884)	
Deferred Inflows of Resources June 30, 2025	188,312	(3,572)
The Internal Service Fund is used by management to charge the cost of health insurance and unemployment premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.		121,908
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 the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is 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.		
Issuance of Right-to-Use Arrangements	(458,306)	
Repayment of Right-to-Use Arrangements	485,784	27,478
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.		
Change in Net Pension Liability and Related Deferred Inflows and Outflows	1,125,490	
Current Year Change in Accrued Retirement Bonuses	150,043	
Current Year Change in Compensated Absences	228,586	
Current Year Change in Net Post-Employment Benefit (OPEB) Liability and Related Deferred Inflows and Outflows	(363,121)	1,140,998
Change in Net Position of Governmental Activities		$ 1,569,706

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2025

	Food Service Fund	Internal Service Fund
ASSETS		
Current Assets:		
Cash	$ 1,144,109	$ 8,109,817
Investments	-	1,250,000
Due From Other Funds	22,131	358,512
Due From Other Governments	133,580	-
Other Receivables	2,127	985,109
Inventories	53,074	-
Total Current Assets	1,355,021	10,703,438
Noncurrent Assets:		
Depreciable Capital Assets, Net	351,713	-
Total Assets	1,706,734	10,703,438
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges - Pension	115,517	-
Deferred Charges - OPEB	16,057	-
Total Deferred Outflows of Resources	131,574	-
LIABILITIES		
Current Liabilities:		
Accounts Payable	34,347	-
Accrued Salaries, Payroll Withholdings and Benefits	320	-
Other Liabilities	-	174,717
Unearned Revenue	46,587	-
Compensated Absences	429	-
Total Current Liabilities	81,683	174,717
Noncurrent Liabilities:		
Compensated Absences	31,230	-
Accrued Retirement Bonus	37,000	-
Net Pension Liability - PSERS	699,154	-
Net OPEB Liability - PSERS	69,708	-
Total Noncurrent Liabilities	837,092	-
Total Liabilities	918,775	174,717
DEFERRED INFLOWS OF RESOURCES		
Deferred Charges - Pension	26,422	-
Deferred Charges - OPEB	23,624	-
Total Deferred Inflows of Resources	50,046	-
NET POSITION		
Net Investment In Capital Assets	351,713	-
Unrestricted	517,774	10,528,721
Total Net Position	$ 869,487	$ 10,528,721

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Food Service Fund	Internal Service Fund
OPERATING REVENUES		
Charges for Services	$ 403,936	$ 4,967,406
OPERATING EXPENSES		
Salaries	292,549	-
Employee Benefits	269,107	5,305,747
Purchased and Professional Technical Services	975	-
Purchased Property Services	31,564	-
Purchased Services	532,877	-
Supplies	929,659	-
Depreciation	39,057	-
Dues and Fees	436	80
Total Operating Expenses	2,096,224	5,305,827
OPERATING LOSS	(1,692,288)	(338,421)
NONOPERATING REVENUES		
Earnings on Investments	56,871	460,329
State Sources	314,044	-
Federal Sources	978,191	-
Total Nonoperating Revenues	1,349,106	460,329
CHANGE IN NET POSITION BEFORE TRANSFERS	(343,182)	121,908
TRANSFERS	14,563	-
CHANGE IN NET POSITION	(328,619)	121,908
Net Position - Beginning of Year, as Previously Stated	1,252,305	10,406,813
Net Position - Effect of Restatement (See Note 14)	(54,199)	-
Net Position - Beginning of Year	1,198,106	10,406,813
NET POSITION - END OF YEAR	$ 869,487	$ 10,528,721

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Food Service Fund	Internal Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from Charges for Services	$ 403,878	$ -
Received from Assessments Made to Other Funds	-	3,763,176
Payments to Employees for Services	(458,078)	-
Payments for Insurance Claims	-	(5,375,656)
Payments to Suppliers for Goods and Services	(1,327,895)	-
Payments for Other Operating Expenses	-	(80)
Net Cash Used by Operating Activities	(1,382,095)	(1,612,560)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	284,217	-
Federal Sources	773,359	-
Transfers In	14,563	-
Net Cash Provided (Used) by Noncapital Financing Activities	1,072,139	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(109,771)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	56,871	460,329
Net Sale (Purchase) of Investments	-	(500,000)
Net Cash Provided (Used) by Investing Activities	56,871	(39,671)
NET CHANGE IN CASH	(362,856)	(1,652,231)
Cash - Beginning of Year	1,506,965	9,762,048
CASH - END OF YEAR	$ 1,144,109	$ 8,109,817
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Loss	$ (1,692,288)	$ (338,421)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	39,057	-
Donated Commodities Used	101,079	-
(Increase) Decrease in:		
Due From Other Funds	44,657	(269,353)
Other Receivables	(860)	(934,877)
Inventories	21,647	-
Deferred Outflows of Resources	5,685	-
Increase (Decrease) in:		
Accounts Payable	233	-
Due to Other Funds	-	-
Accrued Salaries, Payroll Withholdings and Benefits	167	-
Other Liabilities	-	(69,909)
Unearned Revenue	802	-
Compensated Absences	3,460	-
Accrued Retirement Bonus	11,000	-
Net Pension Liability	28,261	-
Net OPEB Liability	42,390	-
Deferred Inflows of Resources	12,615	-
Net Cash Used by Operating Activities	$ (1,382,095)	$ (1,612,560)
SUPPLEMENTAL DISCLOSURE OF NONCASH NONCAPITAL FINANCING ACTIVITIES		
USDA Donated Commodities	$ 101,079	$ -
SUPPLEMENTAL DISCLOSURE OF CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets in Accounts Payable	$ 33,528	$ -

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds
ASSETS	
Cash	$ 184,673
Other Receivables	370
Total Assets	185,043
LIABILITIES	
Accounts Payable	-
Total Liabilities	-
NET POSITION	
Restricted for:	
Scholarships	87,851
Student Activities	97,192
Total Net Position	$ 185,043

See accompanying Notes to Basic Financial Statements.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Custodial Funds
ADDITIONS	
Contributions	$ 1,000
Receipts from Student Groups	117,736
Earnings on Investments	3,884
Total Additions	122,620
DEDUCTIONS	
Scholarships Awards and Fees Paid	1,551
Student Activity Disbursements	109,182
Total Deductions	110,733
CHANGE IN NET POSITION	11,887
Net Position - Beginning of Year	173,156
NET POSITION - END OF YEAR	$ 185,043

See accompanying Notes to Basic Financial Statements.

NOTE 1 ORGANIZATION AND PURPOSE

The Eastern Lancaster County School District (the District) operates three elementary schools, one middle school, a senior high school, and an online virtual academy to provide education and related services to the residents in the Townships of Brecknock, Caernarvon, Earl and East Earl and the Boroughs of New Holland and Terre Hill. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the third class. The District operates under a locally elected nine-member board form of government (the School Board).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (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:

Reporting Entity

GASB has established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the 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 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. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

Government-Wide Financial Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of timing of related cash flow. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared as further defined below. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of governmental funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

The government-wide statement of net position presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation and amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

The statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense) until that time. Deferred inflows of resources represent an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time.

The government-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental function. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each function is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Governmental Funds

All governmental funds are accounted for using the modified accrual basis of accounting and the current financial resources measurement focus. Under this basis, revenues are recognized in the accounting period in which they become measurable and available. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable. The District reports the following major governmental funds:

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

The *Capital Projects Fund* accounts for financial resources restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, 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 District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred and when received within the availability period. If such funds are received in advance, they are reported as unearned revenues until earned. The District considers federal, state and other grant revenues to be available if received within 365 days of the end of this fiscal period. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, debt service expenditures, as well as expenditures related to compensated absences, special termination benefits, other post-employment benefits and claims and judgments are recorded only when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Proprietary Funds

Like the government-wide financial statements, proprietary funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. These funds account for operations that are primarily financed by user charges. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District reports the following proprietary funds:

The *Food Service Fund* accounts for the revenues and costs of providing meals to students during the school year.

The *Internal Service Fund* is used to account for the District's self-funded health insurance and unemployment programs.

These funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary funds' principal ongoing operations. The principal operating revenues of the District's proprietary funds are charges for services. Operating expenses for the District's proprietary funds include payroll, employee benefits, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and custodial funds. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are, therefore, not available to support the District’s own programs. The District has two custodial funds consisting of funds held on behalf of the students and funds held as pass-through to provide annual scholarships to students as described by donor stipulations.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For purposes of the statement of cash flows, the District’s proprietary funds consider demand deposits and all high liquid investments with an original maturity of three months or less when purchased to be cash equivalents.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost and external investment pools which are recorded at amortized cost, both of which approximate fair value.

Fair Value Measurements of Assets and Liabilities

GAAP defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. GAAP establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the District. Unobservable inputs reflect the District's assumptions about the inputs market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on quoted prices in active markets for identical assets or liabilities that the District has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these assets and liabilities does not require a significant degree of judgment.

Level 2 – Valuations based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable, that is, inputs that reflect the District's own assumptions.

Interfund Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/due from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

July 1 – August 31	Discount period, 2% of gross levy
September 1 – October 31	Face period
November 1 to collection	Penalty period, 10% of gross levy
January 1	Lien date

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

The County Board of Assessments determines assessed valuations of property and the District bills and collects its own property taxes. The tax on real estate for public school purposes for fiscal 2024-2025 was 13.5973 mills ($13.5973 for $1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers within the District have the option of paying in three installments. These installments have the following due dates:

Installment One	August 31
Installment Two	October 31
Installment Three	December 31

The discount (two percent) is not applicable to installment payments; however, the penalty (10 percent) will be added if second and third installments are paid subsequent to the due dates.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $4,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

Property, plant and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives:

Land Improvements	20 Years
Buildings and Improvements	20 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 10 Years
Textbooks and Library Books	5 Years

Subscriptions

The District has entered into noncancellable subscriptions. The District recognizes a subscription liability and an intangible right-to-use subscription asset (subscription asset) in the government-wide financial statements.

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

Key estimates and judgments include how the District determines (1) the discount rate it used to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

The District uses its estimated incremental borrowing rate as the discount rate for subscriptions.

The subscription term includes the noncancellable period of the subscription. Subscription payments included in the measurement of the subscription liability is comprised of fixed payments.

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

Long-Term Obligations

In the government-wide and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bonds payable are reported net of the applicable bond premium or discount. Bond premiums and discounts are deferred and amortized over the life of the bonds. Deferred amounts on refunding are recorded as a deferred outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amounts are amortized using the interest method.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations (Continued)

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

Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – *vacation, sick, and personal leave*. 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. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation
The District's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave
The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees terminate their employment with the District, no monetary obligation exists. Upon retirement, an employee is eligible to receive a portion of the balance depending on their union agreements. A liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Personal Leave
The District's policy permits employees to accumulate earned but unused personal leave, for which payout varies by union agreement.Di

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accrued Retirement Bonus

Upon voluntary retirement, a professional employee with 25 years or more with the Pennsylvania State Employee Retirement System (PSERS) and at least 10 consecutive years of employment with the District will receive a retirement bonus of $7,500 if notice is given of their intent to retire by September 15th for mid-year retirements coinciding with the end of the first semester or by January 15th for end of the year retirements. Additionally, all support staff retiring from the District with 15 full-time years of service shall receive a retirement bonus of $3,000 plus $200 for each year of service beyond. Further, administrators retiring with at least 5 years of service and either 25 or more years of service with the PSERS or eligible for "normal retirement" as defined by PSERS, shall receive a retirement bonus of $15,000.

Pension

The District contributes to the Pennsylvania State Employee Retirement System (PSERS), a cost-sharing multiple employer defined benefit pension plan. GASB establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

For the purpose of measuring net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of 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 refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefits (OPEB)

The District's OPEB plans are accounted for under the provisions of GASB, which establishes standards for the measurement, recognition, and display of OPEB expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS OPEB Plan

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 PSERS and additions to/deductions from PSERS' 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total 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 OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

Deferred Outflows of Resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included in deferred outflows of resources are contributions made to the pension plan subsequent to the measurement date and prior to the District's year-end. The contributions will be recognized as a reduction in net pension liability in the following year.

Deferred outflows of resources for other OPEB liabilities relate to the District's liability for OPEB other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net OPEB liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included in deferred outflows of resource are contributions or OPEB payments made subsequent to the measurement date and prior to the District's year-end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows of Resources (Continued)

These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for OPEB liabilities relate to the District's liability for OPEB other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net OPEB liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Fund Balance

As prescribed by GASB, governmental funds report fund balance in classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the fund can be spent. The District reports the following fund balance classifications:

Nonspendable – Nonspendable fund balances are amounts that cannot be spent because they are either (a) not in spendable form – such as inventory or prepaid insurance or (b) legally or contractually required to be maintained intact – such as a trust that must be retained in perpetuity.

Restricted – Restricted fund balances are restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed – Committed fund balances are amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the School Board. Committed amounts cannot be used for any other purpose unless the School Board removes those constraints by taking the same type of formal action (e.g., resolution).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned – Assigned fund balances are amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Chief of Finance and Operations or (b) an appointed body (e.g., finance committee), or (c) an official to which the District has delegated the authority to assign, modify or rescind amounts to be used for specific purposes.

Assigned fund balance includes (a) all remaining amounts that are reported in governmental funds (other than the General Fund) that are not classified as non-spendable, restricted or committed, and (b) amounts in the General Fund that are intended to be used for a specific purpose. Specific amounts that are not restricted or committed in a special revenue fund or the capital projects fund are assigned for purposes in accordance with the nature of their fund type.

Unassigned – Unassigned fund balance is the residual classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

When both restricted and unrestricted resources are available for use, it is the District's policy to use externally restricted resources first, then unrestricted resources–committed, assigned or unassigned–in order as needed.

Net Position

Net position is comprised of three components: net investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets – Consists of capital assets, net of accumulated depreciation/amortization and reduced by outstanding balances of bonds, notes, and other debt that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt are included in this component of net position.

Restricted Net Position – Is reported when there are constraints placed on use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Unrestricted Net Position – Is the amount of net position that does not meet the definition of the two preceding categories. When both restricted and unrestricted resources are available for use, it is the District’s policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Pronouncements

The District adopted the provisions of GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

The objective of Statement No. 101 is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District adopted the requirements of the statement effective July 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption. The effect of the implementation of GASB Statement No. 101 is more fully described in Note 14.

The objective of GASB Statement No. 102 is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The effect of the implementation of GASB Statement No. 102 did not have an impact to the District's financial statements.

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements,* will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 103 is to improve 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.

GASB Statement No. 104, *Disclosure of Certain Capital Assets,* will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

GASB Statement No. 105, *Subsequent Events*, will be effective for the District for the year ended June 30, 2027. The objective of GASB Statement No. 105 is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required, although project-length financial plans are adopted for the Capital Projects Fund.

The District is required to publish notice by advertisement at least once in a newspaper of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated in any particular item of expenditure by legislative action in accordance with Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

NOTE 4 DEPOSITS AND INVESTMENTS

State statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, state treasurer's investment pools or mutual funds.

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2025, the carrying amount of the District's deposits was $26,879,492 and the bank balance was $27,538,209. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. All of the cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF acts like a money market mutual fund in that its objective is to maintain a stable net assets value of $1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2025, PSDLAF was rated as AAAm by S&P Global Ratings.

Investments

At June 30, 2025, the District had the following investments:

Investment Type	Amount
PSDLAF Collateralized Investment Pool	$ 11,000,000
Certificate of Deposits	5,014,400
	$ 16,014,400

The District holds investments in the PSDLAF external investment pool, which is a qualifying external investment pool under GASB Statement No. 79. All investments in the pool are measured at amortized cost for financial reporting purposes. The pool invests exclusively in high-quality, highly liquid debt securities and monetary investments, commingled from multiple participants. The pool seeks to maintain a stable net asset value (NAV) of $1 per share. As of June 30, 2025, PSDLAF was rated AAAm by S&P Global Ratings.

Certificates of deposit are recorded at cost.

NOTE 4 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (Continued)

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of the investments or collateral security that are in the possession of an outside party. The District's certificate of deposits are subject to custodial credit risk; however, they are fully insured through FDIC as of June 30, 2025.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statutes as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025, the District did not have investment's subject to interest rate risk.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal and state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2025 was as follows:

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 5,360,199	$ -	$ -	$ 5,360,199
Construction In Progress	-	832,951	-	832,951
Total Capital Assets Not Being Depreciated	5,360,199	832,951	-	6,193,150
Capital Assets Being Depreciated:				
Land Improvements	6,841,434	-	-	6,841,434
Buildings and Improvements	97,759,510	55,925	-	97,815,435
Furniture and Equipment	9,550,315	247,552	-	9,797,867
Vehicles	1,344,671	62,000	-	1,406,671
Textbooks and Library Books	140,923	-	-	140,923
Total Capital Assets Being Depreciated	115,636,853	365,477	-	116,002,330
Less Accumulated Depreciation:				
Land Improvements	(2,434,816)	(321,876)	-	(2,756,692)
Buildings and Improvements	(50,930,361)	(2,181,830)	-	(53,112,191)
Furniture and Equipment	(6,810,280)	(510,107)	-	(7,320,387)
Vehicles	(856,452)	(109,432)	-	(965,884)
Textbooks and Library Books	(125,694)	-	-	(125,694)
Total Accumulated Depreciation	(61,157,603)	(3,123,245)	-	(64,280,848)
Capital Assets Being Amortized:				
Right-To-Use Subscription Assets	505,016	458,306	-	963,322
Accumulated Amortization	(196,237)	(269,172)	-	(465,409)
Total Capital Assets Being Amortized	308,779	189,134	-	497,913
Capital Assets, Net	54,788,029	(2,568,634)	-	52,219,395
Governmental Activities, Net	$ 60,148,228	$ (1,735,683)	$ -	$ 58,412,545

	Balance Beginning of Year	Increases	Decreases	Balance End of Year
Business-Type Activities:				
Capital Assets Being Depreciated:				
Machinery and Equipment	$ 801,023	$ 143,299	$ -	$ 944,322
Vehicles	81,963	-	-	81,963
Total Capital Assets Being Depreciated	882,986	143,299	-	1,026,285
Less: Accumulated Depreciation				
Machinery and Equipment	(568,965)	(34,433)	-	(603,398)
Vehicles	(66,550)	(4,624)	-	(71,174)
Total Accumulated Depreciation	(635,515)	(39,057)	-	(674,572)
Business-Type Activities, Net	$ 247,471	$ 104,242	$ -	$ 351,713

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
Instruction	$ 2,738,940
Instructional Student Support	22,852
Administrative and Financial Support Services	268,340
Operation and Maintenance of Plant Services	335,452
Pupil Transportation	974
Student Activities	25,859
Total Governmental Activities	$ 3,392,417
Business-Type Activities:	
Food Service	$ 39,057

As of June 30, 2025, the District had outstanding construction commitments totaling $121,429.

NOTE 6 INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund balances as of June 30, 2025 is as follows:

Receivable To	Amount	Payable From	Amount
Capital Projects Fund	$ 908,038	General Fund	$ 908,038
Food Service Fund	22,131	General Fund	22,131
Internal Service Fund	358,512	General Fund	358,512
Total	$ 1,288,681	Total	$ 1,288,681

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses.

A summary of interfund transfers for the year ended June 30, 2025 is as follows:

Transfers In	Amount	Transfers Out	Amount
Capital Projects Fund	$ 2,740,455	General Fund	$ 2,740,455
Food Service Fund	14,563	General Fund	14,563
Total	$ 2,755,018	Total	$ 2,755,018

Transfers from the General Fund to the Capital Projects Fund represent transfers to subsidize costs associated with the acquisition of capital assets.

NOTE 7 NONCURRENT LIABILITIES

The following summarizes the changes in noncurrent liabilities for the year ended June 30, 2025:

	Balance Beginning of Year (As restated)[1]	Increases	Decreases	Balance End of Year	Amount Due Within One Year
Governmental Activities:					
Compensated Absences [2]	$ 2,333,865	$ -	$ (228,586)	$ 2,105,279	$ 72,130
Accrued Retirement Bonuses [2]	1,762,359	-	(150,043)	1,612,316	-
Subscription Payables	47,837	458,306	(485,784)	20,359	20,359
OPEB Liability	3,625,235	325,771	-	3,951,006	95,981
Net OPEB Liability - PSERS	2,938,003	-	(6,338)	2,931,665	-
Net Pension Liability - PSERS	72,153,311	-	(3,122,130)	69,031,181	-
Total Governmental Activities	82,860,610	784,077	(3,992,881)	79,651,806	188,470
Business-Type Activities:					
Compensated Absences [2]	28,199	3,460	-	31,659	429
Accrued Retirement Bonuses [2]	26,000	11,000	-	37,000	-
OPEB Liability	-	40,016	-	40,016	-
Net OPEB Liability - PSERS	27,318	2,374	-	29,692	-
Net Pension Liability - PSERS	670,893	28,261	-	699,154	-
Total Business-Type Activities	752,410	85,111	-	837,521	429
Total Noncurrent Liabilities	$ 83,613,020	$ 869,188	$ (3,992,881)	$ 80,489,327	$ 188,899

[1] The beginning balance was restated due to the implementation of GASB Statement No. 101, see Note 14.

[2] The change in the compensated absence and accrued retirement bonuses liabilities are presented as net changes.

Noncurrent liabilities of governmental activities are generally liquidated by the General Fund, while noncurrent liabilities of the business-type activities are liquidated by the Food Service Fund.

NOTE 8 SUBSCRIPTIONS PAYABLE

The District has entered into long-term lease agreements for subscription-based information technology arrangements. Initial subscription liabilities were recorded in the amount of $963,322. As of June 30, 2025, the value of the subscription liabilities is $20,359. The subscriptions have interest rates between 1.58% and 4.33% and estimated useful lives from three to four years as of their contract commencements. The net book value of these intangible right-to-use subscription assets as of June 30, 2025 is $497,913, including accumulated amortization of $465,409 and is included with noncurrent assets on the statement of net position.

Future minimum lease payments under these leases are as follows:

Year Ending June 30,	Amount
2026	$ 20,681
Less: Amount Representing Interest	(322)
Present Value of Minimum Lease Payments	$ 20,359

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits include a single-employer defined benefit plan that provides medical insurance to all retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2023:

Active Plan Members	339
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	-
Inactive Plan Members or Beneficiaries Currently Receiving Benefits	9
Total	348

Funding Policy

The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the School Board.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and by rolling forward the liabilities from the July 1, 2023 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The net OPEB liability is $3,991,022, all of which is unfunded. As of June 30, 2025, the OPEB liability of $3,951,006 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and $40,016 is recorded in the proprietary fund statement of net position and the business-type activities in the government-wide statement of net position.

The District's change in its OPEB liability for the year ended June 30, 2025 was as follows:

Balances - Beginning of Year	$ 3,625,235
Changes For The Year:	
Service Cost	287,499
Interest on Total OPEB Liability	159,815
Differences Between Expected and Actual Experience	-
Changes in Assumptions	(1,931)
Benefit Payments	(79,596)
Net Changes	365,787
Balances - End of Year	$ 3,991,022

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

For the year ended June 30, 2025, the District recognized OPEB expense of $529,902. At June 30, 2025, the District had deferred inflows of resources and deferred outflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 53,655	$ 685,124
Changes of Assumptions	899,988	1,079,028
Contributions Subsequent to the Measurement Date	95,981	-
Total	$ 1,049,624	$ 1,764,152

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Contributions of $95,981 were reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, which will be recognized as a reduction of the OPEB liability in the year ended 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:

Year Ended June 30,	Amount
2026	$ 10,706
2027	(17,218)
2028	(79,373)
2029	(79,373)
2030	(79,373)
Thereafter	(565,878)
Total	$ (810,509)

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

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

	1% Decrease Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
OPEB Liability	$ 3,507,079	$ 3,991,022	$ 4,561,808

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the District calculated using the discount rate of 4.29%, as well as what the OPEB liability would be if it were calculated using the discount rate that is 1-percentage point lower (3.29%) or 1-percentage point higher (5.29%) than the current rate:

	1% Decrease in Discount Rate 3.29%	Current Discount Rate 4.29%	1% Increase in Discount Rate 5.29%
OPEB Liability	$ 4,315,783	$ 3,991,022	$ 3,684,201

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Significant Assumptions

The OPEB Liability as of June 30, 2025, was determined by rolling forward the OPEB Liability as of July 1, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age normal
Discount Rate	4.29%; Based on Standard & Poor's Municipal Bond 20-Year High-Grade Rate Index at July 1, 2024. The Discount Rate changed from 4.13% to 4.29%.
Salary Growth	Salary Increases are Composed of 2.50% Cost of Living Adjustment, 1.50% Real Wage Growth, and for Teachers and Administrators a Merit Increase Which Varies by Age from 2.75% to 0.00%.
Assumed Healthcare Cost Trends	7.00% in 2024 With 0.50% Decrease Per Year Until 5.50% in 2027. Rates Gradually Decrease from 5.40% in 2028 to 4.00% in 2075.
Mortality	PubT-2010 Headcount-Weighted Mortality Table Including Rates for Contingent Survivors for Teachers and PubG-2010 Headcount-Weighted Mortality Table Including Rates for Contingent Survivors for All Other Employees.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance 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 PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

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

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

- Attain Medicare eligibility with 24 ½ or more eligibility points, or

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

- 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 District's 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 $171,893 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $2,961,357 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 PSERS' 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, 2024, the District's proportion was 0.1667%, which was an increase of 0.0028% from its proportion measured as of June 30, 2023. As of June 30, 2025, the net OPEB liability of $2,931,665 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and $29,692 is recorded in the proprietary fund statement of net position and the business-type activities in the government-wide statement of net position

For the year ended June 30, 2025, the District recognized OPEB expense of $151,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 11,000	$ 44,000
Changes of Assumptions	180,000	452,000
Net Difference Between Projected and Actual Investment Earnings	3,000	-
Changes in Proportions	186,000	96,000
Contributions Subsequent to the Measurement Date	171,893	-
Total	$ 551,893	$ 592,000

Contributions of $171,893 were reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net OPEB liability in the year ended June 30, 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:

Year Ended June 30,	Amount
2026	$ (43,000)
2027	(62,000)
2028	(78,000)
2029	(30,000)
2030	1,000
Total	$ (212,000)

Actuarial Assumptions

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

Actuarial Cost Method	Entry Age normal - Level Percent of Pay
Investment Return	4.21% - Standard & Poor's 20-Year Municipal Bond Rate. The Discount Rate Changed from 4.13% to 4.21%.
Salary Growth	Effective Average of 4.50%, Comprised of Inflation of 2.50% and 2.00% for Real Wage Growth and for Merit or Seniority Increases.
Premium Assistance Reimbursement	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 Rate	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,

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

Participation rate:

- Eligible retirees will elect to participate pre-age 65 at 50%
- Eligible retirees will elect to participate post-age 65 at 70%

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

Actuarial Assumptions (Continued)
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 OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 mortality improvement scale.

Investments consist primarily of short term assets designed to protect the principal of the OPEB 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.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.00%	1.70%

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.21%. Under the OPEB plan's funding policy, contributions are structured for short term funding of health insurance premium assistance. The funding policy sets contribution rates necessary to assure solvency of health insurance premium assistance through the third fiscal year after the actuarial valuation date. The health insurance premium assistance account is funded to establish reserves that are sufficient for the payment of health insurance 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 OPEB plan is considered a "pay-as-you-go" plan.

Discount Rate (Continued)

A discount rate of 4.21% which represents the Standard & Poor's 20-year municipal bond rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual health insurance premium assistance. As of June 30, 2024, retirees' health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

NOTE 9 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

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

	1% Decrease Healthcare Cost Trend Rate	Current Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
District's Proportionate Share of the Net OPEB Liability	$ 2,961,095	$ 2,961,357	$ 2,961,569

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

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

	1% Decrease in Discount Rate 3.21%	Current Discount Rate 4.21%	1% Increase in Discount Rate 5.21%
District's Proportionate Share of the Net OPEB Liability	$ 3,345,434	$ 2,961,357	$ 2,639,711

OPEB Plan Fiduciary Net Position

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

NOTE 10 PENSION PLAN

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public 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.state.pa.us.

NOTE 10 PENSION PLAN (CONTINUED)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year 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 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 equal to 1.00% or 2.50%, 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 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (10 years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

NOTE 10 PENSION PLAN (CONTINUED)

Contributions

Member Contributions

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	NA	5.25% 6.25%
T-C	On or After July 22, 1983	6.25%	NA	6.25%
T-D	Prior to July 22, 1983	6.50%	NA	6.50%
T-D	On or After July 22, 1983	7.50%	NA	7.50%
T-E	On or After July 1, 2011	7.50% Base Rate With Shared Risk Provision	NA	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or After July 1, 2011	10.30% Base Rate With Shared Risk Provision	NA	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or After July 1, 2019	5.50% Base Rate With Shared Risk Provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or After July 1, 2019	4.5% Base Rate With Shared Risk Provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or After July 1, 2019	NA	7.50%	7.50%

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

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $8,827,948 for the year ended June 30, 2025.

NOTE 10 PENSION PLAN (CONTINUED)

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

At June 30, 2025, the District reported a liability of $69,730,335 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 PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.1666%, which was an increase of 0.0029% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability of $69,031,181 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position and $699,154 is recorded in the proprietary fund statement of net position and the business-type activities in the government-wide statement of net position

For the year ended June 30, 2025, the District recognized net pension expense of $7,530,000. 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	$ -	$ 1,096,345
Changes in Assumptions	-	-
Net Difference Between Projected and Actual Investment Earnings	1,154,325	-
Changes in Proportions	1,538,799	1,538,799
Contributions Subsequent to the Measurement Date	8,827,948	-
Total	$ 11,521,072	$ 2,635,144

Contributions of $8,827,948 were reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended 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:

Year Ended June 30,	Amount
2026	$ (1,849,756)
2027	1,834,221
2028	307,407
2029	(233,892)
Total	$ 57,980

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

Valuation Date	June 30, 2023
Actuarial Cost Method	Entry Age Normal - Level Percent 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 Males and Females, Adjusted to Reflect PSERS' Experience and Projected Using a Modified of the MP-2020 Improvement Scale.
Discount Rate	Used to Measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024
Demographic and Economic Assumptions	Approved by the Board for Use Effective With the June 30, 2021 Actuarial Valuation: Salary Growth Rate - Decreased from 5.00% to 4.50% Real Wage Growth and Merit or Seniority Increases (Components for Salary Growth) - Decreased from 2.75% and 2.25% to 2.50% and 2.00%, Respectively
Demographic and Economic Assumptions (Continued)	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, 2022 Actuarial Valuation, Mortality Rates are Based on a Blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, Adjusted to Reflect PSERS' Experience and Projected Using a Modified Version of the MP-2020 Improvement Scale.

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

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	30.00 %	4.80 %
Private Equity	12.00	6.70
Fixed Income	33.50	3.90
Commodities	5.00	2.50
Infrastructure/MLPs	10.00	6.40
Real Estate	9.50	5.90
Total	100.00 %	

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

Discount Rate

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

NOTE 10 PENSION PLAN (CONTINUED)

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

The following represents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

	1% Decrease in Discount Rate 6.00%	Current Discount Rate 7.00%	1% Increase in Discount Rate 8.00%
District's Proportionate Share of the Net Pension Liability	$ 91,856,000	$ 69,730,335	$ 51,047,000

Pension Plan Fiduciary Net Position

Detailed information about the PSERS' fiduciary net position is available in PSERS Annual Comprehensive Financial Report which can be found on PSERS' website at www.psers.state.pa.us.

NOTE 11 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Joint Ventures

Lancaster County Career and Technology Center

The District and the other 15 Lancaster County school districts participate in the Lancaster County Career and Technology Center (LCCTC). The LCCTC provides vocational-technical training and education to students of the participating school districts. The LCCTC is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of the LCCTC operations is the responsibility of the joint board. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2024-2025 was $812,945.

Lancaster County Career and Technology Center Authority

The District and the other 15 Lancaster County school districts also participate in a joint venture for the operation of the Lancaster County Career and Technology Center Authority (the Authority). The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings and facilities. The Authority is controlled by a joint board comprised of representative school board members of the participating school districts in the Authority. As further described below, the participating school districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The District's share of rent expense for 2024-2025 was $92,225.

NOTE 11 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Joint Ventures (Continued)

Lancaster County Career and Technology Center Authority (Continued)

On September 20, 2011, the Authority authorized the issuance of Guaranteed Lease Revenue Bonds (the Revenue Bonds), in the maximum aggregate principal amount of $43,000,000 to provide funds for the renovations and additions to the Brownstown, Mount Joy and Willow Street campuses of the LCCTC and pay for the costs of issuance. The District and the 15 Lancaster County school districts have entered into a long-term lease agreements with the Authority stipulating that each school district pay its proportionate share of the lease rentals in order to retire the Revenue Bonds based on real estate market values as set forth in the LCCTC organization agreement. The Revenue Bonds were issued in three different series over three years. The amount of each series was not to exceed $10,000,000 without the participating school districts' approval. On June 29, 2012, the Authority issued the first of three series in the total amount of $9,995,000 which was refinanced in February 2018. On September 20, 2013, the Authority issued the second of three series in the total amount of $9,995,000 which was refinanced in February 2017 and on July 9, 2014, the Authority issued the final of the three series in the total amount of $3,900,000. On June 1, 2020, the Authority refinanced its Series of 2013 and Series of 2014 Revenue Bonds by issuing the Series of 2020 Revenue Bonds in the amount of $11,145,000. The District's lease rental obligations for minimum rental payments related to the issued debt are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 66,866	$ 25,842	$ 92,708
2027	68,554	23,523	92,077
2028	69,567	21,958	91,525
2029	71,931	19,611	91,542
2030	68,554	22,253	90,807
2031 - 2035	383,295	69,205	452,500
2036 - 2037	171,555	8,915	180,470
Total	$ 900,322	$ 191,307	$ 1,091,629

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

NOTE 11 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Jointly Governed Organizations

Lancaster-Lebanon Intermediate Unit

The District and the other Lancaster and Lebanon County school districts are participating members of the Lancaster-Lebanon Intermediate Unit (the LLIU). The LLIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating school district. The School Board of each participating school district must approve the annual program budget for the LLIU but the participating school districts have no ongoing fiduciary interest or responsibility to the LLIU. The LLIU is a self-sustaining organization that provides a broad array of services to the participating school districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services and federal liaison services. During 2024-2025, the District contracted with the LLIU for special education services which totaled $789,221.

Lancaster-Lebanon Joint Authority

The District and the other Lancaster and Lebanon County school district are also participating members of the Lancaster-Lebanon Joint Authority (the Authority). The Authority oversees acquiring, holding, constructing, improving and maintaining the buildings and facilities maintained for the participating school districts and the LLIU, which is governed by a joint committee consisting of School Board members from each participating school district. During 2024-2025, the District did not have any financial transactions with the Authority.

Lancaster County Tax Collection Bureau

The District and the other 15 Lancaster County school districts along with Octorara Area School District of Chester County and the municipalities represented by those school districts are participating members of the Lancaster County Tax Collection Bureau (the Bureau) for the collection of earned income taxes. Each participating school district appoints one member to serve on the joint operating committee and 16 members are appointed by the participating municipalities. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility. The District contracts with the Bureau for the collection of property and earned income taxes. During 2024-2025, the District contracted with the Bureau for tax collection services which totaled $88,245.

NOTE 12 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

The District receives federal, state and local funding under a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing of reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters.

NOTE 13 RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District was limited in liability to $175,000 per individual and $5,166,291 in total for self-insurance medical claims for the year ended June 30, 2025.

The District has recorded a liability in the Internal Service Fund for claims incurred through June 30, 2025 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the years ended June 30, 2025 and 2024:

	2025	2024
Insurance Claims Liability - Beginning of Year	$ 244,626	$ 336,923
Current Year Insurance Claims, Fees and Changes in Estimates	5,305,747	5,015,536
Insurance Claims and Fees Paid	(5,375,656)	(5,107,833)
Insurance Claims Liability - End of Year	174,717	$ 244,626

NOTE 13 RISK MANAGEMENT (CONTINUED)

Property and Liability

The District and 15 participating member school districts, the LLIU, the Lancaster County Academy, and the LCCTC participate in the Lancaster-Lebanon Public Schools Insurance Pool (the Pool), which is a public entity risk pool currently operating as a common risk management and insurance program. The District and the other participating members pay an annual premium to the Pool for the purpose of seeking prevention or lessening of casualty losses to participating members from injuries to persons or property which might result in claims being made against participating members and to the pools insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Pool, that the Pool will utilize funds contributed by the participating members to provide self-insurance and reimbursement to the members for certain losses, to defend and protect each participating member of the Pool against certain liabilities and losses, and to purchase excess and aggregate stop-loss insurance for claims greater than $100,000 per occurrence. As of June 30, 2025, the District is not aware of any additional assessments relating to the Pool.

Workers' Compensation

The District and 16 participating member school districts, the LLIU and Lancaster County Academy participate in the Lancaster-Lebanon Public Schools Workers' Compensation Fund (the Fund), which is a cooperative voluntary trust arrangement. The District and the other participating members pay an annual premium to the Fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves, claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of the Fund that the Fund will utilize funds contributed by the participating members, which shall be held in trust by the Fund, to provide self-insurance and reimbursement to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2025, the District is not aware of any additional assessments relating to this Fund.

Other Risks

The District is exposed to other risks of loss, including errors and omissions. The District has purchased a commercial insurance policy to safeguard its assets from risk of loss due to errors and omissions. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 14 RESTATEMENT OF BEGINNING NET POSITION

Change in Accounting Principle

Effective July 1, 2024, the District implemented GASB Statement No. 101, Compensated Absences. As a result of the implementation of GASB Statement No. 101, the compensated absences liability as of July 1, 2024 was understated in the governmental activities, the business-type activities and Food Service Fund. The effect of the change in accounting principle and the resulting restatement of net position is as follows.

	Major Fund	Government-Wide	
	Food Service Fund	Governmental Activities	Business-Type Activities
June 30, 2024, As Previously Reported	$ 1,252,305	$ 29,239,496	$ 1,252,305
Change in Accounting Principle	(54,199)	(3,214,241)	(54,199)
June 30, 2024, As Adjusted or Restated	$ 1,198,106	$ 26,025,255	$ 1,198,106

REQUIRED SUPPLEMENTARY INFORMATION

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance With Final Budget Over (Under)
	Original	Final	Actual	Actual
REVENUES				
Local Sources	$ 47,713,875	$ 47,713,875	$ 49,054,359	$ 1,340,484
State Sources	16,358,877	16,358,877	16,566,422	207,545
Federal Sources	2,267,570	2,267,570	2,415,336	147,766
Total Revenues	66,340,322	66,340,322	68,036,117	1,695,795
EXPENDITURES				
Instruction:				
Regular Programs	27,668,078	25,656,647	25,656,652	(5)
Special Programs	10,517,912	10,456,903	10,456,910	(7)
Vocational Programs	1,223,113	1,175,716	1,175,718	(2)
Other Instructional Programs	187,184	161,918	161,918	-
Nonpublic School Programs	33,634	51,768	51,768	-
Total Instruction	39,629,921	37,502,952	37,502,966	(14)
Support Services:				
Pupil Support Services	2,768,186	2,698,768	2,698,771	(3)
Instructional Staff Services	4,439,862	4,126,682	4,126,695	(13)
Administrative Services	3,906,814	4,208,936	4,208,942	(6)
Pupil Health	1,405,150	1,477,798	1,477,801	(3)
Business Services	742,907	736,040	736,039	1
Operation and Maintenance of Plant Services	4,394,704	5,690,075	5,690,084	(9)
Student Transportation Services	3,515,696	3,577,015	3,577,014	1
Support Services - Central	2,664,281	3,294,074	3,294,075	(1)
Other Support Services	38,000	39,307	39,307	-
Total Support Services	23,875,600	25,848,695	25,848,728	(33)
Operation of Noninstructional Services:				
Student Activities	1,221,114	1,527,930	1,527,928	2
Community Services	4,800	13,012	13,014	(2)
Total Operation of Noninstructional Services	1,225,914	1,540,942	1,540,942	-
Facilities Acquisition, Construction and Improvement Services	-	585,253	585,252	1
Debt Service	10,000	510,383	486,744	23,639
Total Expenditures	64,741,435	65,988,225	65,964,632	23,593
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,598,887	352,097	2,071,485	1,719,388
OTHER FINANCING SOURCES (USES)				
Issuance of Right-to-Use Arrangements	-	-	458,306	458,306
Sale of/Compensation for Capital Assets	-	-	(19)	(19)
Insurance Recoveries	-	-	1,756	1,756
Refund of Prior Year Receipts	-	-	(23,638)	(23,638)
Transfers Out	(2,500,000)	(1,253,210)	(2,755,018)	(1,501,808)
Total Other Financing Sources (Uses)	(2,500,000)	(1,253,210)	(2,318,613)	(1,065,403)
NET CHANGE IN FUND BALANCES	(901,113)	(901,113)	(247,128)	653,985
Fund Balances - Beginning of Year	-	-	11,634,411	-
FUND BALANCES - END OF YEAR	$ (901,113)	$ (901,113)	$ 11,387,283	$ 653,985

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PSERS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.1666%	0.1637%	0.1708%	0.1635%	0.1582%	0.1570%	0.1553%	0.1518%	0.1496%	0.1456%
District's Proportionate Share of the Net Pension Liability	$ 69,730,335	$ 72,824,204	$ 75,935,497	$ 67,127,753	$ 77,896,123	$ 73,448,695	$ 74,551,711	$ 74,971,599	$ 73,988,343	$ 63,067,000
District's Covered Payroll	$ 26,455,282	$ 25,051,768	$ 25,136,953	$ 22,205,914	$ 22,205,914	$ 21,655,466	$ 20,908,291	$ 20,204,364	$ 19,341,198	$ 18,737,804
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	263.58%	290.69%	302.09%	302.30%	350.79%	339.17%	356.57%	371.07%	382.54%	336.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	52.00%	50.00%	54.00%

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS – PSERS
LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 8,827,948	$ 8,744,726	$ 8,645,365	$ 8,513,900	$ 7,770,043	$ 7,345,116	$ 7,030,831	$ 6,589,888	$ 5,806,210	$ 4,750,000
Contributions in Relation to the Contractually Required Contribution	8,827,948	8,744,726	8,645,365	8,513,900	7,770,043	7,345,116	7,030,831	6,589,888	5,806,210	4,750,000
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 26,816,367	$ 26,455,282	$ 25,051,768	$ 25,136,953	$ 22,205,914	$ 22,205,914	$ 21,655,466	$ 20,908,291	$ 20,204,364	$ 19,341,198
Contributions as a Percentage of Covered Payroll	32.92%	33.09%	34.51%	33.87%	34.99%	33.08%	32.47%	31.52%	28.74%	24.56%

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY – SINGLE EMPLOYER PLAN
LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability								
Service Cost	$ 287,499	$ 240,270	$ 378,761	$ 35,201	$ 40,631	$ 36,741	$ 41,869	$ 100,768
Interest on Total OPEB Liability	159,815	149,141	103,474	140,935	141,245	102,520	105,584	105,912
Changes of Benefit Terms	-	-	-	36,791	-	-	-	-
Differences Between Expected and Actual Experience	-	61,909	-	(861,641)	-	(176,997)	-	(27,626)
Change of Assumptions	(1,931)	(212,159)	(1,116,693)	945,147	-	869,705	-	1,031,285
Benefit Payments	(79,596)	(102,748)	(79,236)	(206,075)	(169,942)	(261,412)	(232,624)	(285,055)
Net Change in Total OPEB Liability	365,787	136,413	(713,694)	90,358	11,934	570,557	(85,171)	925,284
Total OPEB Liability - Beginning	3,625,235	3,488,822	4,202,516	4,112,158	4,100,224	3,529,667	3,614,838	2,689,554
Total OPEB Liability - Ending	$ 3,991,022	$ 3,625,235	$ 3,488,822	$ 4,202,516	$ 4,112,158	$ 4,100,224	$ 3,529,667	$ 3,614,838
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	$ 25,417,033	$ 25,417,033	$ 21,047,664	$ 21,047,664	$ 22,642,910	$ 22,090,644	$ 19,004,536	$ 18,541,011
Net OPEB Liability as a Percentage of Covered Payroll	15.70%	14.26%	16.58%	19.97%	18.16%	18.56%	18.57%	19.50%

There are no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75 to pay benefits.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS
LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Measurement Date	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.1667%	0.1639%	0.1709%	0.1629%	0.1582%	0.1570%	0.1553%	0.1518%
District's Proportionate Share of the Net OPEB Liability	$ 2,961,357	$ 2,965,321	$ 3,145,878	$ 3,860,865	$ 3,418,222	$ 3,339,142	$ 3,237,926	$ 3,092,791
District's Covered Payroll	$ 26,455,282	$ 25,051,733	$ 25,136,953	$ 23,097,511	$ 22,205,914	$ 21,655,466	$ 20,908,291	$ 20,204,364
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	11.19%	11.84%	12.51%	16.72%	15.39%	15.42%	15.49%	15.31%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	6.00%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS – PSERS
LAST NINE FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 171,893	$ 169,484	$ 187,888	$ 199,565	$ 189,559	$ 186,238	$ 179,876	$ 173,507	$ 167,827
Contributions in Relation to the Contractually Required Contribution	171,893	169,484	187,888	199,565	189,559	186,238	179,876	173,507	167,827
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 26,816,367	$ 26,455,282	$ 25,051,733	$ 25,136,953	$ 23,097,511	$ 22,205,914	$ 21,655,466	$ 20,908,291	$ 20,204,364
Contributions as a Percentage of Covered Payroll	0.63%	0.64%	0.75%	0.79%	0.82%	0.84%	0.83%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a 10-year trend is available.

COMBINING FUND FINANCIAL STATEMENTS

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF FIDUCIARY NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds		
	Scholarships	Student Activities	Total
ASSETS			
Cash	$ 87,851	$ 96,822	$ 184,673
Other Receivables	-	370	370
Total Assets	$ 87,851	$ 97,192	$ 185,043
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable	$ -	$ -	$ -
Total Liabilities	-	-	-
NET POSITION			
Restricted for:			
Scholarships	87,851	-	87,851
Student Activities	-	97,192	97,192
Total Net Position	87,851	97,192	185,043
Total Liabilities and Net Position	$ 87,851	$ 97,192	$ 185,043

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Custodial Funds		
	Scholarships	Student Activities	Total
ADDITIONS			
Contributions	$ 1,000	$ -	$ 1,000
Receipts from Student Groups	-	117,736	117,736
Earnings on Investments	3,884	-	3,884
Total Additions	4,884	117,736	122,620
DEDUCTIONS			
Scholarships Awards and Fees Paid	1,551	-	1,551
Student Activity Disbursements	-	109,182	109,182
Total Deductions	1,551	109,182	110,733
CHANGE IN NET POSITION	3,333	8,554	11,887
Net Position - Beginning of Year	84,518	88,638	173,156
NET POSITION - END OF YEAR	$ 87,851	$ 97,192	$ 185,043

SINGLE AUDIT

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION											
Passed-Through the Pennsylvania Department of Education											
Title I - Improving Basic Programs	I	84.010	013-230130	08/24/22 - 09/30/23	$ 963,656	$ -	$ (1,575)	$ 1,575	$ 1,575	$ -	$ -
Title I - Improving Basic Programs	I	84.010	013-240130	08/22/23 - 09/30/24	887,842	-	(624)	3,184	3,184	2,560	-
Title I - Improving Basic Programs	I	84.010	013-250130	08/30/24 - 09/30/25	876,558	751,848	-	830,639	830,639	78,791	-
Total ALN #84.010						751,848	(2,199)	835,398	835,398	81,351	-
Title II - Improving Teacher Quality	I	84.367	020-240130	08/22/23 - 09/30/24	136,088	20,658	8,941	11,717	11,717	-	-
Title II - Improving Teacher Quality	I	84.367	020-250130	08/30/24 - 09/30/25	146,419	115,430	-	127,685	127,685	12,255	-
Total ALN #84.367						136,088	8,941	139,402	139,402	12,255	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-230130	08/24/22 - 09/30/23	17,816	1,014	1,014	-	-	-	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-250130	08/30/24 - 09/30/25	19,894	19,894	-	19,894	19,894	-	-
Total ALN #84.365						20,908	1,014	19,894	19,894	-	-
Title IV - Student Support and Academic Achievement	I	84.424	144-230130	08/24/22 - 09/30/23	81,654	12,659	12,659	-	-	-	-
Title IV - Student Support and Academic Achievement	I	84.424	144-240130	08/22/23 - 09/30/24	75,441	5,389	(769)	11,546	11,546	5,388	-
Title IV - Student Support and Academic Achievement	I	84.424	144-250130	08/30/24 - 09/30/25	66,861	62,085	-	63,291	63,291	1,206	-
Total ALN #84.424						80,133	11,890	74,837	74,837	6,594	-
COVID-19 Education Stabilization Fund (ESSER III)	I	84.425U	223-210130	03/13/20 - 09/30/24	5,677,239	619,335	379,065	240,270	240,270	-	-
COVID-19 Education Stabilization Fund (ESSER III) - 7% Set Aside	I	84.425U	225-210130	03/13/20 - 09/30/24	378,213	165,038	165,038	-	-	-	-
Total ALN #84.425						784,373	544,103	240,270	240,270	-	-
Passed Through the Lancaster-Lebanon I.U.											
I.D.E.A. - Part B, Section 611	I	84.027	062-240013	07/01/23 - 09/30/24	656,189	402,817	402,817	-	-	-	-
I.D.E.A. - Part B, Section 611	I	84.027	062-250013	08/30/24 - 09/30/25	370,504	370,504	-	370,504	370,504	-	-
COVID-19 I.D.E.A. - Part B, Section 611 - ARP Funds	I	84.027	062-220013	08/30/24 - 09/30/25	291,318	291,318	-	291,318	291,318	-	-
Total ALN #84.027						1,064,639	402,817	661,822	661,822	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-230013	07/01/23 - 06/30/24	3,780	3,780	3,780	-	-	-	-
I.D.E.A. - Part B, Section 619	I	84.173	131-240013	07/01/24 - 06/30/25	3,240	-	-	3,240	3,240	3,240	-
Total ALN #84.173						3,780	3,780	3,240	3,240	3,240	-
Total U.S. Department of Education						2,841,769	970,346	1,974,863	1,974,863	103,440	-

See accompanying Notes to Schedule of Expenditures of Federal Awards.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	(Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	(Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
Passed Through the Pennsylvania Department of Public Welfare											
Medical Assistance Program	I	93.778	N/A	07/01/23 - 06/30/24	N/A	$ 22,355	$ 22,355	$ -	$ -	$ -	$ -
Medical Assistance Program	I	93.778	N/A	07/01/24 - 06/30/25	N/A	21,355	-	27,049	27,049	5,694	-
Total U.S. Department of Health and Human Services						43,710	22,355	27,049	27,049	5,694	-
U.S. DEPARTMENT OF TREASURY											
Passed Through the Pennsylvania Commission on Crime and Delinquency											
COVID-19 Coronavirus State and Local Fiscal Recovery Funds	I	21.027	SLFRP1746	01/01/24 - 12/31/25	135,152	61,334	-	101,086	101,086	39,752	-
Total ALN #21.027						61,334	-	101,086	101,086	39,752	-
Total U.S. Department of Treasury						61,334	-	101,086	101,086	39,752	-
U.S. DEPARTMENT OF AGRICULTURE											
Passed-Through the Pennsylvania Department of Education											
School Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	242,313	-	275,517	275,517	33,204	-
Total ALN #10.553						242,313	-	275,517	275,517	33,204	-
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	531,045	-	601,594	601,594	70,549	-
Passed-Through the Pennsylvania Department of Agriculture											
National School Lunch Program - Noncash Assistance	I	10.555	N/A	07/01/24 - 06/30/25	N/A	102,337	(22,337)	101,079	101,079	(23,595)	-
Total ALN #10.555						633,382	(22,337)	702,673	702,673	46,954	-
Total U.S. Department of Agriculture						875,695	(22,337)	978,190	978,190	80,158	-
Total Federal Awards						$ 3,822,508	$ 970,364	$ 3,081,188	$ 3,081,188	$ 229,044	$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						$ 1,068,419	$ 406,597	$ 665,062	$ 665,062	$ 3,240	$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						$ 875,695	$ (22,337)	$ 978,190	$ 978,190	$ 80,158	$ -
Medicaid Cluster (ALN #93.778)						$ 43,710	$ 22,355	$ 27,049	$ 27,049	$ 5,694	$ -

Source Codes:
D - Direct Funding
I - Indirect Funding

See accompanying Notes to Schedule of Expenditures of Federal Awards.

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Eastern Lancaster County School District (the 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 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 BASIS OF ACCOUNTING

The schedule of expenditures of federal awards is presented using the modified accrual basis of accounting for governmental activities. Expenditures are recorded when the liability is incurred or measurable. The related revenue is reported net of unexpended amounts returned to grantors. Proprietary fund expenses have been prepared using the accrual basis of accounting and are reported in accordance with generally accepted accounting principles (GAAP) as prescribed by the Government Accounting Standards Board (GASB).

NOTE 3 NONCASH ASSISTANCE

Donated Food
The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under Assistance Listing #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2024-2025 fiscal year.

On-behalf Service Expenditures
The Lancaster-Lebanon I.U. provides on-behalf services consists of two major categories of expenditures (special education and extended school year services). During fiscal year 2024-2025, special education expenditures were $131,994 and extended school year expenditures were $159,324.

NOTE 4 ACCESS PROGRAM

The District participates in the ACCESS Program which is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was $312,338.

NOTE 5 INDIRECT COSTS

The District has elected not to use the de minimis indirect cost rate as allowed under the Uniform Guidance.

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INDEPENDENT AUDITORS' 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
Eastern Lancaster County School District
New Holland, 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 Eastern Lancaster County School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Eastern Lancaster County School District's basic financial statements, and have issued our report thereon dated June 9, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 9, 2026

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of School Directors
Eastern Lancaster County School District
New Holland, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Eastern Lancaster County School District 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; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

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Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2025-001 to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Eastern Lancaster County School District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Eastern Lancaster County School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
June 9, 2026

EASTERN LANCASTER COUNTY SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of the Auditors' Results

Basic Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? _____ yes __x__ no
   - Significant deficiency(ies) identified? _____ yes __x__ none reported

3. Noncompliance material to basic financial statements noted? _____ yes __x__ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? _____ yes __x__ no
   - Significant deficiency(ies) identified? __x__ yes _____ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes __x__ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

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

Auditee qualified as low-risk auditee? _____ yes __x__ no

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Reference Number:	2025 – 001
Federal Agency:	U.S. Department of Agriculture
Federal Program Name:	Child Nutrition Cluster
Assistance Listing Number:	10.553, 10.555
Pass-through Agency:	Pennsylvania Department of Education
Pass-through Entity Number:	N/A
Federal Award Identification Number and Year:	241PA305N1199, 251PA305N1199
Award Period:	7/1/2024 to 6/30/2025
Compliance Requirement:	Reporting
Type of Finding:	Significant Deficiency in Internal Control over Compliance

Criteria or Specific Requirement:

Internal Control: Per 2 CFR section 200.303(a), a non-Federal entity must: Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should comply with guidance in "Standards for Internal Control in the Federal Government" issued by the Comptroller General of the United States or the "Internal Control Integrated Framework", issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Condition:

The District was unable to provide evidence of independent review and approval for three of three reporting samples tested.

Questioned Costs:

None

Context:

The District did not properly review and approve three of three SNP Claim for Reimbursement Summary reports.

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

Cause:

The District did not have internal controls established to ensure proper review and approval of the SNP Claim for Reimbursement Summary report.

Effect:

There is a risk that meals submitted for reimbursement were overstated or understated.

Repeat Finding:

No

Recommendation:

We recommend that the District implement procedures to ensure that SNP Claim for Reimbursement Summary reports are independently reviewed and approved prior to submission to Program Electronic Application and Reimbursement System (PEARS). This review should be performed by an individual who is not involved in the preparation of the reports and evidence of the review should be documented.

Views of Responsible Officials:

The District will implement formal internal control procedures requiring review and documented approval of all SNP Claim for Reimbursement Summary reports prior to submission in PEARS.

The following procedures will be implemented:

1. The Director of Food Services will prepare the monthly SNP Claim for Reimbursement Summary report and compile all supporting meal count documentation.
2. Prior to submission, the Administrative Assistant to the Director of Food Services or another designated individual independent of the preparation process will:
    a. Review the claim for mathematical accuracy;
    b. Verify meal counts against supporting documentation;
    c. Confirm claims are submitted within required timelines; and
3. Evidence of the review and approval will be documented through:
    a. Signature or electronic approval on the reimbursement summary report; and
    b. Retention of supporting documentation in accordance with federal and state record retention requirements.
4. A written standard operating procedure (SOP) outlining these review and approval responsibilities will be developed and communicated to applicable personnel.
5. The Chief of Finance and Operations will periodically monitor compliance with the procedure to ensure controls remain effective.



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APPENDIX F

BOND AMORTIZATION SCHEDULE