PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 3, 2026

DAC Bond®

NEW ISSUE - BOOK ENTRY ONLY

RATING: Moody's: "Aa3" (Enhanced)
(*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, 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; 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. 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.

$58,415,000*

EASTON AREA SCHOOL DISTRICT

(Northampton County, Pennsylvania)

Consisting of:

$30,550,000* General Obligation Bonds, Series A of 2026

$27,865,000* General Obligation Bonds, Series B of 2026

Bonds Dated: Date of Delivery
Principal Due: April 1, as shown on inside cover
Denomination: Integral multiples of $5,000

Interest Payable: April 1 and October 1
First Interest Payment: April 1, 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 $58,415,000* in aggregate principal amount of general obligation bonds are being issued by the Easton Area School District (the "School District"), a public school district located in Northampton County, Pennsylvania and will consists of $30,550,000* General Obligation Bonds, Series A of 2026 (the "2026A Bonds") and $27,865,000* General Obligation Bonds, Series B of 2026 (the "2026B Bonds"). The 2026A Bonds and 2026B Bonds are collectively referred to as the "Bonds". 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, Harrisburg, Pennsylvania, 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 April 1, 2027, and thereafter, semiannually on April 1 and October 1 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 July 21, 2026, 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 (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 **2026A Bonds** are non-callable. The **2026B Bonds** are subject to optional redemption prior to their stated maturity dates, as described herein.

Proceeds of the 2026A Bonds will be used to: (1) currently refund [all or a portion of] the School District's outstanding General Obligation Notes, Series A of 2018 and (2) pay the costs and expenses associated with the issuance of the 2026A Bonds.

Proceeds of the 2026B Bonds will be used to fund capital improvements to the School District's existing high school and paying the costs and expenses associated with the issuance of the 2026B 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 King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter's counsel, Stevens & Lee, P.C., Reading, Pennsylvania. PFM Financial Advisors LLC, Harrisburg, Pennsylvania will serve as Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about October ____, 2026.

RAYMOND JAMES®

*Preliminary, subject to change.

$58,415,000*
EASTON AREA SCHOOL DISTRICT
(Northampton County, Pennsylvania)
Consisting of:
$30,550,000* General Obligation Bonds, Series A of 2026

Bonds Dated: Date of Delivery
Principal Due: April 1, as shown below
Denomination: Integral multiples of $5,000

Interest Payable: April 1 and October 1
First Interest Payment: April 1, 2027
Form: DTC Book-entry Only

BOND MATURITY SCHEDULE

(April 1) Year	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers (1)
2027					
2028					
2029					
2030					

$27,865,000* General Obligation Bonds, Series B of 2026

BOND MATURITY SCHEDULE

(April 1) Year	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers (1)
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

(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 AT A LEVEL ABOVE THAT 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 ARE MADE ONLY BY THE MEANS OF THIS ENTIRE 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.

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APPENDIX A - SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

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	Easton Area School District, Northampton County, Pennsylvania (the "School District").
Bonds...	The $58,415,000* aggregate principal amount of general obligation bonds will consist of $30,550,000* General Obligation Bonds, Series A of 2026 (the "2026A Bonds"), maturing on April 1, ________ through April 1, _________ and $27,865,000* General Obligation Bonds, Series B of 2026 (the "2026B Bonds"), maturing on April 1, _________ through April 1, _________. The Bonds will be dated as of the date of delivery. Interest on the Bonds shall be payable semiannually on April 1 and October 1 of each year, commencing April 1, 2027. See **"DESCRIPTION OF THE BONDS"** herein.
Optional Redemption	The **2026A Bonds** are non-callable. The **2026B Bonds** stated to mature on or after ________ __, ________, 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 ________ __, ________, 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.........................	The **2026A Bonds** will be used to: (1) currently refund [all or a portion of] the School District's outstanding General Obligation Notes, Series A of 2018 and (2) pay the costs and expenses associated with the issuance of the 2026A Bonds. The **2026B Bonds** will be used to fund capital improvements to the School District's existing high school and paying the costs and expenses associated with the issuance of the 2026B 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.
Ratings..	Moody's Investors Service has assigned its enhanced rating of "Aa3" based upon the additional security provided by the Commonwealth of Pennsylvania's Act 150 School District Intercept Program to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. (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.

EASTON AREA SCHOOL DISTRICT

(Northampton County, Pennsylvania)

Education Center
1801 Bushkill Drive
Easton, Pennsylvania 18040

BOARD OF SCHOOL DIRECTORS

Jodi Hess	President
Meg Sayago	Vice President
William Whitman	Member
Josh Davis	Member
Shandeka Greenfield	Member
Dr. Edward Keegan	Member
Michael Simonetta	Member
Brian Snyder	Member
Ghennifer Zando-Dennis	Member

*Non-voting member

SCHOOL ADMINISTRATION

Tracy Piazza	Superintendent of Schools
Jack Trent	Chief Financial Officer

SOLICITOR

King, Spry, Herman, Freund & Faul, LLC
Bethlehem, Pennsylvania

BOND COUNSEL

King, Spry, Herman, Freund & Faul, LLC
Bethlehem, Pennsylvania

MUNICIPAL ADVISOR

PFM Financial Advisors LLC
Harrisburg, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

Stevens & Lee, P.C.
Harrisburg, Pennsylvania

PAYING AGENT

Fulton Bank, National Association
Harrisburg, Pennsylvania

OFFICIAL STATEMENT

$58,415,000*
EASTON AREA SCHOOL DISTRICT
(Northampton County, Pennsylvania)

Consisting of:

$30,550,000* General Obligation Bonds, Series A of 2026

$27,865,000* General Obligation Bonds, Series B of 2026

INTRODUCTION

This Official Statement is furnished by the Easton Area School District (the "School District"), a public school district located in Northampton County, Pennsylvania, in connection with the offering of its $58,415,000* aggregate principal amount of general obligation bonds and will consists of $30,550,000* General Obligation Bonds, Series A of 2026 (the "2026A Bonds") and $27,865,000* General Obligation Bonds, Series B of 2026 (the "2026B Bonds"). The 2026A Bonds and 2026B Bonds are collectively referred to as the "Bonds". The Bonds will 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 July 21, 2026 (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 April 1 and October 1 of each year, commencing April 1, 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 **2026A Bonds** will be used to: (1) currently refund [all or a portion of] the School District's outstanding General Obligation Notes, Series A of 2018 (the "2018A Notes") and (2) pay the costs and expenses associated with the issuance of the 2026A Bonds.

Proceeds of the **2026B Bonds** will be used to fund capital improvements to the School District's existing high school and paying the costs and expenses associated with the issuance of the 2026B Bonds.

SOURCES AND USES OF FUNDS

	2026A Bonds	2026B Bonds	Total
Sources of Funds			
Proceeds of the Bonds			
[Net] Original Issue Premium [Discount]			
Total Sources of Funds			
Uses of Funds			
Amount Required to Call the 2018A Notes			
Construction Fund Deposit			
Costs of Issuance (1)			
Total Uses of Funds			

(1) Includes legal fees, underwriter's discount, municipal advisor fee, 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 April 1, 2027, and thereafter, semiannually on April 1 and October 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

When issued, the Bonds will be registered in the name of Cede & Co., as 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, April 1, 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 (15th) 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

Optional Redemption

The **2026A Bonds** are non-callable

The **2026 B Bonds** maturing on or after April 1, 20___, shall be subject to redemption, prior to maturity, at the option of the School District, in whole or in part, in any order of maturities, at any time on or after April 1, 20___, at a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all of the Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

Mandatory Sinking Fund Redemptions

The Bonds stated to mature on April 1, 20__ are subject to mandatory redemption, in part, as drawn by lot by the Paying Agent, prior to the stated maturity date, by application of money available for such purposes in the Sinking Fund established under the Bond Resolution, upon payment of the principal amount thereof, together with accrued interest, to the date fixed for redemption or upon maturity, as applicable, on April 1 of the following years as in the following principal amounts:

The Bonds Stated to Mature on April 1, 20__:

20__	$
20__	
20__	
20__	
20__	
20__*	

*Maturity

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 twenty (20) 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.

With respect to any optional redemption of the Bonds, if at the time of mailing such notice of redemption, the School District shall not have deposited with the Paying Agent monies sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption monies with the Paying Agent not later than the redemption date, and such notice shall be of no effect unless such monies are 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.

Intercept of Commonwealth Appropriations

Payment of principal of and interest on the Bonds is supported by the Commonwealth "intercept" provisions contained in the Pennsylvania Public School Code of 1949, P.L. 30 Section 101 et seq. (the "School Code"). The School Code provides that where a school district fails to pay or to provide for the payment of any principal or interest or the amount required as a sinking fund deposit on indebtedness of the school district, the Secretary of Education of the Commonwealth is required to withhold, out of any Commonwealth appropriation due to such school district, and to pay directly to the sinking fund depository for such bonds an amount equal to the sum of the interest and principal amount maturing or subject to mandatory sinking fund redemption or the amount required as a sinking fund deposit which is owing by such school district. The Bonds are entitled to the benefits of the intercept provisions of the School Code. Section 633 of the School Code states:

> "In all cases where the board of school directors of any school district fails to pay or to provide for the payment of indebtedness at date of maturity or date of mandatory redemption or on any sinking fund deposit date in accordance with the schedule under which the bonds were issued, the Secretary of Education shall notify such board of school directors of its obligations and shall withhold out of any State 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 sinking fund depositary for such bond issue."

The School Code also requires each school district to report to the Secretary of Education of the Commonwealth within 120 days after the closure of its fiscal year as part of its annual financial report, the amount of bonds or other indebtedness that became due during the fiscal year together with amounts paid on such indebtedness. Failure to include such information in the annual report permits the Secretary of Education of the Commonwealth to withhold any Commonwealth appropriation until such report is filed.

The Paying Agent, as sinking fund depository for the School District, is directed to make demand on the Secretary of Education of the Commonwealth if there is a deficiency on a sinking fund deposit date for any Bonds in order to cause the implementation of the provisions of Section 633 of the School Code in advance of an actual debt service payment date on the Bonds. **The sinking fund deposit dates for the Bonds will be March 15 and September 15 (the first day of the month prior to the principal and interest payment dates) which is at least, fifteen (15) days prior to the April 1 and October 1 principal and interest payment dates on the Bonds.**

The withholding provisions of Section 633 of the School Code described above are not part of any contract with the owners of any bonds, including the owners of the Bonds, and may be amended or repealed by future legislation. The effectiveness of these provisions may be limited by the application of other withholding provisions contained in the School Code, such as provisions for withholding and paying over appropriations for payment of unpaid teachers' salaries. There is no assurance that any payment pursuant to Section 633 will be made by the date such payments are due to the Beneficial Owners of the Bonds.

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 Funds

Under the Resolution, the School District has created "Sinking Funds - General Obligation Bonds, Series A of 2026 and General Obligation Bonds, Series B 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 Funds 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 Funds the principal of and interest on the respective Notes 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. (See **"SECURITY FOR THE BONDS"** herein.)

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 Underwriter 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 with ACE American/Chubb Cyber Enterprise.

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 liability insurance policy with CM Regent.

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 Agreement 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 Agreement (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 Agreement.

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

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

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

The School District has previously entered into a continuing disclosure agreement with respect to its previously issued bond issues that are currently outstanding. The School District's filing history of its annual financial and operating information during the past five (5) years are outlined in the following table.

Fiscal Year	Filing	Filing Dates		
Ending	Due Date	Audit	Operating Data	Budget
6/30/2025	12/27/2025	12/27/2025[1]	12/22/2025	12/22/2025
6/30/2024	12/27/2024	12/27/2024[2]	12/23/2024	12/23/2024
6/30/2023	12/27/2023	12/27/2023[3]	12/20/2023	12/14/2023
6/30/2022	12/27/2022	12/27/2022[4]	12/19/2022	12/19/2022
6/30/2021	12/27/2021	11/19/2021[5]	12/01/2021	11/19/2021

[1] A "Failure to Timely File Notice" was filed to EMMA on December 27, 2025. The School District subsequently filed another "Failure to Timely File Notice" on March 27, 2026. On August 19, 2026, as an interim filing, the School District filed its PDE 2057 annual financial report ("AFR"). The audit will be filed to EMMA when it becomes available (see "Summary and Discussion of Financial Results" on page A-3, herein).

[2] A "Failure to Timely File Notice" was filed to EMMA on December 27, 2024. On January 8, 2025, an interim filing of the unaudited financial statements were filed and the audit was subsequently filed to EMMA on May 28, 2026.

[3] A "Failure to Timely File Notice" was filed to EMMA on December 27, 2023. On January 3, 2024, as an interim filing of the unaudited financial statements were filed and the audit was subsequently filed to EMMA on January 20, 2026.

[4] A "Failure to Timely File Notice" was filed to EMMA on December 27, 2022. On February 21, 2023, an interim filing of the unaudited financial statements were filed and the audit was subsequently filed to EMMA on August 16, 2023.

[5] A "Failure to Timely File Notice" was filed to EMMA along with an interim filing of the unaudited financial statements on November 19, 2021. The audit was subsequently filed to EMMA on March 23, 2022.

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements. Digital Assurance Certification, LLC ("DAC") currently serves as the School District's dissemination agent.

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, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax*;* 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.

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

Other Federal Tax Matters

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds. In addition, ownership or disposition of the Bonds may result in other federal tax consequences to "applicable corporations" (within the meaning of Section 59(k) of the Code enacted as part of the Inflation Reduction Act of 2022) for tax years beginning after December 31, 2022, in that interest on the Bonds may be included in the calculation of the alternative minimum tax imposed on applicable corporations under Section 55(b) of the Code.

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

Pennsylvania

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

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

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

Other

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

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

LEGAL OPINIONS

The issuance of the Bonds is subject to the approving legal opinion of King, Spry, Herman, Freund & Faul, LLC, Bethlehem, 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 King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, Solicitor to the School District, and Stevens & Lee, P.C., Reading, Pennsylvania, will pass upon certain legal matters as limited scope undertaking counsel to the underwriter.

RATINGS

Moody's Investors Service has assigned its enhanced rating of "Aa3" based upon the additional security provided by the Commonwealth of Pennsylvania's Act 150 School District Intercept Program to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Neither the School District nor the Underwriter has undertaken to maintain a particular rating on 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.

MUNICIPAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as municipal advisor (the "Municipal Advisor") in connection with the authorization and issuance of the Bonds. The Municipal Advisor is not obligated to perform an independent verification of, or to assume responsibility for the accuracy, completeness or fairness of, the information contained in this Official Statement, and has neither performed any such verification nor assumed any such responsibility.

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.

EASTON AREA SCHOOL DISTRICT
Northampton 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 Easton Area School District (the "School District") is located within Northampton County (the "County"), and the municipalities comprising the School District has a population of approximately 75,219. The School District is in the eastern part of the Allentown-Bethlehem-Easton Standard Metropolitan Statistical Area, which is the third largest industrial area in Pennsylvania, being exceeded only by Philadelphia and Pittsburgh. Considering the location, being near the confluence of the Lehigh and Delaware Rivers and at the junction of the Lehigh and Greater Delaware Valley industrial areas, the School District is the gateway to the Lehigh Valley.

The School District governed by a board of nine School Directors who are citizens of the School District and who are elected to serve four-year terms on a staggered basis. The daily operations and management of the School District are performed by a central administrative staff which is led by the Superintendent who is appointed by the Board of School Directors.

School Facilities

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

School	Year Constructed	Additions/ Alterations	Grades	2026-27 Enrollment
Elementary:				
Cheston	2021	---	K-5	547
Forks	1935	1958, 1989, 2018	K-5	324
March	1914	1927, 1938, 1961, 1978, 2009	K-5	270
Palmer	2023	---	K-5	462
Paxinosa	1925	1979, 2000	K-5	498
Shawnee	1971	2008	K-5	544
Tracy	1968	1980, 2017	K-5	411
Secondary:				
Middle School	1977	1999, 2008	6-8	1,823
Senior High	1960	1968, 1997, 2003, 2006	9-12	2,757
Total School District				7,636

Source: School District Officials.

Pupil Enrollment

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

Year	Elementary	Secondary	Total
2023-24	3,454	4,965	8,410
2024-25	3,368	4,965	8,333
2025-26	3,408	4,747	8,155
2026-27 (Current)	3,056	4,580	7,636
2027-28 (Projected)	3,400	4,596	7,996

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 Zelenkofske Axelrod LLC 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 must approve a proposed final budget at least 30 days prior to adoption. The School District 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. 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 below table presents a summary of the School District's General Fund Financial Condition for Fiscal Years ending June 30, 2022 through June 30, 2024, unaudited June 30, 2025 and estimated June 30, 2026. For more complete information, the individual financial statements and the 2026 Budget of the School District are available on the School District's website or may be reviewed at the School District's Business Office.

The School District expects the Auditor to complete the audit of their financial statements for the year ended June 30, 2025 within the next 30-60 days. The audit will be posted to EMMA soon thereafter, when it becomes available. The School District anticipates the audit to be in-line with the unaudited information presented in this Preliminary Official Statement and does not expect that the audit will contain any information that would have a material adverse effect on the School District's financial condition.

EASTON AREA SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balances
(Fiscal Years Ending June 30)

	ACTUAL			Unaudited	Estimated	Budgeted
	2022	**2023**	**2024**	**2025(1)**	**2026**	**2027**
Revenues						
Local Sources	$121,969,481	$128,117,820	$131,599,661	$139,114,928	$153,628,104	$151,192,521
State Sources	54,316,381	58,806,292	60,693,067	66,715,615	63,857,050	67,891,579
Federal Sources	10,418,520	10,674,900	19,462,460	14,590,026	2,936,477	4,186,126
Other Financing Sources	0	0	0	0	0	0
Total Revenues	$186,704,382	$197,599,012	$211,755,188	$220,420,569	$220,421,632	$223,270,226
Expenditures						
Regular Programs	$85,894,248	$89,435,424	$98,499,291	$136,674,357	$130,981,938	$137,887,730
Special Programs	27,391,344	32,894,646	30,190,851	89,079,980	63,658,583	63,551,339
Vocational Programs	5,783,897	6,211,772	6,242,823	0	2,311,252	2,243,720
Other Instructional Programs	195,329	355,224	501,863	202,402	0	0
Pupil Personnel Services	6,686,341	6,686,166	7,347,838	0	0	0
Non-public	1,822,615	1,467,362	1,485,453	0	0	0
Instructional Staff Services	6,257,117	6,618,582	8,417,196	0	0	0
Administrative Services	8,885,669	8,729,088	9,114,226	0	0	0
Pupil Health Services	1,951,874	2,059,178	2,086,130	0	0	0
Business Services	1,561,597	1,335,933	2,611,638	0	0	0
Operation and Maintenance of Plant	14,503,547	15,137,078	16,071,646	0	0	0
Student Transportation Services	9,789,675	9,460,892	13,456,426	0	0	0
Central and Other Support Services	3,354,486	3,353,000	3,383,517	0	0	0
Student Activities and Athletics	1,994,180	2,263,456	2,209,438	0	0	0
Community Services	229,368	419,865	228,615	0	0	0
Refund of Prior Year Revenues	0	685	44	0	0	0
Facilities Acquisition, Construction and Improvement Services	0	0	0	2,965,909	0	3,316,665
Debt Service	18,269,358	17,494,291	17,745,784	14,964,671	19,694,029	16,270,772
Total Expenditures	$194,570,645	$203,922,642	$219,592,779	$243,887,319	$216,645,802	$223,270,226

(1)PDE-2057 AFR report, subject to change and final audit.

Source: Audits, PDE 2057 AFR, Budget and School District Officials

EASTON AREA SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balances
(Fiscal Years Ending June 30)
(Continued)

	ACTUAL			Unaudited	Estimated	Budgeted
	2022	2023	2024	2025(1)	2026	2027
Other Financing Sources (Uses)						
Sale of Capital Assets/ Insurance Recoveries	$16,802	$0	$18,236	$56,741	$0	$0
Transfer to Other Funds	(150,000)	0	0	0	(1,871,364)	0
Refunds of Prior Year Expenditures	0	601,708	121,878	0	0	0
Proceeds from Extended Term Financing	4,194,619	0	0	0	0	0
Miscellaneous Revenue	0	0	941,006	0	0	0
Issuance of Leases	0	572,497	1,708,308	0	0	0
Total Other Financing Sources (Uses)	$4,061,421	$1,174,205	$2,789,428	$56,741	($1,871,364)	$0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	($3,804,842)	($5,149,425)	($5,048,163)	($23,410,009)	$1,904,466	$0
Beginning Fund Balance	$41,814,854	$38,010,012	$28,808,825	$30,265,500	(1)* $6,855,491	
Restated	0	($4,051,762) *	($1,224,112) *	$0	$0	
Fund Balance June 30	$38,010,012	$28,808,825	$22,536,550	$6,855,491	$8,759,957	

*July 1, 2022, July 1, 2023 and July 1, 2024, general fund balances were restated to correctly account for receivables, self-insurance liability, and cash accounts.

(1)PDE-2057 AFR report, subject to change and final audit.

Source: Audits, PDE 2057 AFR, Budget and School District Officials

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 not 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 %
2025-26	5.1
2024-25	7.0
2023-24	5.4
2022-23	4.4
2021-22	3.9

Source: Pennsylvania Department of Education website.

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

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

The information set forth above is a summary of the Taxpayer Relief Act. This summary is not intended to be an exhaustive discussion of the provisions of the Taxpayer Relief Act nor a legal interpretation of any provision of the Taxpayer Relief Act and a prospective purchaser of the Bonds should review the full text of the Taxpayer Relief Act as a part of any decision to purchase the Bonds.

Act 1 also provides for gaming revenues received by the Commonwealth to be accumulated in the Property Tax Relief Reserve Fund ("Fund"). When the Fund has sufficient monies according to a formula, the Secretary of the Commonwealth announces that funds are available for distribution to school districts. The monies received by school districts from the Fund may only be used to provide a reduction in real estate taxes to qualified homestead/farmstead properties. To qualify for a homestead and/or farmstead tax reduction, the property must be owner-occupied and used for residential purposes. The monies received by the local school district from the Fund are offset on a dollar for dollar basis by reductions in the local real estate tax payments from owners of qualified homestead and farmstead properties.

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

2025-26 Real Estate and Non-Real Estate Tax Rates

	Real Estate (Mills)			
Municipality	**School District**	**Municipal**	**County**	**Total**
Easton City	72.17	24.95	10.8	107.92
Forks Township	72.17	7.50	10.8	90.47
Lower Mount Bethel Township	72.17	7.70	10.8	90.67
Palmer Township	72.17	9.50	10.8	92.47

	Real Estate Transfer		Local Services	
Municipality	**Municipal**	**School**	**Municipal**	**School**
Easton City	0.5%	0.5%	$52.00	$0.0
Forks Township	0.5%	0.5%	52.00	0.0
Lower Mount Bethel Township	0.5%	0.5%	52.00	0.0
Palmer Township	0.5%	0.5%	52.00	0.0

	Earned Income		Per Capita	
Municipality	**Municipal**	**School**	**Municipal**	**School**
Easton City	1.45	0.5	$5.00	$10.00
Forks Township	0.50	0.5	0.00	0.00
Lower Mount Bethel Township	0.75	0.5	0.00	0.00
Palmer Township	0.50	0.5	0.00	0.00

Source: School District 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	Assessed Valuation	Millage	Levy	Collected in Year of Levy Amount	%	Total Collections Amount(1)	%
2020-21	$1,713,311,400	65.40	$112,050,566	$101,120,697	90.2%	$103,946,653	92.8%
2021-22	1,792,650,400	65.56	117,526,160	103,318,686	87.9%	106,290,138	90.4%
2022-23	1,832,593,000	66.87	122,545,494	107,207,076	87.5%	109,970,792	89.7%
2023-24	1,841,014,100	68.20	125,557,162	104,778,792	83.5%	108,185,373	86.2%
2024-25	1,851,835,600	69.73	129,128,496	114,275,277	88.5%	116,929,605	90.6%

(1)Includes delinquent real estate collection.
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:

Fiscal Year	Market Value	Assessed Value	Ratio
2021-22	$4,791,410,553	$1,652,398,700	34.49%
2022-23	5,448,374,668	1,685,440,000	30.93%
2023-24	5,695,866,259	1,740,948,400	30.57%
2024-25	6,474,145,279	1,761,363,100	27.21%
2025-26	6,532,097,210	1,771,726,600	27.12%

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

Ten Largest Taxpayers 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 6.17% of the School District's total most recent assessed value.

Taxpayer	Taxable Assessed Valuation
Duke Realty Limited Partnership	$24,578,700
BCI IV Logistics Center @ 33 LLC	16,250,000
USLP Zeta Van Buren LLC	16,013,600
Exeter 2320 Newlins Mill LP	8,407,500
Palmerview Acquisition Limited Partnership	8,031,300
Woodmont Palmer Apartments LP	7,826,000
DCT Palmer 1 LLC	7,201,200
CLPF MRPI Nazareth	7,063,400
Carson NW Quad LLC	7,021,000
Carson Lehigh LLC	6,963,700
Total	$109,356,400

Source: County Assessment Office

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 MVAR is currently higher at 50.21%. 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 is a moratorium for the new PlanCon program, which still remains in place.

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 **NON-ELECTORAL DEBT***	**Gross Outstanding**	**Project Reimbursable Percent (%)**	**Effective[(1)] Reimbursement**	**State Share**	**Local Share**
Issue Type					
General Obligation Bonds, Series B of 2026	$27,865,000	0.00%	0.00%	$0	$27,865,000
General Obligation Bonds, Series A of 2026	30,550,000	16.38%	8.22%	2,512,554	28,037,446
General Obligation Notes, Series of 2022	9,980,000	0.00%	0.00%	0	9,980,000
General Obligation Notes, Series of 2021	20,925,000	0.00%	0.00%	0	20,925,000
General Obligation Bonds, Series B of 2020	16,415,000	0.00%	0.00%	0	16,415,000
General Obligation Bonds, Series A of 2020	10,775,000	21.65%	10.87%	1,171,293	9,603,707
General Obligation Notes, Series of 2019	9,455,000	16.14%	8.10%	766,223	8,688,777
Total Principal of Non-electoral Debt	$125,965,000			$4,450,069	$121,514,931
Total Principal of Lease Rental Debt	$ 0				
TOTAL DIRECT DEBT	$125,965,000				
OVERLAPPING DEBT					
Component Municipalities Debt	$91,075,000				
Northampton County[(2)]	13,651,300				
Total Principal of Overlapping Debt	$104,726,300				
TOTAL DIRECT AND OVERLAPPING DEBT	$230,771,622				
DEBT RATIOS OF DIRECT DEBT					
Market Valuation of Real Estate	1.93%				
Assessed Valuation of Real Estate	7.11%				
Per Capita (2020 Population)	$1,675				
DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT					
Market Valuation of Real Estate	3.53%				
Assessed Valuation of Real Estate	13.03%				
Per Capita (2020 Population)	$3,068				

(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 16.4% share of the County's $83,450,000 principal amount outstanding.

*Preliminary, subject to change. Excludes the 2018A Notes being refunded herein.

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

FUTURE FINANCING

The School District does anticipate issuing additional long-term debt for the high school project in the amount of $275,000,000 over the next 3 - 4 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 electoral 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	Unaudited 2024-25	Estimated 2025-26
Total General Fund Revenues	$211,755,188	$220,420,569	$220,421,632
Less: Required Deductions			
a. Rental and Sinking Fund Reimbursement	$1,125,637	$2,570,521	$2,200,000
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 (i.e., insurance recoveries)	0	0	0
Total Deductions	$1,125,637	$2,570,521	$2,200,000
Total Revenues	$210,629,551	$217,850,048	$218,221,632
Total Net Revenues for Three Years		$646,701,230	
Borrowing Base - Average Net Revenues for Three-Year Period		$215,567,077	
Computation of Borrowing Capacity			
Debt Limitation - 225% OF Borrowing Base		$485,025,923	
Less: Net Non-Electoral and Lease Rental Debt		125,965,000	
Current Non-Electoral and Lease Rental Borrowing Capacity		$359,060,923	

LABOR RELATIONS

Employees and Labor Contracts

The School District employs approximately 1,179 full-time employees. The teaching staff currently consists of 615 professionals and there are 88 administrators and 476 classified support personnel. The teachers are represented by the Easton Area Education Association, an affiliate of the Pennsylvania State Education Association ("PSEA"), under contract with the School District which expires on June 30, 2028. The Easton Area School Service Personnel Association are represented by the American Federation of State, County and Municipal Employees ("AFSCME"), under contract with the School Ditrict 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 16, 2022, the PSERS Board certified the employer rate, to be paid by the School District, of 33.59% for the 2026-27 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 have been as follows:

Fiscal Year		Amount
2021-22		$24,680,546
2022-23		24,742,930
2023-24		26,434,054
2024-25	(unaudited)	30,156,371
2025-26	(estimated)	32,883,089

On June 30, 2024, the School District reported a liability of $225,057,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2023 (measurement date), the School District's proportion was 0.5059%, which was an increase of 0.0008% from its proportion measured as of June 30, 2022.

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

The following tables provide population trends, age, family income and housing indices for the School District, the County and the Commonwealth of Pennsylvania.

Population

	2010	2020
School District	66,181	75,219
Northampton County	297,735	312,951
Pennsylvania	12,702,379	13,002,700

Source: U.S. Bureau of Census.

Age Composition
(2020)

	Percent Under 18	Percent 65 and Over
School District	16.0	5.0
Northampton County	23.3	15.7
Pennsylvania	23.8	15.6

Source: U.S. Bureau of Census.

Family Income
(2020-5 Year Estimates)

	Median Household	Per Capita	% of Families in Poverty
School District	$91,598	$41,181	10.1
Northampton County	82,201	42,643	10.6
Pennsylvania	73,170	41,234	12.0

Source: U.S. Bureau of Census.

Housing Characteristics
(July 1, 2023)

	Housing Units	Households	Persons Per Household
Northampton County	130,434	120,384	2.51
Pennsylvania	5,839,963	5,193,727	2.42

Source: U.S. Bureau of Census.

Educational Institutions

Northampton County is endowed with a good range of institutions of higher learning. The four private institutions offering undergraduate and graduate degrees in the area are Lafayette College in Easton; Lehigh University and Moravian College, both in Bethlehem; and Muhlenberg College in Allentown. Northampton County Community College, with its main campus located in Bethlehem.

Transportation

School District residents have many major highways located in or close to the School District. U.S. Route 33 connects the school district north to U.S. I-80 and south to U.S. Route 22 and U.S. I-78. I-80 traveling east connects to New Jersey and New York, while traveling west continues through Pennsylvania on to Ohio. U.S. Route 22 and I-78 connect to School District residents east to New Jersey and west to Allentown.

The School District is also provided with air service by Allentown-Bethlehem-Easton Airport located just south of the limits. Passenger and freight service is provided by a number of major airlines. In recent years the airport completely modernized its terminal and landing facilities to handle the newest jets and the increased passenger demand. Non-commercial flying facilities are provided at Allentown's Queen City Municipal Airport. Bus service is provided for residents by the Lehigh and Northampton Transportation Authority and the Greyhound Bus Company.

Medical Facilities

Institution	**Location**
Easton Hospital	Easton
Coordinated Health Orthopedic Hospital	Bethlehem
St. Lukes Hospital – Anderson Campus	Easton

Recreation

The residents of the School District can take advantage of the County's more than 1,300 acres of outdoor recreational parks to enjoy camping, picnicking, hiking, bicycling, boating and fishing. Several sites also have athletic facilities for softball, tennis and basketball. Other recreational and cultural resources located within the Lehigh Valley include State Game Lands, major arenas, museums, historic sites, regional festivals and a regional family amusement park.

ECONOMIC INFORMATION

Ten Largest Employers in Northampton County
2nd Quarter, 2025

Lehigh University
Wal-Mart Associates Inc.
Saint Luke's Hospital
Northampton County
Federal Express Corp.
Wind Creek
United Parcel Service Inc.
Victaulic Company
Bethlehem Area School District
Giant Food Stores LLC

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

ALLENTOWN - BETHLEHEM - EASTON METROPOLITAN STATISTICAL AREA

(Carbon, Lehigh and Northampton Counties, PA; Warren County, NJ)

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

					SEASONALLY ADJUSTED			
TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOY-MENT	UNEMPLOY-MENT	RATE (%)	LABOR FORCE	EMPLOY-MENT	UNEMPLOY-MENT	RATE (%)
November 2025	455,800	437,600	18,200	4.0	453,900	433,100	20,700	4.6
October	-	-	-	-	-	-	-	-
September	453,800	432,500	21,300	4.7	452,500	432,300	20,200	4.5
November 2024	450,100	434,100	16,000	3.6	452,100	434,400	17,700	3.9

Source: Pennsylvania Department of Labor & Industry – Monthly Newsletter.

ALLENTOWN-BETHLEHEM-EASTON METROPOLITAN STATISTICAL AREA

(Carbon, Lehigh, and Northampton PA counties; Warren County, NJ)

November 2025
NONFARM JOBS - NOT SEASONALLY ADJUSTED

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Nov 2025	Oct 2025	Sep 2025	Nov 2024	Oct 2025	Nov 2024
TOTAL NONFARM	**407,200**	406,100	404,400	402,100	1,100	5,100
TOTAL PRIVATE	**365,500**	364,700	363,300	361,500	800	4,000
GOODS-PRODUCING	**55,000**	55,000	55,400	54,700	0	300
Mining, Logging, and Construction	**13,700**	13,800	14,000	13,600	-100	100
Manufacturing	**41,300**	41,200	41,400	41,100	100	200
Durable Goods	**24,100**	24,100	24,200	24,000	0	100
Non-Durable Goods	**17,200**	17,100	17,200	17,100	100	100
SERVICE-PROVIDING	**352,200**	351,100	349,000	347,400	1,100	4,800
PRIVATE SERVICE-PROVIDING	**310,500**	309,700	307,900	306,800	800	3,700
Trade, Transportation, and Utilities	**93,200**	90,800	89,700	92,600	2,400	600
Wholesale Trade	**15,400**	15,500	15,500	15,700	-100	-300
Retail Trade	**39,900**	39,100	38,600	39,300	800	600
Food and beverage retailers	**10,400**	10,400	10,200	10,400	0	0
General merchandise retailers	**7,700**	7,500	7,300	7,500	200	200
Department stores	**3,900**	3,700	3,600	3,900	200	0
Transportation, Warehousing, and Utilities	**37,900**	36,200	35,600	37,600	1,700	300
Transportation and Warehousing	**36,900**	35,200	34,600	36,500	1,700	400
Information	**6,000**	6,100	6,100	6,000	-100	0
Financial Activities	**12,800**	12,900	13,000	12,500	-100	300
Finance and insurance	**9,400**	9,400	9,500	9,000	0	400
Insurance carriers and related activities	**4,100**	4,200	4,100	4,100	-100	0
Professional and Business Services	**52,600**	52,800	52,500	51,900	-200	700
Professional and technical services	**18,400**	18,400	18,300	17,800	0	600
Management of companies and enterprises	**9,900**	9,900	9,900	9,800	0	100
Administrative and waste services	**24,300**	24,500	24,300	24,300	-200	0
Employment services	**9,100**	9,100	9,000	9,400	0	-300
Education and Health Services	**97,000**	96,400	94,600	93,000	600	4,000
Educational services	**14,400**	14,200	13,400	14,300	200	100
Health care and social assistance	**82,600**	82,200	81,200	78,700	400	3,900
Hospitals	**25,800**	25,700	25,500	24,700	100	1,100
Leisure and Hospitality	**34,000**	35,800	37,100	36,000	-1,800	-2,000
Accommodation and food services	**29,000**	29,400	29,600	29,100	-400	-100
Food services and drinking places	**25,100**	25,500	25,700	25,100	-400	0
Other Services	**14,900**	14,900	14,900	14,800	0	100
Government	**41,700**	41,400	41,100	40,600	300	1,100
Federal Government	**2,400**	2,400	2,400	2,600	0	-200
State Government	**2,600**	2,600	2,600	2,600	0	0
Local Government	**36,700**	36,400	36,100	35,400	300	1,300
Local government educational services	**23,800**	23,500	23,100	22,700	300	1,100
Local government excluding educational services	**12,900**	12,900	13,000	12,700	0	200
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry – Monthly Newsletter.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

A KING, SPRY, HERMAN, FREUND & FAUL, LLC
One West Broad Street, Suite 700
Bethlehem, Pennsylvania 18018

October __, 2026

Re: Easton Area School District, Northampton County, Pennsylvania
$________ General Obligation Bonds, Series A of 2026
$________ General Obligation Bonds, Series B of 2026

The Easton Area School District, Northampton County, Pennsylvania (the "School District"), is a Local Government Unit, as defined in the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa.C.S. Chs. 80-82 (the "Act").

The School District has determined it to be in its best interest to fund a certain refunding program (hereinafter referred to as the "Refunding Program') through the issuance of its General Obligation Bonds, Series A of 2026 ("2026A Bonds").

The School District has also determined it to be in its best interest to fund certain capital projects of the School District (hereinafter referred to as the "Project") through the issuance of its General Obligation Bonds, Series B of 2026 ("2026B Bonds").

The School District, pursuant to a resolution duly adopted on July 21, 2026 ("Resolution"), and bond purchase proposal July 21, 2026 (the "Proposal") and an addendum (the "Addendum") thereto dated _____________, 2026) has determined to implement the foregoing decision by the authorization, issuance and sale, of two series of obligations, its 2026A Bonds in the aggregate principal amount of $_______ and its 2026B Bonds the aggregate principal amount of $_________, the proceeds of which, after payment of costs of issuance, together with any other monies available or to be available for the purpose, to provide necessary monies for the funding of the Refunding Program and Project. The Addendum and the Proposal are collectively referred to as the "Bond Purchase Agreement". The 2026A Bonds and 2026B Bonds are collectively referred to as the "Bonds".

The principal and interest due on the Bonds are payable from the School District's general revenues and constitute general obligation bonds under the Act.

The Bonds maturing on and after ____________, ____ are subject to redemption at par in whole or in part at the option of the School District at any time on or after ________, ____.

Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with provisions of the Act. The Department of Community and Economic Development of the Commonwealth has approved the proceedings relating to issuance and delivery of the Bonds, as authorized by the Resolution, as required by the Act.

In our capacity as bond counsel to the School District, we have examined the Constitution of the Commonwealth of Pennsylvania; the Act and such other statutes, regulations, decisions, proceedings, and documents as we have deemed necessary as the basis of this opinion; the Resolution; a representative Bond; and certain statements, certifications, reports, affidavits and documents and agreements pertaining to the issuance and sale of the Bonds.

On the basis of the foregoing, we are of the opinion that:

1. The School District is authorized, under the Act, to issue the Bonds with the proceeds, together with any other money made available for the purpose, to be used for the purpose of providing the monies required to fund the Refunding Program and Project, as defined in the Resolution and a certain Official Statement dated September __, 2026.

2. The amount of the nonelectoral debt of the School District issued and outstanding or authorized by vote of the Board of School Directors of the School District (the "School Board"), after giving effect to the issuance and delivery of the Bonds, computed in accordance with the Act, is not in excess of legal limitations; and the nonelectoral debt of the School District, which is evidenced by the Bonds, is permitted by the Act and the Constitution of the Commonwealth to be made by vote of the School Board without assent of the electors.

3. The Bonds and interest thereon are payable from the School District's general revenues. The School District has covenanted, in the Resolution, to and with holders or registered owners of such Bonds which shall be outstanding, from time to time, pursuant to the Resolution, that the School District shall include the amount of the debt service thereof, for each fiscal year of the School District in which such sums are payable, in its budget for that fiscal year; shall appropriate such amounts to the place and in the manner stated in the Bonds according to the true intent and meaning thereof; and, for such budgeting, appropriation, and payment, the School District has pledged, irrevocably, its full faith, credit and available taxing power. The Act provides that the foregoing covenant of the School District shall be enforceable specifically. 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.

We call to your attention, however, that pursuant to Act 1 of Special Session 2006 ("Act 1"), the School District may not, in any fiscal year, without voter approval by referendum (a so-called "back-end referendum"), or without approval by the Pennsylvania Department of Education, increase the rate of any tax for school purposes by more than the index ("Index"), increase the rate of any earned income tax levied under the Local Tax Enabling Act or levy any tax not previously imposed.

There are exceptions to the back-end referendum and school districts such as the School District may increase the rate of a tax levied for the support of the public schools by more than the applicable Index without voter approval on debt issued to refinance debt incurred prior to the effective date of Act 1 so long as such increase has been approved by the Pennsylvania Department of Education.

The Undersigned is of the opinion that the aforementioned exception to the referendum requirement is <u>not</u> available to the School District with respect to the 2026 Bonds.

4. The School District, in the Resolution, has established sinking funds for the Bonds, with the paying agent named in the Resolution as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds shall be deposited no later than the date fixed for disbursement thereof. The School District has covenanted, in the Resolution, to make payments therefrom in such amounts as shall be sufficient for prompt and full payment of all obligations of the Bonds.

5. The annual amounts appropriated to the sinking funds under the Resolution are sufficient to pay the principal of and interest on the Bonds.

6. The Bonds constitute valid, binding and enforceable general obligations of the School District in accordance with their terms and the terms of the Resolution, entitled to the benefit and security of the Resolution and the Act, for the payment of which all taxable real property within the School District is presently subject to ad valorem taxes without limitation as to rate or amount.

7. The Resolution has been properly adopted, and the provisions thereof represent valid and binding obligations of the School District in accordance with the terms thereof.

8. The principal of and interest on the Bonds are payable without deduction of any taxes now or hereafter levied or assessed thereon under any present or future law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, estate, succession or inheritance taxes, taxes on gains on the sale of the Bonds, or to other taxes not levied or assessed directly on the Bonds or the interest paid thereon.

9. Under existing statutes, regulations and decisions, interest on the Bonds, including any original issue discount properly allocable to the holder thereof, is excluded from gross income for purposes of Federal income taxation and is not an item of tax preference for purposes of Federal alternative minimum tax; 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 Internal Revenue Code of 1986, as amended (“Code”). Furthermore, the Bonds are not arbitrage bonds.

The opinion set forth above in Paragraph 9 is subject to the condition that the School District comply with all requirements of the Code 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. Failure to comply with certain of such requirements could cause the interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The School District has covenanted to comply with all such requirements and has the legal power to do so. We express no opinion regarding other Federal tax consequences arising with respect to the Bonds.

It is to be understood that the rights of holders or registered owners of Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The Cusip Number printed on each of the Bonds pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures is for convenience of identification only and does not in any way affect or modify the legality, negotiability, transferability or procedure for redemption of the Bonds.

This opinion is expressly limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated herein. This opinion is given as of the date hereof and we assume no obligation to update this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. This opinion is expressly limited to the present internal laws of the Commonwealth and present federal law.

KING, SPRY, HERMAN, FREUND & FAUL, LLC

____

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE AGREEMENT

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is made as of the ___ day of October 2026, by the Easton Area School District (the "School District").

W I T N E S S E T H :

WHEREAS, pursuant to a bond purchase proposal dated _____________, 2026 and an addendum thereto dated ____________, 2026 by and between the School District and Raymond James and Associates, Inc (the "Underwriter"), the School District is selling the School District's General Obligation Bonds, Series A of 2026 ("2026A Bonds") in the aggregate principal amount of $________ and its General Obligation Bonds, Series B of 2026 ("2026B Bonds") in the aggregate principal amount of $________ to the Underwriter; and

WHEREAS, the 2026A Bonds and 2026B Bonds are collectively referred to as the "Bonds"; ad

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), provides that a Participating Underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an Offering (as defined in the Rule) unless the Participating Underwriter has reasonably determined that an issuer of municipal securities, or an obligated person for whom financial or operating data is presented in the final official statement has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide, either directly or indirectly through an indenture trustee or a designated agent, certain specified financial information and operating data and notices of certain material events; and

WHEREAS, the School District currently is the only obligated person with respect to the Bonds for purposes of the Rule; and

WHEREAS, in order to enable the Underwriter to comply with the requirements of the Rule, the School District, as such obligated person, agrees to undertake to provide the information and notices required by the Rule.

NOW, THEREFORE, in consideration of the premises, the School District, intending to be legally bound hereby, agrees as follows:

Section 1. Definitions. In addition to the terms defined in the above recitals, the following terms shall have the meanings specified below:

"EMMA" shall mean the Electronic Municipal Market Access System as provided by the MSRB.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"SID" shall mean the state information depository, if any, established for Pennsylvania for purposes of the Rule. As of the date hereof, there is no SID.

Section 2. Covenants of the School District.

The School District covenants to comply with all requirements of the Rule in furtherance of the foregoing and without limiting the generality thereof:

(a) The School District shall deliver to any bond insurer then insuring the Bonds, the MSRB through EMMA and to the SID, if any, by March 27th after the end of each fiscal year commencing with the fiscal year ending June 30, 2026:

(1) Financial statements for the most recent fiscal year prepared in accordance with generally accepted accounting principles for local government units;

(2) a copy of (or a summary of) the budget for the current fiscal year;

(3) the assessed and market value of all taxable real estate for the most recent fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(4) the taxes and millage rates imposed for the most recent fiscal year (may be contained within the budget or audit for the most recent fiscal year without need for further cross reference);

(5) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in previous years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount) (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and

(6) a list of the ten (10) real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference).

(b) If not submitted as part of the annual financial information, the School District shall deliver if and when available, the audited financial statements for the School District;

(c) The School District shall file in a timely manner not in excess of ten (10) business days after the occurrence of the event, to any bond insurer then insuring the Bonds and with the MSRB through EMMA and to the SID, if any, notice of any of the following events (collectively, "Reportable Events") with respect to the Bonds:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on any credit enhancements reflecting financial difficulties;

(5) substitution of any credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security, or other material events affecting the tax status of the Bonds;

(7) modifications to rights of holders of the Bonds if material:

(8) bond calls, if material, and tender offers;

(9) defeasances or events affecting the tax-exempt status of the Bonds;

(10) release, substitution, or sale of property securing payment of the Bonds, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership, or similar event of the obligated person;

(13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and

(14) appointment of a successor or additional trustee or the change of name of a trustee if material.

(15) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

(d) The School District shall file in a timely manner with MSRB through EMMA notice of a failure of any person obligated to provide required annual financial information, on or before the date specified within this Disclosure Certificate.

(e) The School District shall send to any bond insurer then insuring the Bonds:

(1) Copies of any information delivered to MSRB through EMMA and the SID, if any, pursuant to subsections (a) or (b) above; and

(2) Concurrently with the delivery of any information required pursuant to subsection (a) or (b) above, a certificate signed by an authorized officer of the School District, that it has filed such information with the MSRB through EMMA and the SID, if any.

(f) The School District agrees to provide information required in subsection (a) or (b) above for all persons who are determined by it to be "Obligated Persons" under the Rule.

(g) The School District agrees that the provisions of this Section 2 shall be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by any holders or beneficial owners of the Bonds, or by the Paying Agent on their behalf.

Section 3. Termination of Reporting Obligations. The School District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all the Bonds. If the School District's obligations with respect to the payment of the Bonds are assumed in full by some other entity, such other entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the School District's, and the School District shall have no further responsibility hereunder. In addition, the School District's obligation to provide information and notices as specified in Section 2 hereof shall terminate (i) at such other times as such information and notices (or any portion thereof) are no longer required to be provided by the Rule as it applies to the Bonds, (ii) in the event of a repeal or rescission of the Rule or (iii) upon a determination that the Rule is invalid or unenforceable.

Section 4. Amendment. The School District may amend this Disclosure Certificate and waive any of the provisions hereof, but no such amendment or waiver shall be executed and effective unless (i) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the School District or the operations conducted by the School District, (ii) this Disclosure Certificate, as modified by the amendment or waiver complies with the requirements of the Rule, and (iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Bonds. Prior to executing any requested amendment, the School District shall provide an opinion of counsel knowledgeable in federal securities laws to the effect that the proposed amendment satisfies the requirements described above. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the School District shall describe such amendment in its next annual report delivered pursuant to Section 2(a) hereof, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the financial information or operating data being presented by the School District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i.e., changes other than those prescribed by generally accepted accounting principles), (i) notice of such change shall be given pursuant to the Reportable Event notice requirements as set forth in this Disclosure Certificate; and (ii) the annual report for the year in which the change is made will present a comparison between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. To the extent that the Rule requires or permits an approving vote of beneficial owners of the Bonds in connection with an amendment, the approving vote of beneficial owners of Bonds constituting more than 50% of the aggregate principal amount of the then outstanding Bonds shall constitute such approval. The School District shall provide notice of any amendment to this Disclosure Certificate to the MSRB through EMMA and the SID, if any, and to the registered holders of the Bonds.

Section 5. Remedies for Default. In the event of a breach or default by the School District of its covenants to provide annual financial information and notices as provided in Section 2 hereof, the Paying Agent, the Underwriter, or any holder or beneficial owner of Bonds shall have the right to bring an action in a court of competent jurisdiction to compel specific performance by the School District. A breach or default under this Disclosure Certificate shall not constitute an event of default under the Bonds or any other agreement. The Paying Agent shall be under no obligation to enforce this Disclosure Certificate but may do so and may require that it be furnished with indemnity and security for expenses satisfactory to it.

Section 6. Miscellaneous.

(a) Binding Nature of Undertaking. This Disclosure Certificate shall be binding upon and inure to the benefit of the Underwriter, and its respective successors and assigns. In addition, registered owners of the Bonds, which for the purposes of this Section 6 includes the holders of a book-entry credit evidencing an interest in the Bonds, from time to time shall be third party beneficiaries hereof and shall be entitled to enforce the provisions hereof as if they were parties hereto; but no consent of beneficial owners of the Bonds shall be required in connection with any amendment of this Disclosure Certificate, except as required by the Rule. Holders of book-entry credits evidencing an interest in the Bonds may file their names and addresses with the School District for the purposes of receiving notices or giving direction under this Disclosure Certificate.

(b) Notices. All notices and other communications required or permitted under this Disclosure Certificate shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or by other messenger, for delivery to the intended addressee) or when deposited in the United

States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Paying Agent:

Fulton Bank, N.A.
____
____
____
Attn: Telecopy No.: (___) ___-____

(ii) If to the School District:

Chief Financial Officer
Easton Area School District
1801 Bushkill Drive
Easton, PA 18040-8186
Telecopy No.: (610) 250-2400

(iii) If to the MSRB:

Municipal Services Rulemaking Board
1640 King Street
Suite 300
Alexandria, VA 22314-2719
Attn: CDI
Telecopy No. (703) 683-1938

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section.

(c) Controlling Law. This Disclosure Certificate and all questions relating to its validity, interpretation, performance, and enforcement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania and the Rule.

(d) Successor and Assigns. Notwithstanding anything herein to the contrary, any successor under the Paying Agent Agreement dated as of October __, 2026, between the School District and the Paying Agent relating to the Bonds shall automatically succeed to the rights of the Paying Agent under this Disclosure Certificate.

IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Certificate as of the date first above written.

EASTON AREA SCHOOL DISTRICT

BY: ________________________________
(Vice) President

APPENDIX E

AUDITED FINANCIAL STATEMENTS

EASTON AREA SCHOOL DISTRICT

ANNUAL FINANCIAL REPORT

YEAR ENDED JUNE 30, 2024

EASTON AREA SCHOOL DISTRICT
TABLE OF CONTENTS

Zelenkofske Axelrod LLC
CERTIFIED PUBLIC ACCOUNTANTS
EXPERIENCE | EXPERTISE | ACCOUNTABILITY

Independent Auditor's Report

To the Board of School Directors
Easton Area School District
Easton, 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 Easton Area School District (the District) as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAS 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 GAS, we:

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

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. Our opinion is not modified with respect to these matters.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule, and pension and OPEB liability and contributions schedules on pages 4-11 and 53-59 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 GASB 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 the District's basic financial statements. 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.

The schedule of expenditures of federal awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain 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 GAS. In our opinion, the combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 13, 2026 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering District's internal control over financial reporting and compliance.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Jamison, Pennsylvania
May 13, 2026

The discussion and analysis of the Easton Area School District's ("the District") financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's performance as a whole; readers should also review the accompanying basic financial statements and notes to enhance their understanding of the District's financial activities.

The Management Discussion and Analysis ("MD&A") is an element of the reporting model adopted by the Government Accounting Standards Board ("GASB") in its Statement No. 34, "Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments." The MD&A provides certain comparative information between the current fiscal year and the prior year.

FINANCIAL HIGHLIGHTS

The District's overall financial position, as reflected in total net position of $(79,138,554) reflects an increase for the current year of $5,812,637. The negative total net position is a result of GASB 68 and GASB 75, which required governmental entities to recognize unfunded pension and other postemployment benefit plan liabilities. As such, School Districts across the state of Pennsylvania now need to recognize their pro-rated share of the Pennsylvania Public School Employees' Retirement System ("PSERS") Funding Deficit and the District's Single Employer OPEB Plan Funding Deficits. These Statements have a massive impact on all government entity wide statements. It affects every government in the Commonwealth of PA and every other government located in all 50 states, including state governments. The District's Pension and OPEB liabilities are calculated to be $(247,890,166).

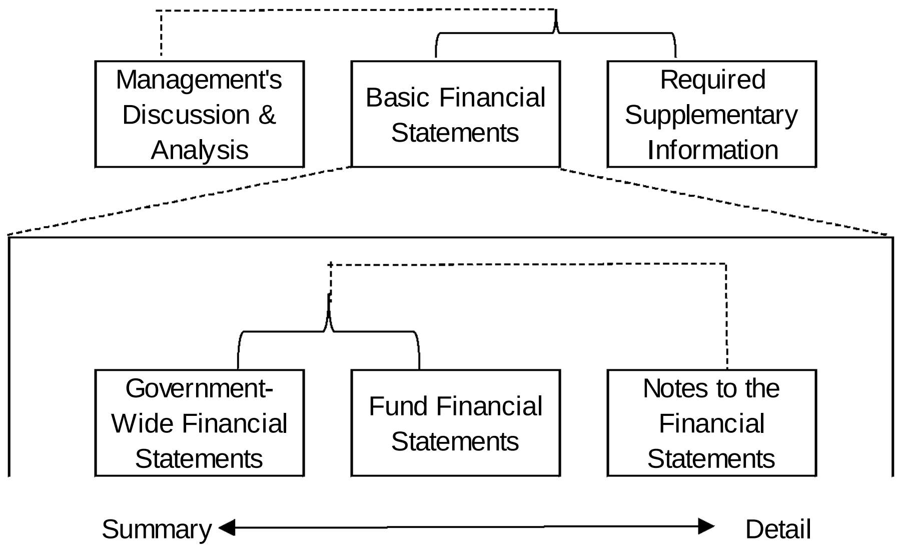
The District closed the 2024 fiscal year with a General Fund fund balance of $22,536,550, a decrease of $5,048,163 resulting from the negative change in total expenditures over total revenues. $17,500,000 of the General Fund fund balance was committed for various purposes, $4,863,269 was assigned to balance the 2025 school year and the remaining fund balance of $173,281 was unassigned.

USING THE BASIC FINANCIAL STATEMENTS

The Management Discussion and Analysis introduces the District's basic financial statements, which consist of a series of financial statements and accompanying notes. The financial statements are organized so that the reader may first understand the District as a whole. These first, or more global, set of statements are the Government (or District)-wide financial statements. The Government-wide financial statements are then followed by a series of Fund Financial Statements that provide a more detailed look at specific financial activities.

Figure 1 shows the components of this financial report as required by GASB 34 and how they relate to one another.

Figure 1
Required Components of the Financial Report



OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to report a broad overview of the District's financial position. They are prepared using the accrual basis of accounting and take a long-term focus.

The government-wide financial statements consist of two statements – Statement of Net Position and Statement of Activities.

The Statement of Net Position includes all of the District's assets (what it owns) and all of the District's liabilities (what it owes) at the end of the fiscal year. The difference between the two, or net position, may serve as a useful indicator of how the District's financial position has changed from the prior year and whether or not it is improving (increase in net assets) or deteriorating (decrease in net assets). An analysis of the change in the District's net position during the fiscal year is contained in the Statement of Activities. Because the Statement of Activities utilizes the accrual method of accounting, all changes in net position are reported as soon as they occur, regardless of the timing of the underlying cash flows. Thus, some revenues and expenses (e.g., uncollected taxes and earned but unused compensated absences) are reported now, but the corresponding cash flow will be realized in some future period.

The government-wide financial statements distinguish between those functions of the District that are part of the basic services provided, including instruction, administrative support, capital projects, and community services, called governmental activities and those that are ancillary to these functions, such as food service, called business type activities. Governmental activities are principally supported through local taxation and state and federal subsidies and grants. Business type activities recover a portion of their costs through user fees and charges.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements

More detailed financial information may be found in the District's fund financial statements. These statements focus on specific aspects of the District's financial operation defined as funds, not on the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been designated for specific purposes. Fund financial statements are prepared on a modified accrual basis of accounting and have a short-term focus. As such there is not a direct relationship between the government-wide financial statements and the fund financial statements. However, a reconciliation statement is constructed to help draw out the connections between these two types of statements and the impact of short-term financing decisions on the long-term financial health of the District. There are three types of fund financial statements – governmental, proprietary, and fiduciary.

Governmental funds report the financial activities of the District's most basic services, similar to those included in the governmental activities contained within the government-wide financial statements. Governmental fund information helps the reader evaluate the impact of short-term inflows and outflows of spendable resources and their ability to meet short-term financing requirements. The District operates three governmental funds – General Fund, Capital Reserve Fund, and Capital Projects Fund. Information is presented for each of these funds individually with a single column in the Governmental Fund Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances.

The governmental fund financial statements can be found on pages 14-17 of this report.

Proprietary funds are used to account for those activities of the District that are similar to business operations in the private sector or where a significant portion of the funding is through user charges. The District operates one proprietary fund, the Food Service Fund. The information reported in the fund financial statements is the same as that reported in the government-wide financial statements under business type activities only with additional information on cash flows. The proprietary fund financial statements can be found on pages 18 through 20.

Fiduciary funds represent those activities for which the District does not maintain ownership, but for which it acts as the trustee or fiduciary agent. These funds include scholarships, student activity accounts, and the library tax collection fund. Fiduciary funds are excluded from the District's government-wide financial statements because the District may not use them to finance its operations. The fiduciary fund financial statements can be found on pages 21 and 22.

ANALYSIS OF GOVERNMENT-WIDE FINANCIAL STATEMENTS (DISTRICT AS A WHOLE)

Table 1 represents a condensed version of the Statement of Net Position that appears on page 12.

Table 1
Condensed Statement of Net Position
June 30, 2024 and June 30, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Assets						
Current Assets	$ 79,583,324	$ 75,681,921	$ 3,007,297	$ 3,412,198	$ 82,590,621	$ 79,094,119
Capital Assets, Net	235,752,493	240,837,465	186,937	79,758	235,939,430	240,917,223
Total Assets	315,335,817	316,519,386	3,194,234	3,491,956	318,530,051	320,011,342
Deferred Outflows of Resources	44,820,089	39,470,936	-	-	44,820,089	39,470,936
Liabilities						
Long-Term Liabilities	375,097,094	385,218,676	-	-	375,097,094	385,218,676
Current and Other Liabilities	57,313,260	44,313,515	78,976	140,309	57,392,236	44,453,824
Total Liabilities	432,410,354	429,532,191	78,976	140,309	432,489,330	429,672,500
Deferred Inflows of Resources	9,999,364	13,536,857	-	-	9,999,364	13,536,857
Net Position						
Net Investment in Capital Assets	93,220,895	80,048,810	186,937	79,758	93,407,832	80,128,568
Restricted	10,150,503	13,249,684	-	-	10,150,503	13,249,684
Unrestricted	(185,625,210)	(180,377,220)	2,928,321	3,271,889	(182,696,889)	(177,105,331)
Total Net Position	$ (82,253,812)	$ (87,078,726)	$ 3,115,258	$ 3,351,647	$ (79,138,554)	$ (83,727,079)

The District's non-current assets are its investment in physical plant and equipment. For fiscal year 2024, net capital assets totaled $235,939,430. This represents a decrease of $4,937,793 representing current depreciation in excess of capital additions. The District's long-term liabilities are in the form of general obligation bonds/notes and capital leases in the amount of $121,577,987 and the net pension, OPEB and compensated absences liabilities of $253,519,107.

The Statement of Activities shows the results of the year's activities. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of District activities that are supported by general revenues. The two principal sources of general revenues are the Basic Education subsidy provided through the Commonwealth of Pennsylvania and local taxes assessed to taxpayers by the District.

Table 2 takes the information contained in the Statement of Activities found on page 13 and rearranges it slightly to illustrate the total revenues and expenditures for the year and the net impact on net position.

During fiscal year 2024, the District realized revenues totaling $215,614,697 for governmental activities to offset expenses of $209,565,671, resulting in an increase in net position of $6,049,026. Business-type activities had a $236,389 decrease in net position from the food service operation. The total net increase in net position to the District was $5,812,637.

Table 2
Condensed Statement of Activities
Fiscal Years Ended June 30, 2024 and June 30, 2023

	Governmental Activities		Business-Type Activities		Totals	
	2024	2023	2024	2023	2024	2023
Revenues						
Charges for Services	$ 301,771	$ 297,955	$ 381,692	$ 455,730	$ 683,463	$ 753,685
Operating and capital grants and contributions	81,643,464	71,159,418	4,792,671	4,805,691	86,436,135	75,965,109
General revenue	133,669,462	127,951,563	354,513	183,290	134,023,975	128,134,853
Total Revenues	215,614,697	199,408,936	5,528,876	5,444,711	221,143,573	204,853,647
Expenses						
Instruction	132,034,694	131,106,270	-	-	132,034,694	131,106,270
Instruction student support	27,599,309	25,560,376	-	-	27,599,309	25,560,376
Administrative and financial support services	5,115,130	3,173,400	-	-	5,115,130	3,173,400
Operation and maintenance of plant services	28,149,137	15,244,831	-	-	28,149,137	15,244,831
Pupil transportation	10,143,921	7,671,157	-	-	10,143,921	7,671,157
Student activities	2,159,317	2,263,456	-	-	2,159,317	2,263,456
Community services	228,615	419,865	-	-	228,615	419,865
Interest on Long-Term Debt	4,135,548	4,806,942	-	-	4,135,548	4,806,942
Food Service	-	-	5,765,265	5,389,635	5,765,265	5,389,635
Total Expenses	209,565,671	190,246,297	5,765,265	5,389,635	215,330,936	195,635,932
Change in Net Position	$ 6,049,026	$ 9,162,639	$ (236,389)	$ 55,076	$ 5,812,637	$ 9,217,715

General Fund

The District applies for federal, state, and local grants that cannot always be anticipated during the budgetary process. Budgets for expenditures can be revised during the year to reflect these grant activities, special education, and charter school educational costs for approval by the Board of Education. A schedule showing the District's original and final budget amounts compared with actual revenues and expenditures is provided on page 53.

Actual expenditures and other financing uses exceeded revenues and other financing sources by $5,048,163 resulting in a fund balance in the General Fund of $22,536,550. This decrease in fund balance is due to several factors. Expenditures exceed budgeted levels by $13,672,651. On the revenue side, local revenues fell short of budgeted levels by $104,030, State sources exceeded budgeted levels by $2,132,218, primarily due to State basic education funding and state share of retirement. Federal sources were above budget by $9,307,460 due to ESSER grant funding.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets include land, construction in progress, buildings, construction in progress, site improvements, building and improvements and furniture and equipment. The District's investment in capital assets, net of depreciation is summarized in Table 4.

Table 4
Capital Assets – Net of Depreciation
June 30, 2024 and 2023

	Governmental Activities		Business-type Activities	
	2024	2023	2024	2023
Land	$ 5,773,200	$ 5,773,200	$ -	$ -
Construction in Progress	85,262	-	-	-
Site Improvements	33,934,166	32,129,642	-	-
Buildings and Building Improvements	354,135,510	350,659,799	-	-
Furniture and Equipment	11,841,598	9,605,043	879,959	744,900
Accumulated Depreciation	(170,017,243)	(157,330,219)	(693,022)	(665,142)
	$ 235,752,493	$ 240,837,465	$ 186,937	$ 79,758

More detail information about the District's capital assets may be found in Note 5 of the financial statements.

ECONOMIC FACTORS AND OUTLOOK

The District is continuing to manage economic challenges. Enrollments continue to remain steady over the last few years with cyber/charter school expense increasing as a result of the pandemic. The District will continue to monitor any changes in housing developments and growth.

Like all Pennsylvania school districts, the District is subject to Act 1 of 2006. Act 1 replaced Act 72 of 2004 and restricts the ability of a district to increase its tax rate above an index without getting public approval through a referendum.

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	2024	2023	2024	2023
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Construction in Progress	85,262	-	-	-
Site Improvements	33,934,166	32,129,642	-	-
Buildings and Building Improvements	354,135,510	350,659,799	-	-
Furniture and Equipment	11,841,598	9,605,043	879,959	744,900
Accumulated Depreciation	(170,017,243)	(157,330,219)	(693,022)	(665,142)
	$ 235,752,493	$ 240,837,465	$ 186,937	$ 79,758

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For the 2024-2025 school year, the District taxes are 69.73 mills, an increase of 1.53 mills. The 2024-2025 budget has a deficit of $4,863,269, which will be funded by current fund balance.

REQUESTS FOR INFORMATION

These financial reports have been designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances. If you have questions about this report or wish to request additional information, please contact Chief Financial Officer/Board Treasurer, Easton Area School District, 1801 Bushkill Drive, Easton, PA 18040-8186, (610) 250-2400 ext. 35013.

EASTON AREA SCHOOL DISTRICT
GOVERNMENT WIDE STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets			
Cash and Cash Equivalents	$ 43,418,233	$ 2,902,537	$ 46,320,770
Restricted Cash	4,567,685	-	4,567,685
Taxes Receivable, Net	6,896,570	-	6,896,570
Due from Other Governments	22,078,322	-	22,078,322
Other Receivables	2,622,514	-	2,622,514
Inventories	-	104,760	104,760
Capital Assets			
Land	5,773,200	-	5,773,200
Construction in Progress	85,262	-	85,262
Site Improvements	33,934,166	-	33,934,166
Building and Building Improvements	354,135,510	-	354,135,510
Furniture and Equipment	11,841,598	879,959	12,721,557
Accumulated Depreciation	(170,017,243)	(693,022)	(170,710,265)
Total Assets	315,335,817	3,194,234	318,530,051
Deferred Outflows of Resources			
Deferred Outflows of Resources, Pension Activity	40,105,054	-	40,105,054
Deferred Outflows of Resources, OPEB Activity	4,715,035	-	4,715,035
Total Deferred Outflows of Resources	44,820,089	-	44,820,089
Liabilities			
Accounts Payable	26,076,271	78,976	26,155,247
Accrued Interest on Long-Term Debt	1,313,200	-	1,313,200
Accrued Salaries and Benefits	12,052,573	-	12,052,573
Other Current Liabilities	1,326,715	-	1,326,715
Unearned Revenue	1,471,775	-	1,471,775
Long-Term Liabilities			
Portion Due or Payable Within One Year			
Notes Payable	13,779,763	-	13,779,763
Leases	1,292,963	-	1,292,963
Portion Due or Payable After One Year			
Notes Payable	119,341,027	-	119,341,027
Leases	2,236,960	-	2,236,960
Compensated Absences	5,628,941	-	5,628,941
Net Pension Liability	225,057,000	-	225,057,000
Net OPEB Obligation	22,833,166	-	22,833,166
Total Liabilities	432,410,354	78,976	432,489,330
Deferred Inflows of Resources			
Deferred Inflows of Resources, Pension Activity	3,081,000	-	3,081,000
Deferred Inflows of Resources, OPEB Activity	6,918,364	-	6,918,364
Total Deferred Inflows of Resources	9,999,364	-	9,999,364
Net Position			
Net Investment in Capital Assets	93,220,895	186,937	93,407,832
Restricted for			
Capital Projects	10,150,503	-	10,150,503
Unrestricted	(185,625,210)	2,928,321	(182,696,889)
Total Net Position	$ (82,253,812)	$ 3,115,258	$ (79,138,554)

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
GOVERNMENT WIDE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

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	Business-Type Activities	Totals
Governmental Activities							
Instruction							
Regular Programs	$ 95,700,611	$ 58,860	$ 76,622,882	$ -	$ (19,018,869)	$ -	$ (19,018,869)
Special Programs	29,689,639	-	2,382,727	-	(27,306,912)	-	(27,306,912)
Vocational Programs	6,142,581	-	-	-	(6,142,581)	-	(6,142,581)
Other Instructional Programs	501,863	-	-	-	(501,863)	-	(501,863)
Support Services							
Pupil Personnel Services	7,097,232	-	-	-	(7,097,232)	-	(7,097,232)
Nonpublic	1,485,453	-	-	-	(1,485,453)	-	(1,485,453)
Instructional Staff Services	8,216,711	-	-	-	(8,216,711)	-	(8,216,711)
Administrative Services	8,814,025	-	85,696	-	(8,728,329)	-	(8,728,329)
Pupil Health Services	1,985,888	-	-	-	(1,985,888)	-	(1,985,888)
Business Services	2,561,517	-	-	-	(2,561,517)	-	(2,561,517)
Operation & Maintenance of Plant Services	26,537,098	-	22,765	1,125,637	(25,388,696)	-	(25,388,696)
Facilities Acquisition, Construction and Improvement Services	1,612,039	-	-	-	(1,612,039)	-	(1,612,039)
Operation of Non-Instructional Services							
Student Transportation Services	10,143,921	-	1,403,757	-	(8,740,164)	-	(8,740,164)
Central and Other Support Services	2,553,613	-	-	-	(2,553,613)	-	(2,553,613)
Student Activities and Athletics	2,159,317	242,911	-	-	(1,916,406)	-	(1,916,406)
Community Services	228,615	-	-	-	(228,615)	-	(228,615)
Interest on Long-Term Debt	4,135,548	-	-	-	(4,135,548)	-	(4,135,548)
Total Governmental Activities	209,565,671	301,771	80,517,827	1,125,637	(127,620,436)	-	(127,620,436)
Business-Type Activities							
Food Service	5,765,265	381,692	4,792,671	-	-	(590,902)	(590,902)
Total School District Activities	$ 215,330,936	$ 683,463	$ 85,310,498	$ 1,125,637	(127,620,436)	(590,902)	(128,211,338)

	Governmental Activities	Business-Type Activities	Totals
General Revenues			
Taxes			
Property Taxes, Levied for General Purposes, Net	117,497,382	-	117,497,382
Earned Income	11,151,552	-	11,151,552
Investment Earnings	3,939,408	354,513	4,293,921
Gain on Disposal of Capital Assets	18,236	-	18,236
Miscellaneous Income	1,062,884	-	1,062,884
Total General Revenues	133,669,462	354,513	134,023,975
Change in Net Position	6,049,026	(236,389)	5,812,637
Net Position at Beginning of Year, as Previously Reported	(87,078,726)	3,351,647	(83,727,079)
Restatement	(1,224,112)	-	(1,224,112)
Net Position at Beginning of Year, Restated	(88,302,838)	3,351,647	(84,951,191)
Net Position at End of Year	$ (82,253,812)	$ 3,115,258	$ (79,138,554)

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
Assets				
Cash and Cash Equivalents	$ 39,499,573	$ 3,918,660	$ -	$ 43,418,233
Restricted Cash	-	-	4,567,685	4,567,685
Taxes Receivable, Net	6,896,570	-	-	6,896,570
Due from Other Governments	22,078,322	-	-	22,078,322
Other Receivables, Net	632,385	-	1,990,129	2,622,514
Total Assets	$ 69,106,850	$ 3,918,660	$ 6,557,814	$ 79,583,324
Liabilities, Deferred Inflows of Resources and Fund Balances				
Liabilities				
Accounts Payable	$ 25,750,300	$ 325,971	$ -	$ 26,076,271
Unearned Revenue	1,471,775	-	-	1,471,775
Accrued Salaries and Benefits	12,052,573	-	-	12,052,573
Other Current Liabilities	1,326,715	-	-	1,326,715
Total Liabilities	40,601,363	325,971	-	40,927,334
Deferred Inflows of Resources				
Unavailable Revenue, Property Taxes	5,968,937	-	-	5,968,937
Fund Balances				
Restricted	-	3,592,689	6,557,814	10,150,503
Committed	17,500,000	-	-	17,500,000
Assigned				
Balance the 2024-2025 Budget	4,863,269	-	-	4,863,269
Unassigned	173,281	-	-	173,281
Total Fund Balances	22,536,550	3,592,689	6,557,814	32,687,053
Total Liabilities, Deferred Inflows of Resources & Fund Balances	$ 69,106,850	$ 3,918,660	$ 6,557,814	$ 79,583,324

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEETS
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

Total Governmental Funds Balances	$ 32,687,053
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 funds. These assets consist of:	
Land	5,773,200
Construction in Progress	85,262
Site Improvements	33,934,166
Building and Building Improvements	354,135,510
Furniture and Equipment	11,841,598
Accumulated Depreciation	(170,017,243)
	235,752,493
Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.	37,024,054
Deferred inflows and outflows of resources related to OPEB activities are not financial resources and therefore not reported in the governmental funds.	(2,203,329)
Some of the District's revenues will be collected after year-end but are not available soon enough to pay for the current period's expenditures and therefore are not recorded as receivables and are deferred in the funds.	5,968,937
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Notes Payable	(133,120,790)
Accrued Interest	(1,313,200)
Leases	(3,529,923)
Compensated Absences	(5,628,941)
Net Pension Liability	(225,057,000)
Other Postemployment Benefits	(22,833,166)
	(391,483,020)
Net Position of Governmental Activities	$ (82,253,812)

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
Revenues				
Local Sources	$ 131,599,661	$ 199,847	$ 580,371	$ 132,379,879
State Sources	60,693,067	-	-	60,693,067
Federal Sources	19,462,460	-	-	19,462,460
Total Revenues	211,755,188	199,847	580,371	212,535,406
Expenditures				
Regular Programs	98,499,291	-	-	98,499,291
Special Programs	30,190,851	-	-	30,190,851
Vocational Programs	6,242,823	-	-	6,242,823
Other Instructional Programs	501,863	-	-	501,863
Pupil Personnel Services	7,347,838	-	-	7,347,838
Nonpublic	1,485,453	-	-	1,485,453
Instructional Staff Services	8,417,196	-	-	8,417,196
Administrative Services	9,114,226	-	526	9,114,752
Pupil Health Services	2,086,130	-	-	2,086,130
Business Services	2,611,638	-	-	2,611,638
Operation and Maintenance of Plant	16,071,646	-	-	16,071,646
Facilities Acquisition, Construction and Improvement Services	-	325,971	3,552,902	3,878,873
Student Transportation Services	13,456,426	-	-	13,456,426
Central and Other Support Services	3,383,517	-	-	3,383,517
Student Activities and Athletics	2,209,438	-	-	2,209,438
Community Services	228,615	-	-	228,615
Refund of Prior Year Revenues	44	-	-	44
Debt Service	17,745,784	-	-	17,745,784
Total Expenditures	219,592,779	325,971	3,553,428	223,472,178
Excess (Deficiency) of Revenues Over Expenditures	(7,837,591)	(126,124)	(2,973,057)	(10,936,772)
Other Financing Sources (Uses)				
Sale of Capital Assets	18,236	-	-	18,236
Refunds of prior year expenditures	121,878	-	-	121,878
Miscellaneous Revenue	941,006	-	-	941,006
Issuance of Leases	1,708,308	-	-	1,708,308
Total Other Financing Sources (Uses)	2,789,428	-	-	2,789,428
Net Change in Fund Balances	(5,048,163)	(126,124)	(2,973,057)	(8,147,344)
Fund Balances at Beginning of Year, as Previously Reported	28,808,825	3,718,813	9,530,871	42,058,509
Restatement	(1,224,112)	-	-	(1,224,112)
Fund Balances at Beginning of Year, Restated	27,584,713	3,718,813	9,530,871	40,834,397
Fund Balances at End of Year	$ 22,536,550	$ 3,592,689	$ 6,557,814	$ 32,687,053

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Net Changes in Fund Balances - Total Governmental Funds		$ (8,147,344)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in Governmental Funds as expenditures and sale of capital assets are reported as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.		
Capital Outlays	7,602,052	
Depreciation	(12,687,024)	
		(5,084,972)
Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Unavailable tax revenues decreased by this amount.		1,998,171
In the statement of activities, certain operating expenses - compensated absences (vacation and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).		(1,093,265)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds:		
Accrued Interest	75,468	
OPEB Plan Expense	(192,864)	
Pension Plan Expense	5,012,124	
		4,894,728
The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Issuance of Leases	(1,708,308)	
Repayment of Note Principal	12,185,000	
Amortization of Refunding Loss	(279,995)	
Amortization of Note Discounts and Premiums	1,629,763	
Repayment of Lease Obligations	1,655,248	
		13,481,708
Change in Net Position of Governmental Activities		$ 6,049,026

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2024

	Enterprise Fund Food Service Fund
Assets	
Cash and Cash Equivalents	$ 2,902,537
Inventories	104,760
Total Current Assets	3,007,297
Capital Assets, Net	186,937
Total Assets	3,194,234
Liabilities	
Accounts Payable	78,976
Total Liabilities	78,976
Net Position	
Net Investment in Capital Assets	186,937
Unrestricted	2,928,321
Total Net Position	$ 3,115,258

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024

	Enterprise Fund
	Food Service Fund
Operating Revenues	
Food Service Revenue	$ 381,692
Operating Expenses	
Operating	745,362
Purchased Services	4,992,023
Depreciation	27,880
Total Operating Expenses	5,765,265
Operating Loss	(5,383,573)
Nonoperating Revenues (Expenses)	
Earnings on Investments	354,513
State Sources	542,272
Federal Sources	4,250,399
Total Nonoperating Revenues	5,147,184
Change in Net Position	(236,389)
Net Position at Beginning of Year	3,351,647
Net Position at End of Year	$ 3,115,258

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2024

	Enterprise Fund
	Food Service Fund
Cash Flows From Operating Activities	
Cash Received from Users	$ 420,694
Cash Payments to Suppliers for Goods and Services	(5,809,620)
Net Cash Used By Operating Activities	(5,388,926)
Cash Flows From (To) Noncapital Financing Activities	
State Sources	542,272
Federal Sources	4,250,399
Net Cash Provided by Noncapital Financing Activities	4,792,671
Cash Flows From (Used By) Investing Activities	
Interest Received	354,513
Purchase of Equipment	(135,059)
Net Cash Provided By Investing Activities	219,454
Net Increase In Cash and Cash Equivalents	(376,801)
Cash and Cash Equivalents At Beginning Of Year	3,279,338
Cash and Cash Equivalents at End of Year	$ 2,902,537
Reconciliation of Operating Loss To Net Cash Used By Operating Activities	
Operating Loss	$ (5,383,573)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities	
Depreciation	27,880
(Increase) Decrease in	
Due from Other Governments	39,002
Inventories	(10,902)
Increase (Decrease) in	
Accounts Payable	(61,333)
Net Cash Used By Operating Activities	$ (5,388,926)
Supplemental Disclosures	
Noncash Activities	
Donated Foods	$ 514,688

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024

	Private Purpose Trusts	Custodial Funds: Student Activities	Custodial Funds: Tax Collection Library
Assets			
Cash and Cash Equivalents	$ 1,929,640	$ 430,374	$ 120,232
Other Receivable	-	-	297,996
Total Assets	1,929,640	430,374	418,228
Restricted Net Position	$ 1,929,640	$ 430,374	$ 418,228

The accompanying notes are an integral part of these financial statements.

EASTON AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

		Custodial Funds	
	Private Purpose Trusts	Student Activities	Tax Collection Library
Additions			
Taxes	$ -	$ -	$ 2,061,936
Receipts for student activities	-	748,301	-
Intergovernmental	-	-	114,140
Donations	82,300	-	-
Investment Income	14,668	-	-
Total Additions	96,968	748,301	2,176,076
Deductions			
Scholarships	110,150	-	-
Payments for student activities	-	774,158	-
Payments to other governments	-	-	1,878,080
Total Deductions	110,150	774,158	1,878,080
Change in Net Position	(13,182)	(25,857)	297,996
Net Position At Beginning of Year	1,942,822	456,231	120,232
Net Position At End of Year	$ 1,929,640	$ 430,374	$ 418,228

The accompanying notes are an integral part of these financial statements.

NOTE 1 DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Reporting Entity

The Easton Area School District ("the District") is a primary governmental entity whose operational procedures are defined by the Pennsylvania Public School Code of 1949. The District functions as a Board of Directors chosen in a general election and is considered to be fiscally independent. 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 serves the Townships of Forks, Lower Mount Bethel, Palmer, and the City of Easton.

The reporting entity is comprised of the primary government. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District.

The District is a municipal corporation governed by an elected school member board. As required by generally accepted accounting principles, these financial statements are to present the District (the primary government) and organizations for which the primary government is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organizations. The District does not have any component units.

Joint Ventures

The District participates with other school districts of eastern Northampton County in the operation of the Career Institute of Technology. The Institute is considered to be fiscally independent and is governed by a board of directors appointed by the member school districts. The financial statements are available at the Center Institute of Technology's business office.

The District participates with other school districts of Northampton County by contributing support for the operation of the Northampton Community College. The annual operating costs of the college are apportioned among member school districts. The financial statements are available at the Northampton Community College administrative office.

Colonial Intermediate Unit 20 was organized by constituent school districts in Northampton, Monroe, and Pike Counties. The District receives services from Colonial Intermediate Unit 20 for special education of District students. Colonial Intermediate Unit 20 is considered to be fiscally independent and is governed by a board of directors appointed by member districts. The financial statements for Colonial Intermediate Unit 20 are available at the Colonial Intermediate Unit 20 business office.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitute GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the GASB's jurisdiction.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

- Government-wide Financial Statements – The statement of net position and the statement of activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. 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 program. Internal activity is limited to interfund transfers which are eliminated to avoid "doubling up" revenues and expenses. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors (such as through debt covenants, grantors, contributors, or law or regulations of other governments or imposed by law through constitutional provisions or enabling legislation).

- Fund Financial Statements – The financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balanced accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Each major fund is presented in a single column on the governmental fund financial statements.

Governmental Funds

These are the funds through which most government functions are furnished. The funds of the financial reporting entity are described below:

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- General Fund – Accounts for all furnished resources except those required to be accounted for in other funds. The General Fund is the primary operating fund of the District and is always classified as a major fund.

- Capital Reserve Fund – Authorized by Section 1432 of the Municipal Code of Pennsylvania accounts for (1) monies transferred during any fiscal year from appropriations made for any particular purpose which may not be needed and (2) surplus monies in the general fund of the District at the end of any fiscal year.

- Capital Projects Fund – The District's recent bond issues are combined and presented as one Capital Project Fund and account for financial resources used to acquire or construct major capital facilities and equipment.

Proprietary Fund

Accounts for operations that are financed and operated in a manner similar to private business enterprises. These activities are financed primarily by user charges and the measurement of financial activities focuses on net income.

- Food Service Fund – Accounts for all financial resources associated with the operations of the cafeterias.

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension (and other employee benefit) trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District has two classifications of fiduciary funds:

- Student Activity and Tax Collection Funds – These funds are considered custodial funds and are reported as such in the statement of net position – fiduciary funds and the statement of changes in net position - fiduciary funds. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three fiduciary fund types.

- Scholarship Funds – These funds are considered custodial private purpose trust funds and are reported as such in the statement of net position – fiduciary funds and the statement of changes in net position - fiduciary funds. Private purpose trust funds meet the trust or trust equivalent requirements, and the government controls the assets which are fiduciary derived.

Measurement Focus and Basis of Accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transaction are recorded regardless of the measurement focus applied.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus

On the government-wide statement of net position and statement of activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- All governmental funds utilize a “current financial resources” measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balances as their measure of available spendable financial resources at the end of the period.

- The proprietary and fiduciary funds utilize an “economic resources” measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or non-current) associated with their activities are reported. Proprietary and fiduciary fund equity is classified as net position.

Basis of Accounting

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

In the government-wide statement of net position and statement of activities, both governmental and business-type activities, as well as the proprietary and fiduciary fund financial statements are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

Governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when measurable and available. Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within 60 days after year end.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, principal and interest on general long-term debt which has not matured are recognized when paid. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Revenues – Exchange and Non-Exchange Transactions

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

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

Budgetary Process

An operating budget is adopted prior to the beginning of each year for the general fund on the modified accrual basis of accounting. The general fund is the only fund for which a budget is legally required.

The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2024. In addition, the District can include a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. Legal budgetary control is maintained at the sub-function/major object level. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2023-2024 budget transfers.

The Board of School Directors may take transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Appropriations lapse at the end of the fiscal period.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Statutes authorize the District to invest in: 1) obligations, participations, and other instruments of any federal agency; 2) repurchase agreements with respect to U.S. Treasury bills or obligations; 3) negotiable certificates of deposit; 4) bankers' acceptances; 5) commercial paper; 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933; and 7) savings or demand deposits. The specific conditions under which the School District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016.

Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States of America, any state of the United States of America, or bonds of any political subdivision of Pennsylvania or the general state authority of their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited.

Internal Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either "due to/from other funds" (i.e., the current portion of inter-fund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans) and are subject to elimination upon consolidation. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Transfers between governmental and proprietary funds are netted as part of the reconciliation of government-wide financial statements.

Property Taxes

Based upon assessed valuations by Northampton County, the District's real estate valuation is $1,807,253,600 resulting in $119,082,569 of taxes levied. Elected tax collectors bill and collect the District's property taxes and real estate taxes levied on behalf of the Easton Area Public Library. The schedule for property taxes levied for fiscal year ended June 30, 2024 is as follows:

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

Discount period .... August 1 to September 30 - 2% of gross levy
Face period .... October 1 to November 30
Penalty period .... December 1 to January 1 - 10% of gross levy
Lien date .... January 1

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District millage rate for real estate taxes for the year ended June 30, 2024 was 68.20 mills.

The Easton Area Public Library millage rate for real estate taxes for the year ended June 30, 2024 was 1.12 mills.

Prepaid Items and Inventories

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

All inventories are valued at the lower of cost (first-in, first-out method) or market. The costs for inventories of governmental activities are recorded as expenditures at the time individual inventory items are purchased.

Inventory type items in proprietary funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only proprietary fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at the USDA's approximate costs and purchased food.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities column in the government-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost of purchase or as constructed. Donated capital assets are recorded at estimated fair 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.

All reported capital assets except land, certain land improvements, and construction-in-progress are depreciated. Improvements are depreciated over the remaining useful lives of the related assets.

Property, plant, and equipment of the District are depreciated using the straight-line method over the following estimated useful lives:

Buildings and improvements	20 – 50 years
Furniture and equipment	5 – 20 years

Compensated Absences

The District's policies regarding vacation and sick time permit certain employees to accumulate earned but unused sick and vacation leave. The liability for these compensated absences and retirement incentives is recorded as long-term liability in the government-wide financial statements. In the fund financial statements, governmental funds would report only the compensated absence liability payable from expendable available financial resources.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are netted against outstanding principal balances and amortized over the life of the bonds. Bond issuance costs are expensed when incurred. Deferred amounts on refunding are recorded as a deferred inflow or outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. All amortized amounts are amortized using the straight-line method.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received 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.

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. They are the deferred outflows related to pension activity and deferred outflows related to OPEB activity all of which are reported in the government-wide statement of net position. The deferred outflow related to pension activity is the result of the difference between expected and actual experience, changes in assumptions, the difference between projected and actual investment earnings, changes in proportions, the difference between actual employer contributions and the District's proportionate share of total contributions, and actual contributions subsequent to the measurement date. The deferred outflow related to OPEB activity is the result of the difference between projected and actual investment earnings and actual contributions subsequent to the measurement date.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item, unavailable revenues, is reported only in the Governmental Funds balance sheet. The Governmental Funds report unavailable revenues from property taxes. The second item, deferred inflows related to pension activity, are reported in the government-wide statement of net position. The deferred inflow related to pension activity is the result of differences between expected and actual experience, changes in proportions, and difference between employer contributions and proportionate share of total contributions. The third item, deferred inflows related to OPEB activity, are reported in the government-wide statement of net position. The deferred inflow related to OPEB activity is the result of changes in assumptions, changes in proportions, and the difference between actual employer contributions and the District's proportionate share of total contributions. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Governmental Fund Balance

In the governmental fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Superintendent and Business Administrator may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstance, restricted will be assumed to have been spent first followed by the unrestricted categories.

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The general fund budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The actual results of operations are presented in accordance with GAAP, and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability in incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's adopted budget.

Government-wide and Proprietary Fund Net Position

Government-wide and proprietary fund net position are divided into three components:

Net investment in capital assets – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

Restricted net position – consists of net assets that are restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation, by grantors, or by other contributors.

Unrestricted – all other net assets are reported in this category.

Operating Revenues and Expenses

The District's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the Food Service Fund consist of charges for services including food service and rental charges and the costs of providing those services. All other revenues and expenses are reported as non-operating.

Use of Estimates

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

Adoption of Governmental Accounting Standards Board (GASB) Statements

The District adopted the provisions of GASB No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement had no effect on the financial statements.

Pending Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 101, Compensated Absences. This Statement is required to be adopted for the District's 2025 financial statements.

In December 2023, the GASB issued Statement No. 102, Certain Risk Disclosures. This Statement is required to be adopted for the District's 2025 financial statements.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Changes in Accounting Principles

In April 2024, the GASB issued statement No. 103, *Financial Reporting Model Improvements*. This Statement is required to be adopted for the District's 2026 financial statements.

In September 2024, the GASB issued statement No. 104, *Disclosure of Certain Capital Assets*. This Statement is required to be adopted for the District's 2026 financial statements.

In December 2025, the GASB issued statement No. 105, *Subsequent Events*. This Statement is required to be adopted for the District's 2027 financial statements.

District management is in the process of analyzing these pending changes in accounting principles and the impact they will have on the District's financial reporting process.

NOTE 3 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. The District does not have a policy for custodial credit risk but adheres to Commonwealth of Pennsylvania Law Act 72 ("Act 72") for the collateralization requirements governing public funds. At June 30, 2024, the carrying amount of the District's deposits was $53,368,701, and the bank balance was $54,243,528. Of the bank balance, $750,000 was covered by federal depository insurance, and $24,787,029 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured; and the collateral held by the depository's agent was not in the District's name.

The remaining cash deposits totaling $28,706,499 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 money market mutual funds in that its objective is to maintain a stable net asset 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, 2024, PSDLAF had a Standard and Poor's rating of AAAm.

NOTE 4 INTERGOVERNMENTAL RECEIVABLE

Amounts due from other governmental represent various subsidies from state and federal sources earned by the District. As of June 30, 2024, the following amounts are due from other governmental units:

	General Fund
Federal agencies	$ 16,244,355
State agencies	5,833,967
	$ 22,078,322

NOTE 5 CAPITAL ASSETS

The following is a summary of changes in governmental activities capital assets for the year ended June 30, 2024.

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets not being depreciated				
Land	$ 5,773,200	$ -	$ -	$ 5,773,200
Construction in Progress	-	85,262	-	85,262
Total Capital Assets Not Being Depreciated	5,773,200	85,262	-	5,858,462
Capital Assets being depreciated				
Site Improvements	32,129,642	1,804,524	-	33,934,166
Buildings and building improvements	350,659,799	3,475,711	-	354,135,510
Furniture and Equipment	9,605,043	2,236,555	-	11,841,598
Total Capital Assets Being Depreciated	392,394,484	7,516,790	-	399,911,274
Accumulated Depreciation				
Site improvements	(27,719,258)	(1,317,954)	-	(29,037,212)
Buildings and building improvements	(122,141,092)	(10,916,543)	-	(133,057,635)
Furniture and equipment	(7,469,869)	(452,527)	-	(7,922,396)
Total Accumulated Depreciation	(157,330,219)	(12,687,024)	-	(170,017,243)
Total Capital Assets Being Depreciated, Net	235,064,265	(5,170,234)	-	229,894,031
Governmental Activities Capital Assets, Net	$ 240,837,465	$ (5,084,972)	$ -	$ 235,752,493

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

Governmental Activities:	
Instruction	$ 10,910,841
Operation and maintenance of plant services	1,522,443
Pupil Transportation	253,740
Total Depreciation Expense - Governmental Activities	$ 12,687,024

The following is a summary of changes in business-type activities capital assets for the year ended June 30, 2024.

	Beginning Balance	Increases	Decreases	Ending Balance
Business-Type Activities				
Capital Assets Being Depreciated				
Furniture and Equipment	$ 744,900	135,059	-	$ 879,959
Accumulated Depreciation	(665,142)	(27,880)	-	(693,022)
Business-Type Activities Capital Assets, Net	$ 79,758	$ 107,179	$ -	$ 186,937

Depreciation for Business-type activities was charged to the Food Service function.

NOTE 6 LONG-TERM DEBT

The following is a summary of changes in long-term debt for the year ended June 30, 2024.

	Balance July 1, 2023	Additions	Reductions	Balances June 30, 2024	Due Within One Year
Governmental Activities					
General Obligation Notes:					
Series of 2017 B	$ 7,090,000	$ -	$ (7,090,000)	$ -	$ -
Series of 2018 A	30,845,000	-	(5,000)	30,840,000	5,000
Series of 2018 B	3,940,000	-	(2,230,000)	1,710,000	1,710,000
Series of 2019	9,470,000	-	(5,000)	9,465,000	5,000
Series of 2020 A	36,040,000	-	(2,845,000)	33,195,000	10,420,000
Series of 2020 B	16,415,000	-	-	16,415,000	-
Series of 2021	20,940,000	-	(5,000)	20,935,000	5,000
Series of 2022	9,995,000	-	(5,000)	9,990,000	5,000
Total General Obligation Notes	134,735,000	-	(12,185,000)	122,550,000	12,150,000
Deferred amounts					
Premium/Discount	12,200,553	-	(1,629,763)	10,570,790	1,629,763
Total General Obligation Notes, Net	146,935,553	-	(13,814,763)	133,120,790	13,779,763
Other					
Lease Liability	3,476,863	1,708,308	(1,655,248)	3,529,923	1,292,963
Accrued Compensated Absences	4,535,676	1,093,265	-	5,628,941	-
Net Pension Liability	221,360,000	3,697,000	-	225,057,000	-
Other Postemployment Benefits	22,182,785	650,381	-	22,833,166	-
Total Other	251,555,324	7,148,954	(1,655,248)	257,049,030	1,292,963
Total Governmental Activities	$ 398,490,877	$ 7,148,954	$ (15,470,011)	$ 390,169,820	$ 15,072,726

Payments on bonds, notes, and leases are made by the General Fund. The vested and other employee benefits will be liquidated by the Governmental Funds.

Descriptions of debt outstanding as of June 30, 2024 are as follows:

Series of 2018A, maturing April 1, 2030, bearing interest ranging from 1.800% to 5.000%, interest payable semi-annually on October and April 1.	$ 30,840,000
Series of 2018B, maturing April 1, 2025, bearing interest ranging from 2.000% to 4.000%, interest payable semi-annually on October 1 and April 1.	1,710,000
Series of 2019, maturing April 1, 2030, bearing interest from 1.400% to 3.682%, interest payable semi-annually on October 1 and April 1.	9,465,000
Series of 2020A, maturing April 1, 2028, bearing interest from 1.220% to 1.740%, interest payable semi-annually on October 1 and April 1.	33,195,000
Series of 2020B, maturing February 1, 2032, bearing interest from 1.89% to 2.000%, interest payable semi-annually on February 1 and August 1.	16,415,000
Series of 2021, maturing April 1, 2033, bearing interest from 1.000% to 1.650%, interest payable semi-annually on October 1 and April 1.	20,935,000
Series of 2022, maturing April 1, 2023, bearing interest at 3.67%, interest payable semi-annually on October 1 and April 1.	$ 9,990,000
	$ 122,550,000

NOTE 6 LONG-TERM DEBT (CONTINUED)

The annual requirements to maturity, including principal and interest, for long-term Capital Debt Obligation as of June 30, 2024 are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 12,150,000	$ 5,252,708	$ 17,402,708
2026	12,020,000	4,767,038	16,787,038
2027	12,390,000	4,286,566	16,676,566
2028	12,895,000	3,791,188	16,686,188
2029	13,370,000	3,173,110	16,543,110
2030-2033	59,725,000	6,224,810	65,949,810
	$ 122,550,000	$ 27,495,420	$ 150,045,420

NOTE 7 LEASES

The District has entered into various lease agreements as lessee for financing the acquisition of Apple computer equipment and transportation vehicles. These lease agreements qualify as financed purchases for accounting purposes, and therefore, have been recorded as the present value of future minimum lease payments as of the inception or placed into service date. Leased capital assets are being depreciated using the straight-line method of depreciation over varied lives of 5 to 10 years.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2024 were as follows:

Year Ending June 30,	Amount
2025	$ 1,413,490
2026	1,238,419
2027	765,589
2028	393,812
Amount Representing Interest	(281,387)
Present Value of Minimum Lease Payments	$ 3,529,923

Issue Date	Initial Liability	Liability June 30, 2024	Asset Value June 30, 2024	Accumulated Amortization June 30, 2024	Description
May 15, 2022	1,620,295	1,010,476	1,710,000	648,118	Bus lease; annual principal and interest payments totaling $379,692, useful life of equipment is 5 years.
April 15, 2021	1,023,960	175,070	1,023,960	614,376	Equipment; 4 annual payments of principal totaling $175,070; useful life of equipment is 5 years.
March 15, 2022	2,574,324	945,662	2,574,324	1,029,730	Equipment; 4 annual payments of principal totaling $472,831; useful life of equipment is 5 years.
October 23, 2023	1,708,308	1,398,715	1,708,308	227,774	Bus lease; annual principal and interest payments totaling $393,813, useful life of equipment is 5 years.
	$ 6,926,887	$ 3,529,923	$ 7,016,592	$ 2,519,998	

NOTE 8 PENSION PLAN

Summary of Significant Accounting Policies

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

General Information About the Pension Plan

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

Benefits Provided - PSERS provides retirement, disability and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least one year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two 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 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. Benefits are generally equal to 2% or 2.5%, depending on membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

NOTE 8 PENSION PLAN (CONTINUED)

Contributions

Members Contributions

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

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

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

- Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and the Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 33.36% of covered payroll (34.51% for 2023) which includes .27% for the Act 5 defined contribution plan members, 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 plan from the District were $26,434,054 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $225,057,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023.

The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was 0.5059 percent, which was an increase of 0.0008 percent from its proportion measured as of June 30, 2022.

NOTE 8 PENSION PLAN (CONTINUED)

For the year ended June 30, 2024, the District recognized pension expense of $21,421,930. At June 30, 2024, 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
Governmental Activities		
Difference Between Expected and Actual Experience	$ 51,000	$ (3,081,000)
Change of Assumptions	3,358,000	-
Net Difference Between Projected and Actual Investment Earnings	6,369,000	-
Changes in Proportions	3,893,000	-
Contributions Subsequent to the Measurement Date	26,434,054	-
	$ 40,105,054	$ (3,081,000)

The $26,434,054 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Governmental Activities
2025	$ 3,535,955
2026	(6,999,342)
2027	10,692,964
2028	3,360,423
	$ 10,590,000

Actuarial Assumptions - The total pension liability as of June 30, 2023, was determined by rolling forward the System's total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal level % of pay
- Investment return - 7.00%, includes inflation at 2.50%
- Salary increases - Effective average of 4.50%, which reflects an allowance for inflation of 2.50% and real wage growth and merit or seniority increases of 2.00%
- Mortality 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 Plan did not include an assumption for projected ad hoc postemployment benefit changes as they are not considered to be substantively automatic.

NOTE 8 PENSION PLAN (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.

Plan Assets

The PSER’s policy in regard to allocation of invested plan assets is established and may be amended by the PSERS’s Board of Trustees. 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	Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	100.0%	

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 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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 PENSION PLAN (CONTINUED)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6%	Current Discount Rate 7%	1% Increase 8%
School District's Proportionate Share of the Net Pension Liability	$ 291,735,000	$ 225,057,000	$ 168,800,000

Payable to the Pension Plan

At June 30, 2024, the District reported a payable of $905,469 for the outstanding amount of contributions to the pension plan required foe the year ended June 30, 2024.

Pension Plan Fiduciary Net Position - Detailed information about PSERS's fiduciary net position is available in the PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

On June 12, 2017, the Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid defined benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS-PSERS

Health Insurance Premium Assistance Program

PSERS provides a Health Insurance Premium Assistance Program (Premium Assistance) for all eligible annuitants who qualify and elect to participate. Under this program, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible annuitants are entitled to receive Premium Assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS-PSERS

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lessor 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, 2023 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the School were $508,935 for the year ended June 30, 2024.

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

At June 30, 2023, the District reported a liability of $9,129,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the PSERs total OPEB liability as of June 30, 2022 to June 30, 2022. 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, 2023, the District's proportion was 0.5046 percent, which was an increase of 0.0084 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized OPEB expense of $319,734. At June 30, 2024, the School reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Difference Between Expected and Actual Experience	$ 60,000	$ (90,000)
Changes in Assumptions	789,000	(1,728,000)
Net Difference Between Projected and Actual Investment Earnings	21,000	-
Changes in Proportions	317,000	-
Contributions Subsequent to the Measurement Date	508,935	-
	$ 1,695,935	$ (1,818,000)

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS-PSERS

$508,935 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities
2025	$ (115,190)
2026	(142,024)
2027	(168,909)
2028	(193,307)
2029	(11,570)
Thereafter	-
	$ (631,000)

Actuarial Assumptions

The total OPEB liability as of June 30, 2023 was determined by rolling forward the PSERS' total OPEB liability as of the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality Blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERs' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate pre age 65 at 50%.
  - Eligible retirees will elect to participate post age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- 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: 63% of eligible retirees are assumed to elect premium assistance.
- 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 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 POSTEMPLOYMENT BENEFITS-PSERS

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

Asset Class	Allocation	Long-Term Expected Real Rate of Return
Cash	100%	1.2%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount rate

The discount rate used to measure the total OPEB liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date.

The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure total OPEB liability.

Sensitivity of the PSERS Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual Premium Assistance. As of June 30, 2023, retirees' Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. The number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the District's net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the School's net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage higher than the current rate:

	1% Decrease (Between 4% to 6%)	Current Trend Rate (Between 5% to 7%)	1% Increase (Between 8% to 9%)
The School's proportionate share of net OPEB liability	$ 9,129,000	$ 9,129,000	$ 9,130,000

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS – PSERS (CONTINUED)

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

The following presents the net OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09 percent) or higher (5.09 percent) than the current discount rate:

	1% Decrease	Current Rates 4.09%	1% Increase
The School's proportionate share of net OPEB liability	$ 10,322,000	$ 9,129,000	$ 8,131,000

OPEB plan fiduciary net position.

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

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS-SINGLE EMPLOYER PLAN

Plan Description

The School District provides medical and dental insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by the Board and can be amended by the Board through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the School District's General Fund.

Plan Membership

At July 1, 2023, plan membership consisted of the following:

Active Plan Members	956
Retired Members	47
	1,003

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments. For the year ended June 30, 2024 benefit payments paid as they came due were $602,967.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (CONTINUED)

Benefits Provided

Administrators – Act 110/43 or 10 years of service with the District (5 years must be with central administration. Coverage: Medical, dental, and prescription drug. Premium sharing: If the member retires with 10 years of service with the District, the District will pay the full premium for medical and prescription drug coverage for the member and spouse. If the member reaches eligibility for retirement through PSERS but does not have 10 years of service with the District, the member and spouse may continue benefits by paying the full premium as determined for the purpose of COBRA. Dependents: Spouses included. Note: Certain retirees received HRA contributions until Medicare age. Subsidized premiums are provided until member reaches Medicare age. The retiree can continue coverage in a Medicare supplement policy at the retiree's own expense. Spouse coverage continues until earliest of Medicare age, member Medicare age, or member death.

Teachers and Act 93 – Act 110/43. Medical, dental, and prescription drug. Premium sharing: The member and spouse must pay the full premium as determined for the purpose of COBRA to continue coverage. If the member reaches 30 years of PSERS service and 25 years of service with the District, the member will receive an HRA worth $5,000 per year. Dependents: Spouses included. Note: Certain retirees receive HRA contribution equal to different amounts determined at the time of retirement. Members coverage continues until Medicare age. Spouse coverage continues until earliest of Medicare age, member Medicare age, or member death. HRA contributions are provided until member reaches Medicare age.

Support Staff – Act 110/43. Note: Certain retirees receive HRA contributions until Medicare age. Members coverage continues until Medicare age. Spouse coverage continues until earliest of Medicare age, member Medicare age, or member death.

2014 and 2020 Retirement Incentives – Coverage: Medical and Prescription Drug. Premium Sharing: The member and spouse would receive free coverage until member's Medicare age. Dependents: Spouses included. Member coverage continues until Medicare age. Spouse coverage continues until earliest of Medicare age, member Medicare age, or member death.

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

Assumptions

The following assumptions and actuarial methods and calculation were used:

Discount Rate – 4.13% Based on S&P Municipal Bond 20 Year High Grade Rate at July 1, 2023.

Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.

Withdrawal – Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (CONTINUED)

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	4.55%	3.90%	45	1.41%	1.60%
30	4.55%	3.90%	50	1.89%	2.08%
35	1.68%	2.83%	55	3.63%	3.66%
40	1.42%	1.67%	60	5.49%	5.94%

Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubT-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Disability – No disability was assumed.

Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

Percentage of Eligible Retirees Electing Coverage in the Plan – 100% of Teachers and Administrators eligible for a district subsidy and 25% of all other employees are assumed to elect coverage.

Percentage Married at Retirement – 40% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age – Wives are assumed to be two years younger their husbands.

Per Capita Claims Cost – Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision are assuming to not vary with age or gender.

Retiree Contributions – Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Health Care Cost Trend Rate – 7.0% in 2023 with .5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets – Equal to the Market Value of Assets

Actuarial Cost Method – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses service to reduce or increase the Unfunded Accrued Liability.

Participant Data – Based on census information as of March 2023. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2022-2023 school year.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (CONTINUED)

Changes in Assumptions – The discount rate changed from 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS experience study. The percentage of eligible retirees assumed to elect coverage in the plan decreased from 50% to 25% for unsubsidized retirees.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the School, as well as what the School's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.13%) or 1-percentage-point higher (5.13%) than the current discount rate:

	1% Decrease	Current Rates 4.13%	1% Increase
The School's net OPEB Liability	$ 14,788,191	$ 13,704,166	$ 12,664,059

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

The following presents the total OPEB liability of the District, as well as what the District's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Trend Rate 5.5%	1% Increase
The School's net OPEB Liability	$ 12,394,844	$ 13,704,166	$ 15,234,083

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2024, the District recognized OPEB expense of $858,227. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Governmental Activities		
Difference Between Expected and Actual Experience	$ 1,128,299	$ (802,458)
Changes in Assumptions	1,414,639	(4,297,906)
Contributions Subsequent to the Measurement Date	476,162	-
	$ 3,019,100	$ (5,100,364)

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS – SINGLE EMPLOYER PLAN (CONTINUED)

$476,162 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities
2025	$ (273,395)
2026	(273,395)
2027	(273,395)
2028	(273,395)
2029	(273,395)
Thereafter	(1,190,451)
	$ (2,557,426)

Changes in Total OPEB Liability

Service Cost	$ 591,104
Interest	540,518
Changes in assumptions	126,726
Benefit payments	(602,967)
Difference between Expected and Actual	-
Net change in total OPEB liability	655,381
Total OPEB liability - beginning	13,048,785
Total OPEB liability - ending	$ 13,704,166
Covered payroll	$ 69,667,763

NOTE 11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for health insurance for health insurance claims in excess of $200,000. In addition, the District has committed $6,000,000 of fund balance towards health insurance stabilization. For insured programs, management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this insurance coverage in any of the past three fiscal years.

The following summary provides aggregate information on prior year self-insurance liabilities, incurred claims, and payments during the last two fiscal years:

NOTE 11 RISK MANAGEMENT (CONTINUED)

June 30, 2022 Liability	$ 1,986,727
Incurred Claims and Payments, Net	(239,918)
June 30, 2023 Liability	1,746,809
Incurred Claims and Payments, Net	(420,094)
June 30, 2024 Liability	$ 1,326,715

NOTE 12 CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the District participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting agency, the purpose of which is to ensure compliance with the specific conditions of the grant or loan. Any liability of reimbursement that may arise as a result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

NOTE 13 LITIGATION

The District is a party to various legal proceedings that normally occur in the course of governmental operations. The outcome of some of the above noted proceedings cannot be predicted, and the range of potential loss is undetermined. Insurance coverage maintained by the District for defense of the proceedings should apply net of applicable insurance deductibles, the District feels that settlements or judgments not covered by insurance would not have material adverse effect on the financial condition of the District.

NOTE 14 FUND BALANCE ALLOCATIONS

The District has the following fund balance designations as of June 30, 2024:

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
Restricted				
Capital Projects	$ -	$ 3,592,689	$ 6,557,814	$ 10,150,503
Committed				
Capital Equipment & Projects	7,500,000	-	-	7,500,000
Health Insurance Rate Stabilization	3,000,000	-	-	3,000,000
Tax Stabilization	3,000,000	-	-	3,000,000
Other Postemployment Benefits	3,000,000			3,000,000
Compensated Absences	1,000,000	-	-	1,000,000
Assigned				
To Balance the 2024-2025 Budget	4,863,269	-	-	4,863,269
Unassigned	173,281	-	-	173,281
Total Fund Balance	$ 22,536,550	$ 3,592,689	$ 6,557,814	$ 32,687,053

NOTE 15 COMMITMENTS

The District has entered into subscription-based information technology agreements with various vendors to provide electronic educational programs as well as administrative storage and operating systems. These agreements are for a maximum term of twelve months or include a provision that either party can terminate with a reasonable amount of notice and, as such, the District has not recorded a liability in the financial statements for these agreements in accordance with GASB 96.

Career Institute of Technology

The District participates with four other districts located in Northampton County in the operation of the Career Institute of Technology (CIT). In addition to payments for the operation of the CIT, the District is committed to a pro rata share of annual debt service costs of the 2005 and 2005A Bond issues. The District's share is based upon a percentage of all members market values each year as computed by Northampton County. The District's percentage of the debt service was 39.859% for the current year. The CIT issued the 2005 and 2005A Bonds primarily to provide funds for significant capital project costs to existing and additional facilities. The Revenue Bond Series of 2005 and 2005A were refinanced by the 2014A and 2014B Bond issues. The 2019 Bond issue issued December 27, 2019 refinanced the 2014A Bond issue providing a net present value savings of $216,621 to the CIT. The 2019 Bond issue bears an interest rate of 2.100%, maturing October 15, 2028.

Colonial Intermediate Unit 20

The District participates with 10 other district located in Northampton, Monroe, and Pike Counties in the operation of the Colonial Intermediate Unit 20. In addition to payments for the operation of and special services provided by the Colonial Intermediate Unit 20, the District is committed to a pro-rata share of annual debt service costs of the 2015 Bond issue. The District's share is based upon a three-year average of all member's market values.

NOTE 16 TAX ABATEMENTS

The District may enter into property tax abatement agreements under the Pennsylvania Tax Increment Financing Act of 1990. The Act authorizes local taxing bodies to cooperate in providing financing for public facilities and residential, commercial and industrial development and revitalization in order to eliminate or prevent the development or spread of blight within their respective jurisdictions.

Cooperation and School District Tax Fund Agreements Regarding Route 33 Tax Increment Financing District

The Route 33 Tax Increment Financing District was established as a result of The Chrin Company desiring to develop a mix-use retail, office, and industrial parcel of land it owns, which is dependent upon the construction of certain public infrastructure including a new Route 33 interchange. A Cooperation Agreement regarding the Route 33 Tax Increment Financial District was entered into by the District in 2011; the Agreement is among the Township of Palmer, County of Northampton, Northampton County Industrial Development Authority, and the Easton Area School District.

NOTE 16 TAX ABATEMENTS (CONTINUED)

Included within the Agreement are the provisions for a Tax Increment Financing Plan and a Tax Increment Financing District necessary for financing, the Northampton County Industrial Development Authority Tax Increment Financing Revenue Bonds (Route 33), Series of 2013. The TIF District will have a term not in excess of 20 years from the effective date of creation. The Tax Increment Base was set at the market value of all taxable real property located within the TIF District as of July 1, 2012. Revenues pledged by the District for transfer to a "Tax Increment Fund" for the initial five fiscal years following the establishment of the TIF District are 100% of the real estate tax revenues in excess of the Increment Base; and for each of the remaining years during the term of the TIP District, revenues pledged are 80% of the real estate tax revenues in excess of the Increment Base. The current year amount of the net real estate exonerations for the TIF District was $5,530,507.

NOTE 17 RESTATEMENTS

The District has decreased its July 1, 2023 governmental activities net position and General Fund fund balance by ($1,224,112) to correctly account for the library payable and a cash account.

NOTE 18 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through May 13, 2026 the date the financial statements were available to be issued. No events were noted to be disclosed.

REQUIRED

SUPPLEMENTARY

INFORMATION

EASTON AREA SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024

	Budgeted Amounts			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
Revenues				
Local sources	$ 131,703,691	$ 131,703,691	$ 131,599,661	$ (104,030)
State sources	58,560,849	58,560,849	60,693,067	2,132,218
Federal sources	10,155,000	10,155,000	19,462,460	9,307,460
Total Revenues	200,419,540	200,419,540	211,755,188	11,335,648
Expenditures				
Regular Programs	91,450,529	91,450,529	98,499,291	(7,048,762)
Special Programs	30,101,877	30,101,877	30,190,851	(88,974)
Vocational Programs	6,723,885	6,723,885	6,242,823	481,062
Other Instructional Programs	400,046	400,046	501,863	(101,817)
Pupil Personnel Services	7,042,729	7,042,729	7,347,838	(305,109)
Nonpublic	1,480,593	1,480,593	1,485,453	(4,860)
Instructional Staff Services	6,594,039	6,594,039	8,417,196	(1,823,157)
Administrative Services	8,984,229	8,984,229	9,114,226	(129,997)
Pupil Health Services	2,028,298	2,028,298	2,086,130	(57,832)
Business Services	1,895,203	1,895,203	2,611,638	(716,435)
Operation and Maintenance of Plant	16,385,382	16,385,382	16,071,646	313,736
Student Transportation Services	9,321,955	9,321,955	13,456,426	(4,134,471)
Central and Other Support Services	3,122,270	3,122,270	3,383,517	(261,247)
Student Activities and Athletics	2,227,338	2,227,338	2,209,438	17,900
Community Services	378,765	378,765	228,615	150,150
Refund of Prior Year Revenues	-	-	44	(44)
Debt Service	17,782,990	17,782,990	17,745,784	37,206
Total Expenditures	205,920,128	205,920,128	219,592,779	(13,672,651)
Other Financing Sources (Uses):				
Refunds of prior year expenditures	-	-	121,878	121,878
Miscellaneous Revenue	-	-	941,006	941,006
Issuance of Leases	-	-	1,708,308	1,708,308
Sale of Capital Assets	50,000	50,000	18,236	(31,764)
Total Other Financing Sources (Uses)	50,000	50,000	2,789,428	2,739,428
Net Change in Fund Balance	(5,450,588)	(5,450,588)	(5,048,163)	$ 402,425
Fund Balance at Beginning of Year, Restated	28,808,825	28,808,825	27,584,713	
Fund Balance at End of Year	$ 23,358,237	$ 23,358,237	$ 22,536,550	

See accompanying notes to the budgetary comparison schedule.

NOTE 1 BUDGETARY INFORMATION

An operating budget is adopted prior to the beginning of each year for the General Fund on a basis consistent with generally accepted accounting principles. The General Fund is the only fund for which a budget is legally required.

The Pennsylvania School Code dictates specific procedures relative to adoption of the School District's budget and reporting of its financial statements, specifically:

- The School District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located and within 15 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School 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 ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Pennsylvania School Code allows the Board to make budgetary transfers between major function and major object code only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. 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.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the Pennsylvania Department of Education's 2028 Report when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2023-2024 budget transfers.

NOTE 2 COMPLIANCE

Excess of Expenditures Over Appropriations

	Appropriation	Expenditures	Excess %
General Fund:			
Regular Programs	$ 91,450,529	$ 98,499,291	7.16%
Special Programs	30,101,877	30,190,851	0.29%
Other Instructional Programs	400,046	501,863	20.29%
Pupil Personnel Services	7,042,729	7,347,838	4.15%
Nonpublic	1,480,593	1,485,453	0.33%
Instructional Staff Services	6,594,039	8,417,196	21.66%
Administrative Services	8,984,229	9,114,226	1.43%
Pupil Health Services	2,028,298	2,086,130	2.77%
Business Services	1,895,203	2,611,638	27.43%
Student Transportation Services	9,321,955	13,456,426	30.72%
Central and Other Support Services	3,122,270	3,383,517	7.72%
Refund of Prior Year Revenues	-	44	100.00%

Funds sufficient to provide for the excess expenditures were made available from other functions within the fund and other financing sources.

EASTON AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST 10 YEARS

	Measurement Date									
	June 30, 2023	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**	**June 30, 2016**	**June 30, 2015**	**June 30, 2014**
District's proportion of the net pension liability	0.5059%	0.4979%	0.4930%	0.4921%	0.4869%	0.4810%	0.4717%	0.4750%	0.4757%	0.5022%
District's proportion of the net pension liability dollar value	$ 225,057,000	$ 221,360,000	$ 202,410,000	$ 242,305,000	$ 227,785,000	$ 230,904,000	$ 232,965,000	$ 235,395,000	$ 206,051,000	$ 198,774,000
District's covered employee payroll	$ 76,765,338	$ 73,357,691	$ 69,795,604	$ 68,846,307	$ 67,051,641	$ 65,065,176	$ 62,896,188	$ 61,440,983	$ 61,205,541	$ 61,205,541
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	293.18%	301.75%	290.00%	351.95%	339.72%	354.88%	370.40%	383.12%	336.65%	324.76%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

EASTON AREA SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
LAST 10 YEARS

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	$ 26,434,054	$ 26,491,718	$ 24,816,907	$ 23,388,507	$ 22,967,128	$ 21,858,835	$ 20,651,687	$ 18,365,687	$ 15,360,246	$ 12,547,136
Contributions in relation to the contractually required contribution	26,434,054	26,491,718	24,816,907	23,388,507	22,967,128	21,858,835	20,651,687	18,365,687	15,360,246	12,547,136
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 79,238,771	$ 76,765,338	$ 73,357,691	$ 69,795,604	$ 68,846,307	$ 67,051,641	$ 65,065,176	$ 62,896,188	$ 61,440,983	$ 61,205,541
Contributions as a percentage of covered payroll	33.36%	34.51%	33.83%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%	20.50%

EASTON AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREES HEALTH PLAN
LAST 10 YEARS

	Measurement Date						
	June 30, 2023	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
Total OPEB liability							
Service cost	$ 591,104	$ 910,154	$ 923,414	$ 682,253	$ 682,272	$ 707,022	$ 692,374
Interest	540,518	375,833	302,139	435,185	378,812	436,217	335,840
Changes of benefit terms	-	-	-	-	-	(319,195)	-
Differences between expected and actual experience	-	817,978	-	645,163	-	(1,490,280)	-
Changes of assumptions	126,726	(4,409,977)	(494,452)	1,752,154	(394,193)	21,646	159,874
Benefit payments	(602,967)	(477,746)	(478,248)	(446,754)	(403,125)	(735,579)	(775,013)
Net change in total OPEB liability	655,381	(2,783,758)	252,853	3,068,001	263,766	(1,380,169)	413,075
Total OPEB liability - beginning	13,048,785	15,832,543	15,579,690	12,511,689	12,247,923	13,628,092	13,215,017
Total OPEB liability - ending	$ 13,704,166	$ 13,048,785	$ 15,832,543	$ 15,579,690	$ 12,511,689	$ 12,247,923	$ 13,628,092
Covered payroll	$ 76,765,338	$ 73,357,691	$ 69,795,604	$ 68,846,307	$ 67,051,641	$ 65,065,176	$ 62,896,188
District's total OPEB liability as a percentage of covered payroll	17.85%	17.79%	22.68%	22.63%	18.66%	18.82%	21.67%

Changes of Assumptions
- The discount rate changed from 4.06% to 4.13% in 2023
- The discount rate changed from 2.28% to 4.06% in 2022
- The discount rate changed from 1.86% to 2.28% in 2021
- The discount rate changed from 2.79% to 1.86% in 2020
- The discount rate changed from 2.98% to 2.79% in 2019
- The discount rate changed from 3.13% to 2.98% in 2018

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

EASTON AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN
*LAST 10 YEARS

	Measurement Date						
	June 30, 2023	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**	**June 30, 2017**
District's proportion of the net OPEB liability	0.5046%	0.4962%	0.4922%	0.4906%	0.4869%	0.4810%	0.4717%
District's proportionate share of the net OPEB liability	$ 9,129,000	$ 9,134,000	$ 11,666,000	$ 10,600,000	$ 10,356,000	$ 10,029,000	$ 9,610,000
District's covered payroll	$ 76,765,338	$ 73,357,691	$ 69,795,604	$ 68,846,307	$ 67,051,641	$ 65,065,176	$ 62,896,188
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	11.89%	12.45%	16.71%	15.40%	15.44%	15.41%	15.28%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

EASTON AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN
*LAST 10 YEARS

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually determined contribution	$ 508,935	$ 537,734	$ 580,890	$ 572,324	$ 578,309	$ 556,529	$ 540,041
Contributions in relation to the contractually determined contribution	508,935	537,734	580,890	572,324	578,309	556,529	540,041
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered payroll	$ 79,238,771	$ 76,765,338	$ 73,357,691	$ 69,795,604	$ 68,846,307	$ 67,051,641	$ 65,065,176
Contributions as a percentage of covered payroll	0.64%	0.70%	0.79%	0.82%	0.84%	0.83%	0.83%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

SINGLE

AUDIT

SUPPLEMENT

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*

Independent Auditor's Report

To the Board of School Directors
Easton Area School District
Easton, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Easton Area School District ("the District") as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated May 13, 2026.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-001, 2024-003 and 2024-004 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2024-002 and 2024-005 to be significant deficiencies.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, and which are described in the accompanying schedule of findings and questioned costs as items 2024-003.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC

Jamison, Pennsylvania
May 13, 2026

Report on Compliance for Each Major Program; Report on Internal Control over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

To the Board of School Directors
Easton Area School District
Easton, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Easton Area School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Adverse Opinion on Elementary and Secondary School Emergency Relief Fund (ALN 84.425)

In our opinion, because of the significance of the matter discussed in the Basis for Adverse and Unmodified Opinions section of our report, the District did not comply in all material respects, with the compliance requirements referred to above that could have a direct and material effect on *Elementary and Secondary School Emergency Relief Fund (ALN 84.425)* for the year ended June 30, 2024.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2024.

Basis for Adverse and Unmodified Opinions

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

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

Matter Giving Rise to Adverse Opinion on Assistance Listing Number 84.425

As described in the accompanying schedule of findings and questioned costs, the District did not comply with requirements regarding Assistance Listing Number 84.425 *Elementary and Secondary School Emergency Relief Fund* as described in finding number 2024-003 for Reporting. Compliance with such requirements is necessary, in our opinion, for the District to comply with the requirements applicable to that program.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-003 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 the District's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The 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.

Zelenkofske Axelrod LLC

ZELENKOFSKE AXELROD LLC
Jamison, Pennsylvania
May 13, 2026

EASTON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Project Title	Source Code	Assistance Listing Number	Pass-through Grantor Number	Grant Period Beginning - Ending Dates	Grant Amount	Total Received for Year	Accrued (Unearned) Revenue at July 1, 2023	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2024	Passed Through To Subrecipients
U.S. DEPARTMENT OF EDUCATION											
Passed through the Pennsylvania Department of Education											
School Health Education Programs	I	93.079	N/A	7/1/22 - 6/30/23	N/A	$ -	$ 800	$ -	$ -	$ 800	$ -
Title I Grants to Local Education Agencies	I	84.010	013-240133	11/6/23 - 9/30/24	2,346,268	641,948	-	2,353,810	2,353,810	1,711,862 *	-
Title I Grants to Local Education Agencies	I	84.010	013-230133	8/11/22 - 9/30/23	2,115,357	-	649,863	-	-	649,863 *	-
Title I Grants to Local Education Agencies	I	84.010	013-220133	9/16/21 - 9/30/23	2,142,173	-	100,081	-	-	100,081 *	-
Title I Grants to Local Education Agencies	I	84.010	013-210133	7/29/20 - 9/30/21	2,257,895	-	307,697	-	-	307,697 *	-
Total Assistance Listing Number 84.010						641,948	1,057,641	2,353,810	2,353,810	2,769,503	-
Title II Improving Teacher Quality State Grants	I	84.367	020-240133	11/6/23 - 9/30/24	289,496	78,467	-	330,460	330,460	251,993	-
Title II Improving Teacher Quality State Grants	I	84.367	020-230133	8/11/22 - 9/30/23	268,882	40,964	-	-	-	(40,964)	-
Total Assistance Listing Number 84.367						119,431	-	330,460	330,460	211,029	-
Title III LEP Language Instruction	I	84.365	010-240133	11/6/23 - 9/30/24	126,023	31,281	-	175,129	175,129	143,848	-
Title III LEP Language Instruction	I	84.365	010-230133	8/11/22 - 9/30/23	92,924	49,106	52,124	-	-	3,018	-
Total Assistance Listing Number 84.365						80,387	52,124	175,129	175,129	146,866	-
Title IV Student Support & Academic Enrichment Grants	I	84.424	144-240133	11/6/23 - 9/30/24	165,894	45,244	-	165,894	165,894	120,650	-
Title IV Student Support & Academic Enrichment Grants	I	84.424	144-230133	8/11/22 - 9/30/23	168,560		(2,417)	-	-	(2,417)	-
Total Assistance Listing Number 84.424						45,244	(2,417)	165,894	165,894	118,233	-
CARES Act - ESSER Fund Local	I	84.425D	200-210133	3/13/20 -9/30/23	8,359,530	1,944,077	1,944,077	-	-	- *	-
ARP ESSER	I	84.425U	223-210133	3/13/20 - 9/30/24	16,908,910	3,074,347	(1,469,358)	14,781,941	14,781,941	10,238,236 *	-
ARP ESSER 2.5%	I	84.425	224-210133	3/13/20 - 9/30/24	144,434	-	-	126,052	126,052	126,052 *	-
ARP ESSER 7%	I	84.425U	225-210133	3/13/20 - 9/30/24	1,314,202	-	379,959	167,262	167,262	547,221 *	-
aTSI GEER - Governer Emergency Relief	I	84.425C	254-200133	3/13/20 - 9/30/22	157,247	-	41,704	-	-	41,704 *	-
Total Assistance Listing Number 84.425						5,018,424	896,382	15,075,255	15,075,255	10,953,213	-
Passed through the Colonial Intermediate Unit 20											
IDEA Special Education - Grants to States	I	84.027	N/A	7/1/22 - 9/30/23	1,258,339	-	429,537	-	-	429,537	-
IDEA Special Education - Grants to States	I	84.027	N/A	7/1/23 - 9/30/24	1,455,162	1,455,162	-	1,455,162	1,455,162	-	-
IDEA ARP of 2021	I	84.027X	N/A	7/1/21 - 9/30/23	332,538	-	332,538	-	-	332,538	-
Total Assistance Listing Number 84.027						1,455,162	762,075	1,455,162	1,455,162	762,075	-
IDEA -Section 619	I	84.173	N/A	7/1/22 - 9/30/23	8,398	8,398	-	8,398	8,398	-	-
Total Assistance Listing Number 84.173						8,398	-	8,398	8,398	-	-
Total Special Education Cluster						1,463,560	762,075	1,463,560	1,463,560	762,075	-
TOTAL U.S. DEPARTMENT OF EDUCATION						7,368,994	2,766,605	19,564,108	19,564,108	14,961,719	-

The accompanying notes are an integral part of this schedule.

EASTON AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2024

Federal Grantor/Project Title	Source Code	Assistance Listing Number	Pass-through Grantor Number	Grant Period Beginning - Ending Dates	Grant Amount	Total Received for Year	Accrued (Unearned) Revenue at July 1, 2023	Revenue Recognized	Expenditures	Accrued (Unearned) Revenue at June 30, 2024	Passed Through To Subrecipients
U.S. DEPARTMENT OF AGRICULTURE											
Passed through the Pennsylvania Department of Agriculture											
National School Lunch Program - Donated Commodities	I	10.555	362-000000	7/1/23 - 6/30/24	N/A	514,688	-	514,688	514,688	-	-
Passed through the Pennsylvania Department of Education											
National School Lunch Program	I	10.555	N/A	7/1/21 - 6/30/22	N/A	2,323,804	-	2,323,804	2,323,804	-	-
Supply Chain Assistance	I	10.555	356-000000	7/1/23 - 6/30/24	N/A	204,157	-	204,157	204,157	-	-
Total Assistance Listing Number 10.555						3,042,649	-	3,042,649	3,042,649	-	-
School Breakfast Program	I	10.553	365-000000	7/1/23 - 6/30/24	N/A	1,063,497	-	1,063,497	1,063,497	-	-
Total Assistance Listing Number 10.553						1,063,497	-	1,063,497	1,063,497	-	-
Summer Food Service Program for Children	I	10.559	264-000000	7/1/22 - 6/30/23	N/A	39,002	39,002	-	-	-	-
Summer Food Service Program for Children	I	10.559	264-000000	7/1/23 - 6/30/24	N/A	112,439	-	112,439	112,439	-	-
Total Assistance Listing Number 10.559						151,441	39,002	112,439	112,439	-	-
Total Child Nutrition Cluster						4,257,587	39,002	4,218,585	4,218,585	-	-
Child and Adult Care Food Program	I	10.558	164-000000	7/1/23 - 6/30/24	N/A	61,821	-	61,821	61,821	-	-
Total Assistance Listing Number 10.558						61,821	-	61,821	61,821	-	-
State Pandemic Electronic Benefit Transfer Administrative Cost Grants	I	10.649	358-000000	7/1/23 - 6/30/24	N/A	8,995	-	8,995	8,995	-	-
Total Assistance Listing Number 10.649						8,995	-	8,995	8,995	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						4,328,403	39,002	4,289,401	4,289,401	-	-
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
Passed through the Pennsylvania Department of Public Welfare											
Medical Assistance Program	I	93.778	N/A	10/1/22-9/30/23	N/A	18,184	18,184	-	-	-	-
Total Assistance Listing Number 93.778						18,184	18,184	-	-	-	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						18,184	18,184	-	-	-	-
TOTAL FEDERAL AWARDS						$ 11,715,581	$ 2,823,791	$ 23,853,509	$ 23,853,509	$ 14,961,719	$ -

Source Code:
I - Indirect Funding

* Program tested as major

The accompanying notes are an integral part of this schedule.

NOTE A SCOPE OF THIS SCHEDULE

The federal programs as listed in the schedule of expenditures of federal awards are accounted for by the School District in the General Fund for U.S. Department of Education and in the Food Service Fund for U.S. Department of Agriculture programs.

NOTE B BASIS OF ACCOUNTING

The School District uses the modified accrual method of recording transactions except a noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS – DONATED COMMODITIES

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 Number 10.555 represent surplus food consumed by the District during the 2023-2024 fiscal year. The District has food commodities totaling $26,450 in inventory as of June 30, 2024.

NOTE D INDIRECT COST RATES

The School District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE E RISK-BASED AUDIT APPROACH

The 2024 threshold for determining Type A programs is $750,000. Two Type A programs were audited as major programs.

The amount expended under programs audited as major federal programs for the year ended June 30, 2024, totaled $17,429,065 or 73.07% of total federal awards.

I. PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes __X__ No___
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes __X___ None Reported _______

Noncompliance material to financial statements noted? Yes____ No __X_

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes __X_ No____
- Significant deficiencies identified that are not considered to be material weakness(es)? Yes____ None Reported __X__

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

Unmodified for Title I

Modified for Elementary and Secondary School Emergency Relief Fund

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes _X___ No____

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies
84.425	Elementary and Secondary School Emergency Relief Fund

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

Auditee qualified as low-risk auditee? Yes ____ No __X__

PART B – FINDINGS RELATED TO FINANCIAL STATEMENTS

2024-001 (2022-005) – BANK ACCOUNTS AND RECONCILIATIONS

Condition: During the audit of the District's financial statements, we noted that the District maintains bank accounts that are not accounted for within the District's accounting software. We noted bank accounts related to real estate tax collections, scholarships, and payroll that are not reconciled by the District. We also noted that prepared bank reconciliations are not received and approved by the appropriate level of management.

Criteria: All bank accounts should be accounted for in the accounting software and reconciled monthly to detect and correct errors in a timely manner and to ensure that cash is not materially misstatements in the financial statements.

Cause: District oversight

Effect: Possible misstatement of cash in the District's financial statements

Recommendation: All of the District's bank accounts should be accounted for in its software, reconciled monthly, and approved by the appropriate level of management.

View of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and is working towards implementing better controls over their grant reporting.

2024-002 (2022-006) – CAPITAL ASSETS

Condition: During the audit of the District's financial statements, we noted that the District's capital asset listing included many long-standing fully depreciated assets that were well beyond their identified useful lives. In addition, we noted significant mostly offsetting differences between the capital asset cost and accumulated depreciation balances reported on the District's capital asset listing versus the District's financial statements.

Criteria: A strong system of internal controls and management review requires that capital asset balances be properly reconciled to a subsidiary ledger or other adequate supporting documentation on a periodic basis. Management is responsible for maintaining its accounting records in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP.")

Cause: District oversight.

Effect: In the future, capital assets may be materially misstated in the financial statements.

Recommendation: We recommend that District perform an inventory of all property and equipment currently in use. We also recommend that the District perform an in-depth analysis of fully depreciated assets on the District's capital asset schedule. This evaluation will aid in simplifying annual depreciation schedule roll-forward, as well as ensure that the capital asset figures in the financial statements are not artificially inflated.

View of Responsible Officials and Planned Corrective Actions: The District agrees with the finding and is working towards implementing better controls over their grant reporting.

PART B – FINDINGS RELATED TO FINANCIAL STATEMENTS (CONTINUED)

2024-003 – REPORTING

U.S. Department of Education – An award passed through the Pennsylvania Department of Education - Elementary and Secondary School Emergency Relief Fund. (ALN 84.425)

Condition: Required reports were not submitted to Pennsylvania Department of Education

Criteria: Per Uniform Guidance and grant agreements, the District is to submit quarterly and final reports per each grant funding stream

Effect: The effect is the District is not in compliance with reporting requirements

Cause: The amount reported on quarterly reports did not align with District records.

Recommendation: We recommend that the District ensures all grants follow grant requirements.

View of Responsible Officials and Planned Corrective Actions: The School District agrees with the finding and is working towards implementing better controls over their grant reporting.

2024-004– Internal Control Over Financial Reporting

Criteria: Internal control is a process which captures and records transactions, safeguards your assets and assures compliance with laws and regulations. One critical element of internal control includes preparation and review and approval of reconciliations and year-end adjusting entries to ensure the books and records appropriately reflect the current year activities.

Condition/Context: As part of our audit of the District's financial statements, there were certain bookkeeping adjustments that were precipitated by the audit process. In addition, the books and records were not maintained in a matter that allowed the audit to be completed in a timely manner.

Cause: The District needs to ensure individuals with the skills, knowledge, and expertise perform these activities are present in-house or support by external expertise. However, the preparation and review of the support surrounding these areas was not accurate or complete and review did not occur in a timely manner.

Effect: This resulted in a significant delay in the completion of the audit.

Recommendation: As management continues to acclimate itself to the District's processes, we recommend working with the external auditors to gain a more thorough understanding of the types of adjustment that were proposed and incorporating these concepts into its year end closing process going forward.

Views of Responsible Officials and Planned Corrective Actions: During 2025 the District had significant turnover in its business office staff and restructuring of positions. The District continues to work to catch up from this period and anticipates that by the end of 2026, they will be able to return to having accounting processes up to date and working as expected.

2024-005– Continuing Disclosure Compliance – Significant Deficiency

Criteria: Pursuant to the provisions of Securities and Exchange Commission (SEC) Rule 15c2-12, *Municipal Securities Disclosure,* and the provisions of the District's Continuing Disclosure Agreements incorporated into its General Obligation Bonds, the District is required to provide certain financial and operating information, including audited financial statements, adopted budgets, and other operating data, to the Municipal Securities Rulemaking Board (MSRB) within a prescribed time period after year-end.

PART B – FINDINGS RELATED TO FINANCIAL STATEMENTS (CONTINUED)

Condition/Context: The District did not timely file its continuing disclosure information within the prescribed time period.

Cause: Reconciliations and reports were not completed on a timely basis.

Effect: The District was not in compliance with the provisions of its Continuing Disclosure Requirements.

Recommendation: We recommend that the District continue to work to acclimate it's business office personnel to the year-end closing process, to timely facilitate the closing of its internal books and records to enable the audit to be completed and filed on a timely basis.

Views of Responsible Officials and Planned Corrective Actions: Management agrees and is working towards implementing a process whereby the internal year-end closing process is completed timely to enable the audit to be performed and completed within the required timeframe. See corrective action plan.

PART C – FINDINGS RELATED TO FEDERAL AWARDS

2024-003 – See Part B for full finding information

STATUS OF PRIOR YEAR FINDINGS

2022-005: Repeated as finding 2024-001

2022-006: Repeated as finding 2024-002

2023-003: Repeated as finding 2024-003

2023-004: Resolved

Easton Area School District
1801 Bushkill Drive • Easton, PA 18040-8186 • 610-250-2400

May 13, 2026

Finding 2024-001 (2022-005) – BANK ACCOUNTS AND RECONCILIATION

Management Corrective Action Plan:

The District acknowledges the finding regarding bank accounts maintained outside of the District's accounting software and the lack of formalized reconciliation review procedures. During the fiscal year, the District experienced significant staffing transitions within the Business Office, which contributed to delays in implementing consistent reconciliation and oversight procedures for certain accounts, including real estate tax collection, scholarship, and payroll accounts.

Management agrees that all District-related bank accounts should be incorporated into the District's accounting and reconciliation process and that reconciliations should be reviewed and approved by the appropriate level of management in a timely manner.

To address this matter, the District has begun implementing corrective actions which include:

- Identifying and inventorying all active bank accounts associated with District operations;
- Establishing procedures to ensure all accounts are reconciled monthly;
- Incorporating applicable accounts into the District's accounting records and financial reporting processes;
- Assigning responsibility for preparation and supervisory review of reconciliations; and
- Implementing a documented review and approval process to ensure reconciliations are completed accurately and timely.

Individual(s) Responsible: CFO, Finance Officer

Anticipated Completion Date: Prior to issuance of the Fiscal Year 2025 Financial Statements

Finding 2024-002 (2022-006) – CAPITAL ASSETS

Management Corrective Action Plan:

The District acknowledges the finding related to the capital asset listing and agrees that improvements are needed to ensure the accuracy and completeness of capital asset records and related financial reporting. The District's capital asset records contain a number of long-standing fully depreciated assets that remain on the listing despite having exceeded their estimated useful lives. Additionally, differences existed between the capital asset subsidiary records and the balances reported in the financial statements.

Management recognizes that these conditions developed over multiple years and were impacted by staffing transitions and the lack of a comprehensive review and reconciliation process for capital assets.

To address this matter, the District has begun implementing corrective actions which include:

- Conducting a comprehensive review of the District's capital asset inventory and records;
- Identifying and evaluating fully depreciated assets to determine whether they remain in service or should be disposed of and removed from the records;
- Reconciling the capital asset subsidiary ledger to the financial statement balances on a recurring basis;
- Reviewing historical additions, disposals, and depreciation calculations for accuracy; and
- Establishing procedures for ongoing maintenance, reconciliation, and supervisory review of capital asset activity.

Individual(s) Responsible: CFO, Finance Officer

Anticipated Completion Date: Prior to issuance of the Fiscal Year 2025 Financial Statements

Finding 2024-003 – REPORTING

Management Corrective Action Plan:

The District acknowledges the finding regarding the untimely submission of required reports to the Pennsylvania Department of Education related to federal grant programs. Management recognizes the importance of timely and accurate reporting to ensure compliance with grant requirements and maintain effective oversight of federal funding.

The delays in submission were primarily the result of staffing transitions within the Business Office and challenges associated with completing prior year financial information needed for reporting purposes. The District has worked cooperatively with the Pennsylvania Department of Education throughout this process and has taken steps to address outstanding reporting requirements.

To address this matter, the District has begun implementing corrective actions which include:

- Establishing internal reporting calendars and compliance deadlines for all required state and federal submissions;
- Assigning specific staff responsibilities for grant reporting and monitoring;
- Implementing supervisory review procedures to ensure reports are completed accurately and submitted timely; and
- Providing additional oversight and coordination related to federal grant compliance and reporting requirements.

Individual(s) Responsible: CFO, Finance Officer

Anticipated Completion Date: Prior to issuance of the Fiscal Year 2025 Financial Statements

Finding 2024-004 – INTERNAL CONTROL OVER FINANCIAL REPORTING

Management Corrective Action Plan:

The District acknowledges the finding related to audit adjustments identified during the audit process and the condition of the underlying books and records. Management recognizes the importance of maintaining complete, accurate, and timely financial records throughout the fiscal year to support efficient financial reporting and audit completion.

To address this matter, the District has implemented and is strengthening the following corrective actions:

- Enhancing month-end and year-end closing procedures to ensure accounts are fully reconciled on a timely basis;
- Improving documentation standards to ensure all transactions are properly supported and readily available for review;
- Increasing supervisory oversight and review of accounting records and reconciliations; and
- Implementing procedures to ensure financial records are maintained in a manner that supports timely audit completion.

Individual(s) Responsible: CFO, Finance Officer

Anticipated Completion Date: Prior to issuance of the Fiscal Year 2025 Financial Statements

Finding 2024-005 – CONTINUING DISCLOSURE COMPLAINCE – SIGNIFICANT DEFIENCY

Management Corrective Action Plan:

The District acknowledges the finding regarding the untimely filing of continuing disclosure information required under SEC Rule 15c2-12 and the District's Continuing Disclosure Agreements related to its General Obligation Bonds. Management recognizes the importance of timely submission of annual financial and operating data to the Municipal Securities Rulemaking Board (MSRB) in order to maintain compliance with disclosure obligations and support transparency in the municipal securities market.

The delay in filing was primarily due to timing delays in the completion and issuance of the District's audited financial statements, which are a key component of the required continuing disclosure filings.

To address this matter, the District has implemented and is reinforcing the following corrective actions:

- Establishing internal deadlines for continuing disclosure submissions that are aligned well in advance of contractual due dates;
- Enhancing coordination between the Business Office and external auditors to support earlier completion of audited financial statements;
- Assigning responsibility for monitoring and tracking all continuing disclosure requirements; and
- Implementing a formal review process to ensure all required filings are completed accurately and submitted on a timely basis to the MSRB.

Individual(s) Responsible: CFO, Finance Officer

Anticipated Completion Date: Prior to issuance of the Fiscal Year 2025 Financial Statements

APPENDIX F

BOND AMORTIZATION SCHEDULE