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

PRELIMINARY OFFICIAL STATEMENT DATED: SEPTEMBER 2, 2026

NEW ISSUE-BOOK-ENTRY ONLY

RATINGS: S&P: "__" (__ Outlook) (__ Insured)
S&P: "A" (Stable Outlook) (Underlying)
(See "RATINGS" herein)

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under §57 of the Internal Revenue Code of 1986, as amended (the "Code") for purposes of Federal individual alternative minimum tax. The Bonds, and interest income therefrom, are free from taxation for purposes of personal, and corporate net, income taxes within the Commonwealth of Pennsylvania.

*The School District has **not** designated the Bonds as "qualified tax-exempt obligations" for the purposes and effect contemplated by Section 265 of the Code (regarding the deductibility of interest expense related to tax-exempt income of certain financial institutions).*

*For further information concerning federal and state tax matters relating to the Bonds, see "**TAX EXEMPTION**" herein.*

$12,275,000*
Lebanon School District
(Lebanon County, Pennsylvania)
General Obligation Bonds, Series of 2026

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: June 15 (as shown on inside cover)
First Interest Payment: December 15, 2026

The General Obligation Bonds, Series of 2026 (the "Bonds") in the aggregate principal amount of $12,275,000*, when issued, will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 principal amount, or any integral multiple thereof, only under the book-entry only system maintained by DTC through brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of certificates representing the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "**BOOK-ENTRY ONLY SYSTEM**" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Lebanon School District, Lebanon County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the related sinking fund or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy an annual ad valorem tax on all taxable property within the School District, within the limits provided by law. (See "**THE BONDS**" and "**TAXING POWERS OF THE SCHOOL DISTRICT**" *infra*).

Interest on each of the Bonds is payable initially on December 15, 2026, and thereafter semiannually on June 15 and December 15 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Manufacturers and Traders Trust Company (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office located in Harrisburg, Pennsylvania and Buffalo, New York or such other office designated by the Paying Agent (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check made out and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "**THE BONDS**," *infra*). **The Bonds are subject to redemption prior to maturity as described herein**.

Proceeds of the Bonds will be used to (1) currently refund all or a portion of the School District's outstanding General Obligation Bonds, Series of 2019; and (2) payment of the costs and expenses of issuing and insuring the Bonds.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by ____("__").

MATURITIES, AMOUNTS, RATES AND YIELDS
See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Barley Snyder LLP, of Lancaster, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Michael S. Bechtold, Esquire, Barley Snyder LLP of Lebanon, Pennsylvania, School District Solicitor, and McNees Wallace & Nurick LLC, of Harrisburg, Pennsylvania, Limited Scope Underwriter's Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the book-entry-only system of The Depository Trust Company in New York, New York, on or about ___________, 2026.

RAYMOND JAMES®

Dated:

*Estimated, subject to change

$12,275,000*
Lebanon School District
(Lebanon County, Pennsylvania)
General Obligation Bonds, Series of 2026

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: June 15, as shown below
First Interest Payment: December 15, 2026

BOND MATURITY SCHEDULE:

Maturity Date (June 15) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP Numbers[1]
2027				
2028				
2029				
2030				
2031				
2032				
2033				

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

*Estimated, subject to change

Lebanon School District
Lebanon County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Robert Okonak	President
Debra Bowman	Vice-President
Kathryn Minnich	Secretary*
Scott M. Barry	Member
Ashley Cessna	Member
William Eckenroth	Member
Janice L. Falk	Member
Matthew Hershey	Member
Cedric Jordan	Member
Kerry Shuyler	Member

*Non-Voting Member.

SUPERINTENDENT
NICOLE L. MALINOSKI, Ed.D.

CHIEF FINANCIAL OFFICER
KELLY HERR

SOLICITOR
MICHAEL S. BECHTOLD, ESQUIRE
BARLEY SNYDER LLP
Lebanon, Pennsylvania

BOND COUNSEL
BARLEY SNYDER LLP
Lancaster, Pennsylvania

MUNICIPAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL
McNEES WALLACE & NURICK LLC
Harrisburg, Pennsylvania

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Harrisburg, Pennsylvania and Buffalo, New York

SCHOOL DISTRICT ADDRESS
1000 South Eighth Street
Lebanon, Pennsylvania 17042

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

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

TABLE OF CONTENTS

PRELIMINARY OFFICIAL STATEMENT

$12,275,000*
Lebanon School District
(Lebanon County, Pennsylvania)
General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Lebanon School District, Lebanon County, Pennsylvania (the "School District"), in connection with the offering of its $12,275,000* aggregate principal amount of its General Obligation Bonds, Series of 2026 (the "Bonds"), to be dated the date the Bonds are issued and delivered (the "Date of Delivery"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on August 17, 2026 (the "Resolution") and pursuant to the Local Government Unit Debt Act, 53 Pa. Con. Stat. §§8001, as amended (the "Act"), of the Commonwealth of Pennsylvania (the "Commonwealth").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to (1) currently refund all or a portion of the School District's outstanding General Obligation Bonds, Series of 2019 currently outstanding in the principal amount of $12,770,000 (the "Refunded 2019 Bonds"); and (2) payment of the costs and expenses of issuing and insuring the Bonds.

Upon issuance of the Bonds, a portion of the proceeds will be irrevocably deposited under an escrow agreement (the "Escrow Agreement") with Manufacturers and Traders Trust Company, as escrow agent (the "Escrow Agent"), and such proceeds will be held in cash and/or invested in United States Treasury Securities and United States Treasury Securities, State and Local Government Series (the "Government Obligations"), the principal of which, together with cash and any investment earnings thereon, will be in an amount sufficient to redeem the Refunded 2019 Bonds on December 15, 2026, at a redemption price of 100% of principal amount of the Refunded 2019 Bonds plus accrued interest thereon, pursuant to the optional redemption provisions of the Refunded 2019 Bonds.

Sources and Uses of Bond Proceeds*

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

Sources of Funds	
Proceeds of the Bonds	
Net Original Issue Premium/(Discount)	
Total Sources of Funds	
Uses of Funds	
Escrow Fund Deposit for the Refunded 2019 Bonds	
Cost of Issuance[1]	
Total Uses of Funds	

[1] Includes legal, municipal advisor, printing, rating, underwriter's discount, escrow agent, verification agent, municipal bond insurance premium, CUSIP, paying agent, and miscellaneous costs.

*Estimated, subject to change

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of $5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of $12,275,000*, will be dated the Date of Delivery, which is expected to be ___________, 2026, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on each of the Bonds will be payable initially on December 15, 2026, and, thereafter, semiannually on June 15 and December 15, each an "Interest Payment Date" of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity and has been duly called for redemption, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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

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

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

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

Transfer, Exchange and Registration of Bonds

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

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

General Obligation Pledge

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

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund 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. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors' rights generally. See "**Pennsylvania Budget Adoption**" hereinafter.

Pennsylvania Budget Adoption

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

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

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

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

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

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.

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

Act 85 of 2016

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

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

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

(1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;

(2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and

(3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

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

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

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

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

Sinking Fund

A sinking fund for the payment of debt service on the Bonds designated as the "Sinking Fund-General Obligation Bonds, Series of 2026" (the "Sinking Fund"), has been created under the Resolution and is maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

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

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

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 maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC the world's largest securities depository is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System. a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Paying 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, Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

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

BOND INSURANCE

TBD

BOND INSURANCE RISK FACTORS

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

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

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

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

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

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

Thus, when making an investment decision, potential investors should carefully consider the ability of the School District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on ____ are subject to redemption prior to maturity as required by the Resolution, in the amounts and on June 15 of the years shown below, from moneys in the Sinking Fund created pursuant to the Resolution, upon payment of the principal amount thereof together with interest accrued to the date fixed for redemption.

Bonds stated to mature ______

Year	Amount

* Final Maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

In the case of any prior, optional redemption in part of a Bond that is subject to future mandatory redemption, the School District shall be entitled to designate whether the principal amount of such Bond redeemed upon optional redemption shall be credited against the principal amount of such Bond to be paid by the School District at the stated maturity of such Bond or credited against the principal amount of such Bond scheduled to be called for mandatory sinking fund redemption on any particular date or dates, in each case in an integral multiple of $5,000 principal amount.

Optional Redemption

The Bonds stated to mature on and after June 15, 20__, are subject to redemption prior to maturity at the option of the School District, as a whole or, from time to time in part (and if in part, in any order of maturities designated by the School District and within a maturity as selected by lot), on ____________, ____, or on any date thereafter, at a redemption price equal to 100% of the principal amount redeemed, together with accrued interest to the date fixed for redemption.

Notice of Redemption

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

Notice of any redemption shall be given by depositing a copy of a redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption, addressed to the registered owners of each of the Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books kept by the Paying Agent as of the day 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 called for redemption as to which proper notice has been given.

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

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

Manner of Redemption

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

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

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

THE SCHOOL DISTRICT

Introduction

The School District is located in southeastern Lebanon County (the "County"), and consists of approximately 4.7 square miles. The School District is composed of the Township of West Lebanon and the City of Lebanon. The School District is located approximately 25 miles west of the City of Reading, 25 miles north of the City of Lancaster, 25 miles east of the City of Harrisburg and 15 miles east of Hershey.

The School District is in close proximity to both Hershey and Lancaster. In the summer months the economy of the area is stimulated by a substantial tourist trade, much of which is centered in and around Lancaster County and Hershey, located just south and west of the School District, respectively. Mount Gretna Borough is Lebanon County's resort area, while the Cornwall Furnace, in the Borough of Cornwall, is one of the area's most famous historic sites.

Administration

The School District is governed by a nine-member Board of School Directors (the "School Board") elected for four-year terms. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Chief Financial Officer is responsible for budget, financial and non-instructional aspects of operations. Both officials are appointed by the Board of School Directors.

School Facilities

The School District presently operates five elementary schools, one intermediate school, one junior high school, and one senior high school, all as described on the following table. Students in grades 10-12 also have the option of attending the Lebanon County Career and Technology Center.

TABLE 1
LEBANON SCHOOL DISTRICT
SCHOOL FACILITIES

Building	Grades	2025-26 Enrollment
Elementary:		
Harding Elementary	K-5	500
Henry Houck Elementary	K-5	341
Northwest Elementary	K-5	545
Southeast Elementary	K-5	437
Southwest Elementary	K-5	395
Intermediate	6	349
Secondary:		
Lebanon Junior High	7-8	728
Lebanon Senior High	9-12	1,358

Source: School District officials.

Enrollment Trends

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

TABLE 2
LEBANON SCHOOL DISTRICT
ENROLLMENT TRENDS

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2021-22	2,523	2,554	5,077	2026-27	2,556	2,172	4,728
2022-23	2,507	2,476	4,983	2027-28	2,569	2,183	4,752
2023-24	2,411	2,493	4,904	2028-29	2,582	2,194	4,776
2024-25	2,673	2,092	4,765	2029-30	2,595	2,205	4,800
2025-26	2,567	2,086	4,653	2030-31	2,608	2,216	4,824

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government wide statements report using the economic resources measurement focus and the accrual basis of accounting generally, including the reclassification or elimination of internal activity (between or within funds).

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll, taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. Barbacane Thornton & Co, Wilmington, Delaware, serves as the School District's auditor.

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

Budgeting Process in School Districts under the Taxpayer Relief Act

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

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act (see "**The Taxpayer Relief Act (Act 1)**" herein), all school districts of the first-class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to PDE no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (see **"The Taxpayer Relief Act (Act 1)"** herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under The Taxpayer Relief Act.

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

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

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

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Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3, 4 and 5 which follow. Table 5 shows audited revenue and expenditures for the past 4 years, budget for 2025-26, and the 2026-27 budget. The budget for 2025-26 as adopted June 16, 2025, projects revenue of $119,056,517 and expenditures of $143,427,889, which include a budgetary reserve of $5,948,498. The budget for 2026-27 as adopted June 15, 2026, projects revenue of $128,653,557 and expenditures of $131,244,944, which includes a budgetary reserve of $8,641,827.

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

	Actual				
ASSETS	**2021**	**2022**	**2023**	**2024**	**2025**
Cash and Cash Equivalents	$2,694,764	$920,346	$1,253,780	$861,138	$3,720,279
Investments	30,185,026	44,063,032	42,501,453	48,297,816	47,775,113
Taxes Receivable	1,699,762	1,586,748	1,558,056	1,542,118	1,659,503
Due from other funds	41,432	0	3,943,614	1,442	2,589
Due from other Governments	1,015,816	8,085,570	9,083,334	7,961,150	7,715,917
State Revenue Receivable	5,753,476	0	0	0	0
Federal Revenue Receivable	1,807,726	0	0	0	0
Other Receivables	48,799	25,264	68,108	46,530	87,143
Prepaid Expenses (Expenditures)	0	0	81,348	52,157	0
TOTAL ASSETS	$43,246,801	$54,680,960	$58,489,693	$58,762,351	$60,960,544
LIABILITIES					
Due to other funds	$0	$0	$481,436	$0	$0
Accounts Payable	2,121,782	1,774,496	6,659,221	$3,059,953	5,757,282
Contracts Payable	0	0	0	2,600,468	969,510
Accrued Salaries and Benefits	6,244,851	8,455,926	8,520,135	8,747,856	9,242,584
Payroll Deducts & Withholdings	2,829,370	0	0	$0	0
Unearned Revenues	76,284	1,655,448	808,496	1,395,133	0
Other Current Liabilities	0	0	0	0	0
TOTAL LIABILITIES	$11,272,287	$11,885,870	$16,469,288	$15,803,410	$15,969,376
DEFERRED INFLOWS OF RESOURCES	$944,094	$0	$0	$0	$909,801
FUND EQUITIES					
Nonspendable Fund Balance	$0	$0	$81,348	$52,157	$0
Committed Fund Balance	37,744	33,789	32,995	32,995	32,995
Assigned Fund Balance	25,000,000	36,000,000	23,000,000	37,230,806	37,230,806
Unassigned Fund Balance	5,992,676	6,761,301	18,906,062	5,642,983	6,817,566
TOTAL FUND EQUITIES	$31,030,420	$42,795,090	$42,020,405	$42,958,941	$44,081,367
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	$43,246,801	$54,680,960	$58,489,693	$58,762,351	$60,960,544

Source: School District Annual Financial Reports

TABLE 4
LEBANON SCHOOL DISTRICT
SUMMARY OF CHANGES IN FUND BALANCE*

	Actual				Budget	Budget
	2022	**2023**	**2024**	**2025**	**2026(1)**	**2027(2)**
Beginning Fund Balance	$31,030,419	$42,795,092	$42,020,407	$42,958,942	$44,081,368	$19,709,996
Revenues over (under) Expenditures	11,764,672	(774,686)	938,535	1,122,426	(24,371,372)	(2,591,387)
Prior Period Adjustment	0	0	0	0	0	0
Ending Fund Balance	$42,795,092	$42,020,407	$42,958,942	$44,081,368	$19,709,996	$17,118,609

*Totals may not add due to rounding.
(1) Budget as adopted June 16, 2025.
(2) Budget as adopted June 15, 2026.
Source: School District officials, Annual Financial Reports and Budgets.

Revenue

The School District received revenues of $115,617,559 in 2024-25, and budgeted revenue of $119,056,517 in 2025-26 and 128,653,557 in 2026-27. Local sources decreased as a share of total revenue in the past four years, from 26.5 percent in 2021-22 to 24.7 percent in 2024-25. Revenue from Commonwealth sources increased as a share of total revenue in the past four years, from 63.3 percent in 2021-22 to 70.1 percent in 2024-25. Federal and other sources decreased as a share of total revenue in the past four years from 10.1 percent in 2021-22 to 5.3 percent in 2024-25.

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

	Actual				Budget	Budget
REVENUE:	**2022**	**2023**	**2024**	**2025**	**2026[1]**	**2027[2]**
Local Sources:						
Real Estate	$17,113,528	$17,253,567	$17,923,351	$17,880,546	$18,368,318	$19,040,118
Interim Taxes	29,433	79,435	66,012	209,149	41,500	15,000
Payment in Lieu of Current Taxes-State & Local	156,776	71,907	165,787	169,206	170,000	173,500
Per Capita	20,955	20,287	20,461	0	0	0
Total Act 511 Taxes plus Sec. 679 Taxes	3,070,021	3,382,501	3,482,990	3,697,508	3,342,500	3,442,500
Public Utility Taxes	20,033	19,968	19,007	20,616	20,600	20,700
Delinquent Taxes	837,701	819,586	571,491	624,832	520,000	520,000
Earnings On Investments	66,263	1,734,003	2,180,406	2,433,345	2,000,000	1,500,000
Revenue from Student Activities	30,708	47,131	34,252	43,021	25,900	25,700
State Rev. Rcvd. From Other PA Public LEAs	1,005,600	1,152,000	1,350,000	1,749,500	0	0
Fed. Rev. - Intermed. Srces/Passthrough Oth. Schs.	0	152,644	121,568	172,988	2,586,000	2,965,500
Fed. IDEA Pass Through Revenue	1,212,210	1,277,733	1,376,826	1,271,639	0	0
Federal Revenue Received from Other Sources	225,745	0	0	0	0	0
Rentals	82,036	96,410	156,394	157,024	80,000	100,000
Contributions & Donations from Pvt. Srcs.	10,500	12,500	10,000	68,399	10,000	10,000
Tuition	171,240	184	0	1,107	0	15,000
Refund of Prior Years' Expenditures	0	0	0	0	0	2,000
Receipts from Other LEAs in PA-Education	6,325	0	36,419	0	0	0
All Oher Srvcs. Provided-Other Govts. & LEAs	295,000	422,000	397,000	0	298,800	0
All Other Local Revenues Not Specified	26,946	10,559	17,213	6,592	6,000	0
Total Local Sources	$24,381,020	$26,552,415	$27,929,175	$28,505,471	$27,469,618	$27,830,018
State Sources:						
Instructional Subsidy	$33,574,648	$37,780,317	$46,618,949	$49,223,144	$49,902,630	$50,573,924
Level Up Supplement	0	3,016,589	0	0	0	0
Tuition for Orphans & Children in Pvt. Homes	21,539	12,127	30,607	45,095	16,625	15,000
Driver Education - Student	175	175	525	525	525	500
Migratory Children	2,840	2,350	2,256	3,193	3,193	3,190
Special Education	3,940,640	4,488,119	4,792,655	5,331,712	5,528,110	5,602,960
PA Accountability/Ready to Learn Block Grant	1,130,791	1,130,791	1,130,791	7,492,252	12,584,213	19,853,359
Transportation	879,721	953,972	1,036,391	1,106,971	1,106,995	1,318,000
Rentals and Sinking Fund Payments	4,921,320	1,674,098	1,612,714	1,135,480	1,164,516	1,253,709
Health Services	92,293	84,027	91,297	98,946	90,000	90,000
State Property Tax Reduction Allocation	1,766,923	2,227,186	2,227,641	2,600,757	2,850,303	2,851,256
School Mental Health and Security Grants	0	0	226,484	202,878	0	0
PAsmart Grants	0	286,773	0	0	0	0
Safe Schools	198,907	0	0	0	342,079	225,540
Revenue for Retirement	9,794,800	10,326,128	10,546,179	11,178,355	10,683,570	11,474,770
State Share of Social Security and Medicare Taxes	1,836,849	1,911,701	2,091,755	2,320,848	2,369,760	2,540,730
Other	0	0	0	271,768	0	0
Total State Sources	$58,161,445	$63,894,352	$70,408,244	$81,011,924	$86,642,519	$95,802,938
Federal Sources:						
Total Federal Sources	$8,231,504	$20,731,666	$15,169,408	$6,100,164	$4,944,380	$5,020,601
Other Sources:						
Total Other Sources	$1,057,105	$96,594	$0	$0	$0	$0
TOTAL REVENUE	$91,831,074	$111,275,027	$113,506,828	$115,617,559	$119,056,517	$128,653,557
EXPENDITURES:						
Instruction	$48,512,222	$52,229,078	$54,680,533	$59,913,798	$63,294,475	$70,784,642
Pupil Personnel	2,964,982	3,282,130	3,470,552	3,663,675	4,037,615	4,924,312
Instructional Staff	4,061,325	4,052,483	5,015,542	5,940,681	6,170,465	6,031,057
Administration	4,535,066	4,681,091	4,542,343	4,863,599	6,395,339	5,552,710
Pupil Health	784,588	775,057	890,204	988,600	984,850	1,228,343
Business	1,191,242	1,074,724	1,139,260	1,110,790	1,309,304	1,404,071
Operation and Maintenance of Plant Services	6,276,735	6,363,687	6,365,874	7,356,777	7,780,429	8,535,962
Student Transportation Services	1,662,277	1,844,106	1,814,192	2,488,256	2,484,410	3,223,004
Central	957,779	987,170	1,081,771	1,134,267	1,150,649	1,258,296
Other Support Services	10,596	10,429	10,735	11,031	12,000	11,930
Operation of Noninstructional Services	1,524,881	1,646,468	1,797,708	2,080,066	1,925,282	1,987,227
Fac. Acq., Const. & Improv. Svcs.	2,136,384	29,422,339	25,763,447	19,462,734	35,902,818	10,697,500
Debt Service	5,443,324	5,675,952	5,776,131	2,536,860	3,087,755	4,020,063
Fund Transfers	5,000	5,000	220,000	2,944,000	2,944,000	2,944,000
Refund prior year receipts	0	0	0	0	0	0
Budgetary Reserve	0	0	0	0	5,948,498	8,641,827
TOTAL EXPENDITURES	$80,066,402	$112,049,713	$112,568,292	$114,495,133	$143,427,889	$131,244,944
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	$11,764,672	($774,686)	$938,535	$1,122,426	($24,371,372)	($2,591,387)

*Totals may not add due to rounding.
(1) Budget as adopted June 16, 2025
(2) Budget as adopted June 15, 2026
Source: School District officials, Annual Financial Reports and Budgets.

TAXING POWERS OF THE SCHOOL DISTRICT

In General

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.

2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:

   a. for minimum salaries and increments of the teaching and supervisory staff;

   b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;

   c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and

   d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.

3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than $5.00.

4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – "STEB") multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of $10 those persons whose total income and net profits from all sources within the political subdivision is less than $12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of $10 or less per year, any person whose total income from all sources is less than $12,000 per year. Additionally, in accordance with Act No. 6 of 2016, wages or compensation paid to individuals on active military service is not "earned income" for purposes of local income taxes levied and collected after December 31, 2015.

The Taxpayer Relief Act (Act 1)

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

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004, or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004; to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;

2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and

3. to make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

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

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

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

Fiscal Year (ending June 30)	Applicable Index %
2022-23	5.5
2023-24	6.6
2024-25	8.5
2025-26	6.4
2026-27	5.6

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

THE INFORMATION SET FORTH ABOVE IS A SUMMARY OF THE TAXPAYER RELIEF ACT, WHICH IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OR CONSEQUENCES OF THE TAXPAYER RELIEF ACT, NOR A LEGAL INTERPRETATION OF ANY PROVISION OF THE TAXPAYER RELIEF ACT. ANY PROSPECTIVE PURCHASER OF THE BONDS SHOULD INDEPENDENTLY RESEARCH AND ANALYZE THE TAXPAYER RELIEF ACT AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

The Bonds are not "Grandfathered" under the Taxpayer Relief Act

The Bonds described in this Preliminary Official Statement are not expected to be eligible for any exception to the Index limits of Act 1.

Act 130 of 2008

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

The School District has not placed and currently does not intend to place such a referendum on the ballot.

SET FORTH ABOVE IS A SUMMARY OF ACT 130 OF 2008. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 130 OF 2008 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 130 OF 2008. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 130 OF 2008 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Act 48 of 2003

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

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

"Estimated ending unreserved fund balance" is defined in Act 2003-48 as that portion of the fund balance which is 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.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 48 OF 2003. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 48 OF 2003 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 48. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 48 OF 2003 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Tax Levy Trends

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

TABLE 6
LEBANON SCHOOL DISTRICT
TAX RATES

	Real Estate	Per Capita[1]	Earned Income	Real Estate Transfer	Occupational Tax	Local Services Tax
	(mills)	($)	(%)	(%)	($)	($)
2022-23	22.2200	10.00	0.50	0.50	5.00	5.00
2023-24	22.7800	10.00	0.50	0.50	5.00	5.00
2024-25	23.2400	0.00[2]	0.50	0.50	0.00[2]	5.00
2025-26	23.9100	0.00[2]	0.50	0.50	0.00[2]	5.00
2026-27	24.7300	0.00[2]	0.50	0.50	0.00[2]	5.00

[1] Includes School Code and Act 511 taxes.
[2] The School District eliminated the per capita and occupational taxes commencing with the 2024-25 school year.
Source: Department of Community and Economic Development – Municipal Statistics.

TABLE 7
LEBANON SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

	2022	2023	2024	2025	2026
School District	22.2200	22.7800	23.2400	23.9100	24.7300
Lebanon City	4.5810	4.5810	4.5810	4.5810	4.5810
West Lebanon Township	5.5000	5.5000	6.5000	6.5000	6.5000
Lebanon County	3.8925	3.8925	4.3925	4.3925	4.3925

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

Real Property Tax

The real property tax (excluding delinquent collections) produced $17,868,673 in 2024-25, approximately 15.5 percent of revenues. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2 percent discount, and those who remit subsequent to 120 days after the invoice date of July 1 are assessed a 10 percent penalty. Eligible taxpayers may opt to use an installment method of payment for their school taxes. Installment payments are based upon four (4) equal monthly payments of the base tax amount, starting in July with the final installment payment due by October 31.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide assessment in Lebanon County was in 2012. The new tax base went into effect on January 1, 2013.

Under current Pennsylvania law, after a county makes a countywide revision of assessment of real property or changes its established predetermined ratio of assessed to market value of real estate for purposes of taxation, a board of school directors in a school district that levies taxes for the first time on that revised assessment or valuation shall, for the first year, reduce its tax rate, if necessary, such that the percentage increase in taxes levied for that year against existing properties is not more than the Index, as determined in accordance with the Taxpayer Relief Act, for the preceding school district fiscal year (See "**The Taxpayer Relief Act (Act 1)**" herein), notwithstanding the increased valuations of such properties under the revised assessment. For the purpose of determining the total amount of taxes to be levied in such first year, the amount to be levied on newly constructed buildings or structures or on increased valuations based on new improvements made to existing houses need not be considered. The referendum requirements of the Taxpayer Relief Act apply to increases in the tax rate above the limits described in this paragraph (See "**The Taxpayer Relief Act (Act 1)**" herein).

TABLE 8
LEBANON SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2021-22	$819,633,799	$918,964,300	112.12%
2022-23	891,044,152	916,531,900	102.86%
2023-24	894,060,233	918,955,600	102.78%
2024-25	1,022,231,321	924,687,200	90.46%
2025-26	1,036,323,937	933,494,200	90.08%
Compound Average Annual Percentage Change	4.80%	0.31%	

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

TABLE 9
LEBANON SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2024 Market Value	2024 Assessed Value	2025 Market Value	2025 Assessed Value
School District	$1,022,231,321	$924,687,200	$1,036,323,937	$933,494,200
Lebanon City	951,888,410	865,425,400	966,644,043	874,655,700
West Lebanon Township[(1)]	70,342,911	59,261,800	69,679,894	58,838,500
Lebanon County	12,427,820,730	11,012,640,205	12,579,911,241	11,111,640,330

Source: Pennsylvania State Tax Equalization Board (STEB)/ Tax Equalization Division (TED).
[(1)] In January of 2017, the West Lebanon Township Education Coalition filed a Petition to Establish an Independent School District for Transfer of Territory to Another School District, with a specific request to annex the taxable inhabitants of West Lebanon Township from the Lebanon School District to the Cornwall-Lebanon School District. This Petition is currently pending before the Pa. Department of Education with no disposition having been made to date.

TABLE 10
LEBANON SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	2021	2022	2023	2024	2025
Residential	$622,978,600	$623,409,500	$624,281,700	$625,911,800	$627,598,000
Trailers	1,458,200	1,495,100	1,554,200	1,652,900	1,652,900
Lots	1,334,900	1,362,900	1,290,100	1,316,700	1,184,200
Industrial	22,791,800	22,791,800	22,795,800	22,806,200	22,652,800
Commercial	270,394,200	267,466,000	269,027,200	272,993,000	280,399,700
Land	6,600	6,600	6,600	6,600	6,600
Total	$918,964,300	$916,531,900	$918,955,600	$924,687,200	$933,494,200

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

TABLE 11
LEBANON SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

Year	Total Flat Billing[(1)]	Current Year Collections (June-July)	Current Year Collections as Percent of Total Levy	Total Delinquent Plus Total Current Collections[(2)]	Total Collections as Percentage of Total Levy
2021-22	$18,006,778	$17,113,528	95.04%	$17,907,068	99.45%
2022-23	18,024,126	17,222,720	95.55%	17,978,706	99.75%
2023-24	18,599,644	17,964,339	96.58%	18,520,659	99.58%
2024-25	18,772,688	17,868,673	95.18%	18,447,373	98.27%
2025-26 (estimated)	19,317,547	18,428,850	95.40%	18,988,850	98.30%

[(1)] Flat billing plus additions less exonerations.
[(2)] Includes delinquent real estate taxes only.
Source: School District officials.

The ten largest real property taxpayers, together with their assessed values, are shown on Table 12. The aggregate assessed value of these ten taxpayers totals approximately 6.0 percent of total assessed value.

TABLE 12
LEBANON SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2026-27

Owner	2026-27 Assessed Value
Amerco Real Estate Company	$8,802,800
Lebanon Village Limited Partnership	8,782,700
East Coast Greentree Village	7,600,000
Promenade East Investors LLC	7,497,000
Associates of Lebanon	4,500,900
Garden Oaks Asso LP	4,488,300
Lebanon 1031 Vehicle I LLC	4,350,000
Brookside Apartments Realty LLC	3,528,500
Lebanon Town House Realty LLC	3,500,000
Monarch Development LLC	3,197,000
Total	$56,247,200

Source: School District Officials.

Other Taxes

Under Act 511, the School District collected $3,697,508 in other taxes in 2024-25. Among the taxes authorized by Act 511, the Per Capita Tax, Occupation Tax, Local Services Tax (formerly Emergency Municipal Services Tax and the Occupational Privilege Tax), Earned Income Tax and the Real Estate Transfer Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was $12,435,887.

Local Services Tax (formerly Emergency Municipal Service Tax and the Occupational Privilege Tax*).* A tax of $5.00 is levied on each person who works within the boundaries of the School District. In 2024-25 the collected portion of this tax yielded $44,930, or less than one percent of total revenue.

Earned Income Tax. The School District levies a tax of 0.5% on earned income of residents. In 2024-25 the collected portion of this tax yielded $3,023,931 or 2.6 percent of total revenue.

Real Estate Transfer. The School District levies a tax of 0.5% of the value of real estate transfers. In 2024-25 the collected portion of this tax yielded $628,646, or less than one percent of total revenue.

The Act 511 taxes include an earned income tax ("EIT") levied by the School District. The School District is a member of the Lebanon County Tax Collection Committee, a public entity which oversees the collection and distribution of earned income tax revenue for all school districts and some municipalities located in Lebanon County. The Committee has contracted with the Keystone Collections Group to act as the tax collector.

COMMONWEALTH AID TO SCHOOL DISTRICTS

General

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

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

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (34.02%) or the wealth-based Market Value Aid Ratio ("MVAR") currently (86.22%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

Based on the current PlanCon program, School District officials have estimated that the Reimbursable Percentage of the Bonds will be 32.77% (there has been no determination by the PDE). The School District's MVAR (which is higher than the CARF) is 86.22%. The product of these two factors is 28.25%, which is the estimated percentage of debt service which may be reimbursed by the Commonwealth, subject to annual appropriation. 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 most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

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

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

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

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

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DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the Lebanon School District as of August 10, 2026, including the issuance of the Bonds.

TABLE 13
LEBANON SCHOOL DISTRICT
DEBT STATEMENT
(As of August 10, 2026)*

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2026 (last maturity 2047)	$12,275,000
General Obligation Bonds, Series of 2025 (last maturity 2047)	14,985,000
General Obligation Bonds, Series of 2023 (last maturity 2045)	9,955,000
General Obligation Bonds, Series of 2021 (last maturity 2035)	9,225,000
General Obligation Note (SPSBA - QCSB), Series B of 2010	8,832,000
TOTAL NONELECTORAL DEBT	$55,272,000
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT	$0
TOTAL PRINCIPAL OF DIRECT DEBT	$55,272,000

*Includes the estimated Bonds offered through this Preliminary Official Statement. Does not included the Refunded 2019 Bonds being refunded herein.

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, principal of direct debt of the School District will total $55,272,000*. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total $50,798,574*.

TABLE 14
LEBANON SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of August 10, 2026)*

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated Commonwealth Aid(1)
DIRECT DEBT		
Nonelectoral Debt	$55,272,000	$50,798,574
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	$55,272,000	$50,798,574
OVERLAPPING DEBT		
Lebanon County, General Obligation(2)	$3,600,689	$3,600,689
Municipal Debt	3,033,716	3,033,716
TOTAL OVERLAPPING DEBT	$6,634,405	$6,634,405
TOTAL DIRECT AND OVERLAPPING DEBT	$61,906,405	$57,432,979
DIRECT DEBT RATIOS		
Per Capita	$1,999.20	$1,837.40
Percent Assessed Value	5.92%	5.44%
Percent Market Value	5.33%	4.90%
DIRECT & OVERLAPPING DEBT RATIOS		
Per Capita	$2,239.17	$2,077.37
Percent Assessed Value	6.63%	6.15%
Percent Market Value	5.97%	5.54%

*Includes the estimated Bonds offered through this Preliminary Official Statement. Does not included the Refunded 2019 Bonds being refunded herein.
(1) Gives effect to current appropriations for payment of debt service and estimated future Commonwealth reimbursement on the Bonds based on current Aid Ratio. See "**COMMONWEALTH AID TO SCHOOL DISTRICTS**."
(2) Pro rata 8.40 percent share of $42,860,000 principal amount outstanding.

Debt Limit and Remaining Borrowing Capacity*

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

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

Total Revenues for 2023-24	$100,433,797
Total Revenues for 2024-25	112,363,562
Total Revenues for 2025-26 (budgeted)	117,099,881
Total Revenues, Past Three Years	$329,897,240
Annual Arithmetic Average (Borrowing Base)	$109,965,747

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

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	$247,422,929	$55,272,000	$192,150,929

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

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Debt Service Requirements

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

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

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

TABLE 15
LEBANON SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

Year	Other Outstanding General Obligation Debt	Series of 2026 Principal	Series of 2026 Interest	Series of 2026 Subtotal	Total Requirements
2026-27	$5,229,845				
2027-28	5,224,515				
2028-29	5,224,460				
2029-30	5,065,205				
2030-31	5,063,255				
2031-32	5,066,805				
2032-33	5,070,455				
2033-34	4,594,005				
2034-35	4,593,755				
2035-36	2,791,855				
2036-37	2,792,055				
2037-38	2,794,455				
2038-39	2,793,855				
2039-40	2,788,045				
2040-41	2,788,010				
2041-42	2,793,230				
2042-43	2,788,180				
2043-44	2,796,945				
2044-45	2,790,190				
2045-46	1,654,000				
2046-47	1,659,000				
2047-48	0				
Total	$76,362,120				

*Totals may not add due to rounding.

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

2024-25 Commonwealth Aid Received	$81,011,924
2024-25 Debt Service Requirements	$5,384,267
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2024-25 Debt Service Requirements	15.05 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	

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

Future Financing

The School District is considering issuing additional new money bonds over the next 2-3 years, the amount is yet to be determined.

LABOR RELATIONS

School District Employees

There are presently 638 employees of the School District, including 424 teachers and administrators, and 214 support personnel. The support personnel include family involvement coordinators, school police officers, support staff supervisors, social workers, administrative assistants, secretaries, custodial and maintenance staff, cafeteria employees, nurse assistants, paraprofessionals, technology associates and security personnel.

The School District's teachers are represented by the Lebanon Education Association, an affiliate of the Pennsylvania State Education Association, under a contract which expires 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. The PSERS Board of Trustees certified an annual employer contribution rate of 33.6% for the fiscal year 2026-27.

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

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

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

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

Annual School District contributions have been as follows:

2022-23	$12,445,635
2023-24	12,589,693
2024-25	13,404,119
2025-26 (estimated)	14,182,917
2026-27 (budgeted)	15,497,751

At June 30, 2025, the School District reported a liability of $97,145,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2024, the School District's proportion was 0.2321% which was a increase of 0.0015% from its proportion measured as of June 30, 2023.

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

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

For a full description of the School District's OPEB plan, see Appendix C- Audited Financial Statements – Notes to Financial Statements Note 9 Public School Employees' Retirement System Other Postemployment Benefits Plan.

LITIGATION

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

DEFAULTS AND REMEDIES

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas. The Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent in aggregate principal amount of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX MATTERS

Federal Tax Laws

Numerous provisions of the Internal Revenue Code of 1986, as amended (the "Code"), affect the issuers of state and local government unit bonds, such as the School District, and impair or restrict the ability of the School District to finance projects on a tax-exempt basis. Failure on the part of the School District to comply with any one or more of such provisions of the Code, or any regulations under the Code, could render interest on the Bonds includable in the gross income of the owners thereof for purposes of federal income tax retroactively to the date of issuance of the Bonds. Among these provisions are more restrictive rules relating to: (a) investment of funds treated as proceeds of the Bonds; (b) the prohibition on advance refunding of tax-exempt bonds; and (c) the use of proceeds of the Bonds to benefit private activities. In addition, under the Code, the School District is required to file an information return with respect to the Bonds and, if applicable, to "rebate" to the federal government certain arbitrage profits on an ongoing basis throughout the term of the issue constituting the Bonds. Bond Counsel has not undertaken to determine (or to inform any person) whether any action taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds.

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds such as the Bonds. Prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on (a) indebtedness incurred or continued to purchase or carry certain state or local government bonds, such as the Bonds, or, (b) in the case of a financial institution, that portion of a financial institution's interest expense allocated to interest on certain state or local government bonds, such as the Bonds, unless the issuer of the state or local government bonds designates the bonds as "qualified tax-exempt obligations" for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the School District has **not** designated the Bonds as "qualified tax exempt obligations" under Section 265(b)(3)(B) of the Code, as such phrase is defined in the Code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(1) of the Code reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds, such as the Bonds; (iii) interest on certain state or local government bonds, such as the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state and local government bonds such as the Bonds) exceeding 25% of such Subchapter S corporation's gross receipts and if such Subchapter S corporation has Subchapter "C" earnings and profits, then interest income derived from state and local government bonds, such as the Bonds, may be subject to federal income tax under Section 1375 of the Code; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on certain state or local government bonds such as the Bonds.

From time to time, there are legislative proposals in Congress that, if enacted, could alter or amend the federal tax matters referred to above or adversely affect the market value of the Bonds. Various legislative proposals have been submitted to Congress during the last several years, which if enacted, would limit for certain individual taxpayers the value of certain deductions and exclusions, including the exclusion for tax exempt interest. If enacted into law, such proposals may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or otherwise prevent owners of the Bonds from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals may also affect the market price for, or marketability of, the Bonds.

No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Bonds. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date, and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is only an opinion and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. The School District does not have any obligation to provide updated information concerning pending or future legislation. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation.

PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING ANY PROPOSED FEDERAL TAX LEGISLATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Bonds for federal income tax purposes. It is not binding on the Internal Revenue Service or the courts.

The Bonds shall **not** be qualified tax-exempt obligations for purposes of Section 265 of the Code (relating to expenses and interest rating to tax-exempt income of certain financial institutions.)

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds.

Tax Exemption

In the opinion of Bond Counsel, assuming continuing compliance by the School District with certain certifications and agreements relating to the use of Bond proceeds and covenants to comply with provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the Bonds is not includable in the gross income of the holders of the Bonds under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes on individuals and corporations; however interest on the Bonds may be subject to the federal alternative minimum tax on "applicable corporations" as defined in Section 59(k) of the Code for tax years beginning after December 31, 2022. Other provisions of the Code will affect certain purchasers and holders of the Bonds. See "Federal Tax Laws" above.

In the opinion of Bond Counsel under the laws of the Commonwealth, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth, but this exemption shall not extend to gift, estate, succession or inheritance taxes or any other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania. The residence of a holder of a Bond in a state or jurisdiction other than Pennsylvania, or being subject to tax in a state or jurisdiction other than Pennsylvania, may result in income and other tax liabilities being imposed by such state or jurisdiction or its political subdivisions, as applicable, based on the interest or other income from the Bonds.

The School District will issue its certificate regarding the facts, estimates and circumstances in existence on the date of delivery of the Bonds and regarding the anticipated use of the proceeds of the Bonds. The School District will certify that, on the basis of the facts, estimates and circumstances in existence on the date of issuance of the Bonds, the School District does not reasonably expect to use the proceeds of the Bonds in a manner that would cause the Bonds to be or become "arbitrage bonds" or "private activity bonds" as those terms are defined in Section 148 and Section 141 of the Code.

THE ABOVE SUMMARY OF POSSIBLE TAX CONSEQUENCES IS NOT EXHAUSTIVE OR COMPLETE. ALL PURCHASERS OF THE BONDS SHOULD CONSULT THEIR TAX ADVISORS REGARDING THE POSSIBLE FEDERAL, STATE AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE BONDS. ANY STATEMENTS REGARDING TAX MATTERS HEREIN CANNOT BE RELIED UPON BY ANY PERSON TO AVOID TAX PENALTIES.

Regulations, Future Legislation

Under the provisions of the Code, the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code, which could affect the tax-exemption and/or tax consequences of holding tax-exemption obligation, such as the Bonds. In addition, legislation may be introduced and enacted in the future which could change the provisions of the Code relating to tax-exempt bonds of a state or local government unit, such as the School District, or the taxability of interest in general.

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

EACH PURCHASER OF THE BONDS SHOULD CONSULT HIS OR HER OWN TAX ADVISOR REGARDING ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL TAX LEGISLATION.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC") and the Resolution authorizing the issuance of the Bonds, the School District (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will execute and deliver a written agreement with respect to the Bonds. See the form of Continuing Disclosure Agreement (the "Agreement") in Appendix E to this Preliminary Official Statement. Some operating data of the School District may be inherently included in the annual filings of financial statements, the summary of the budget, contents in Preliminary Official Statements of future bond issues as well as publicly available information. In connection with the Agreement associated with the Bonds, the School District will not be filing this information separately but it may be available in the other annual filings of the School District or publicly available elsewhere.

Existing Continuing Disclosure Filing History

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District's filing history of its annual financial and operating information during the past five (5) years is outlined in the table below.

Fiscal Year Ending	Filing Deadline [1]	Financial Statements Filing Date	Financial Statements EMMA ID [2]	Budget Filing Date	Budget EMMA ID [2]	Operating Data Filing Date	Operating Data EMMA ID [2]
6/30/2021	12/31/2021	12/15/2021	P21158566	12/15/2021	P21158566	12/15/2021	P21158566
6/30/2022	12/31/2022	11/22/2022	P21241449	11/22/2022	P21241449	11/22/2022	P21241449
6/30/2023	12/31/2023	12/12/2023	P11295930	12/12/2023	P11295930	12/12/2023	P11295930
6/30/2024	12/31/2024	12/03/2024	P21409149	12/03/2024	P21409149	12/03/2024	P21409149
6/30/2025	12/31/2025	12/19/2025	P11436505	12/19/2025	P11436505	12/19/2025	P11436505

Notes

[1] *For these purposes, assumes the shortest filing deadline of the School District's previous Continuing Disclosure Agreements*

[2] *Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below:*
http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=

Based on the information above, the School District's annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending June 30, 2021, the School District filed its annual financial report, audit, budget report and operating data to EMMA timely on December 15, 2021.

For fiscal year ending June 30, 2022, the School District filed its annual financial report, audit, budget report and operating data to EMMA timely on November 22, 2022.

For fiscal year ending June 30, 2023, the School District filed its annual financial report, audit, budget report and operating data to EMMA timely on December 12, 2023.

For fiscal year ending June 30, 2024, the School District filed its annual financial report, audit, budget report and operating data to EMMA timely on December 3, 2024.

For fiscal year ending June 30, 2025, the School District filed its annual financial report, audit, budget report and operating data to EMMA timely on December 19, 2025.

Future Continuing Disclosure Compliance

The School District has conducted a thorough review of its continuing disclosure obligations and submissions. Upon discovering any inadvertent omissions with respect to these filings, the School District, to the best of its knowledge, has attempted to bring its continuing disclosure filings up to date.

In an effort to augment the School District's procedures and policies to maintain future compliance, the School District has taken additional steps intended to assure future compliance with its Continuing Disclosure Agreements. These steps include implementing the MSRB's EMMA's internal notification system whereby the School District will receive timely email reminders a month in advance for all of the School District's annual disclosure filings and coordinating with the School District's Municipal Advisor to ensure all disclosure obligations have been made on a timely basis and in all material respects.

A member of the School District's business office will be responsible for ensuring ongoing continuing disclosure compliance. Members of the School District's business office will make an effort to participate in any ongoing continuing education regarding continuing disclosure undertaking if offered by local groups or affiliated organizations such as MSRB, PASBO or GFOA. The School District may communicate with its Municipal Advisor, underwriter(s), bond counsel, or solicitor regarding any questions or concerns regarding ongoing continuing disclosure compliance. The School District may also communicate with its local auditor and advise of the School District's need for financial statements in a timely manner. In the event audited financial statements are not available by the filing deadline, the School District will file to EMMA, if available, its State Form PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of the operating data requirements may be found contained within the School District's financial statements or budget filing and may not be filed explicitly by themselves.

CYBER SECURITY RISKS

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 and 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 certain protections related to cyber security incidents.

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

RATINGS

S&P Global Ratings has assigned an underlying rating of "A" (Stable Outlook) to the Bonds. S&P Global Ratings is expected to assign its municipal bond rating of "__" (________ Outlook) to this issue and has done so with the understanding that upon delivery of the Bonds, the municipal bond insurance policy is expected to be issued by ___. 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: 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

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.

LEGAL OPINIONS

The Bonds are offered with the approving legal opinion of Barley Snyder LLP, of Lancaster, Pennsylvania, Bond Counsel to the School District. Certain other legal matters will be passed upon for the School District by Michael S. Bechtold, Esquire, Barley Snyder LLP, of Lebanon, Pennsylvania, School District Solicitor and McNees Wallace & Nurick LLC, of Harrisburg, Pennsylvania, Limited Scope Underwriter's Counsel.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

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

LEBANON SCHOOL DISTRICT,
Lebanon County, Pennsylvania

By:____
President, Board of School Directors, Lebanon School District

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APPENDIX A –
Demographic and Economic
Information Relating to the Lebanon School District

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Population

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

TABLE A-1
RECENT POPULATION TRENDS

Area	2010	2020	Compound Average Annual Percentage Change 2010-2020
School District	26,258	27,647	0.52%
Lebanon County	133,568	143,257	0.70%
Commonwealth	12,702,379	13,002,700	0.23%

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

TABLE A-2
AGE COMPOSITION

	0-19 Years	20-64 Years	65+ Years
School District	27.5%	57.7%	14.9%
Lebanon County	25.2%	55.3%	19.4%
Pennsylvania	23.4%	58.2%	18.2%

Source: U.S. Census Bureau, 2020.

Employment

Table A-3 shows Nonfarm Jobs for the Lebanon Metropolitan Statistical Area (MSA).

TABLE A-3

LEBANON METROPOLITAN STATISTICAL AREA
(Lebanon County)

MAY 2026
NONFARM JOBS

	Industry Employment				Net Change From:	
ESTABLISHMENT DATA	May 2026	Apr 2026	Mar 2026	May 2025	Apr 2026	May 2025
TOTAL NONFARM	58,300	58,100	57,900	57,000	200	1,300
TOTAL PRIVATE	49,300	49,100	48,800	47,800	200	1,500
GOODS-PRODUCING	12,500	12,400	12,400	12,000	100	500
Manufacturing	9,800	9,700	9,700	9,800	100	0
SERVICE-PROVIDING	45,800	45,700	45,500	45,000	100	800
PRIVATE SERVICE-PROVIDING	36,800	36,700	36,400	35,800	100	1,000
Trade, Transportation, and Utilities	13,600	13,600	13,500	13,800	0	-200
Retail Trade	6,600	6,600	6,600	6,600	0	0
Educational and Health Services	9,000	9,100	9,000	8,900	-100	100
Government	9,000	9,000	9,100	9,200	0	-200
Federal Government	3,700	3,700	3,700	3,900	0	-200
State Government	800	800	800	800	0	0
Local Government	4,500	4,500	4,600	4,500	0	0
Data benchmarked to March 2025	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry - Center for Workforce & Information Analysis website.

Major employers located within Lebanon County:

Name
Federal Government
Farmers Pride Inc
Wal-Mart Associates Inc
The Good Samaritan Hospital
Cornwall-Lebanon School District
State Government
Lebanon School District
WellSpan Health
Lebanon County
Lebanon Valley College

Source: Center for Workforce Information & Analysis. Quarterly Census of Employment and Wages Q4, 2025.

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

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

	2021	2022	2023	2024	2025	2026[1]	Compound Average Annual %[2]
Lebanon County							
Civilian Labor Force (000)....	70.7	71.1	73.3	73.6	73.1	75.2	0.19%
Employment (000)................	67.0	68.5	71.0	71.3	70.3	72.5	0.08%
Unemployment (000)............	3.7	2.6	2.3	2.3	2.8	2.7	2.38%
Unemployment Rate.............	5.2%	3.6%	3.1%	3.1%	2.90%	3.60%	
Pennsylvania							
Civilian Labor Force (000)....	6,445.0	6,479.0	6,518.0	6,577.0	6,542.00	6,682.00	0.62%
Employment (000)................	6,059.0	6,196.0	6,296.0	6,337.0	6,262.00	6,419.00	0.71%
Unemployment (000)............	386.0	283.0	223.0	239.0	280.00	263.00	-1.46%
Unemployment Rate.............	6.0%	4.4%	3.4%	3.6%	4.30%	3.90%	

(1) As of May 2026.
(2) Compound Average Annual Percentage calculated from 2021-2026.
Source: Pennsylvania Department of Labor & Industry - Center for Workforce & Information Analysis website.

Income

The data on Table A-5 show recent trends in per capita income for the County and Pennsylvania over the 2010-2020 period. Per capita income in the School District is lower than per capita income in the County and in the Commonwealth, and it increased at a slower rate over this period than per capita income for the County and the Commonwealth.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

	2010	2020	Percentage Change 2010-2020
School District	$18,593	$20,126	0.80%
Lebanon County....................................	25,880	30,088	1.52%
Pennsylvania	26,374	35,518	3.02%

*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.
Source: 2010-2020: U.S. Census Bureau

Commercial Activity

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

TABLE A-6

TOTAL RETAIL SALES
(000)

	2021	2022	2023	2024	2025
Lebanon County	$2,010,642	$2,137,002	$2,359,606	$2,322,596	$2,994,074
Pennsylvania..........	274,685,600	297,770,326	310,912,244	317,239,286	403,629,014

Source: The Nielsen Company.

Educational Institutions

Located within the School District is the Lebanon Campus of Harrisburg Area Community College, a two year community college. Lebanon Valley College (the "College"), located within the County, is a private, undergraduate, coeducational, not-for-profit, liberal arts college. The College is located in Annville, Lebanon County, Pennsylvania. Also located within the County is the Evangelical School of Theology, located in Myerstown.

Medical Facilities

Serving the Lebanon County area are several major medical institutions.

Good Samaritan Hospital
Milton S. Hershey Medical Center
Veterans Administration Medical Center
Cedar Haven

Transportation Facilities

Transportation facilities are one of the reasons new residents and industries have located in the School District and in Lebanon County. U.S. Route 422, the major thoroughfare between Harrisburg and Reading, passes through the School District. U.S. Route 422 provides direct access with Hershey, 15 miles west of Lebanon. Interstate Routes 78 and 81 and U.S. Route 22 are located north of the area and the Pennsylvania Turnpike has an interchange approximately 6 miles south of Lebanon. The Harrisburg to Philadelphia line of the Norfolk Southern Railroad provides freight service to the industrial residents of the School District. Amtrak operates regular daily passenger service through Harrisburg to major eastern, southern and western cities.

Housing

According to 2020 census figures, there are 54,853 housing units in Lebanon County as opposed to 55,592 in 2010, representing a 1.33 percent decrease within the decade.

Utilities

Water needs and sewage facilities of the School District residents are supplied by City of Lebanon Authority. Metropolitan Edison services the electrical needs of local residents.

APPENDIX B –
Bond Counsel Opinion

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_____________, 2026

Lebanon School District
1000 South Eighth Street
Lebanon, PA 17042

Raymond James & Associates, Inc.
570 Lausch Lane, Suite 101
Lancaster, PA 17601

[Insert additional parties]

In Re: Lebanon School District
$___________ General Obligation Bonds, Series of 2026

We have acted as bond counsel in connection with the issuance by Lebanon School District, Lebanon County, Pennsylvania (the "School District"), of the School District's General Obligation Bonds, Series of 2026, in the aggregate principal amount of $___________ (the "Bonds"), dated September 30, 2026.

The Bonds are being issued by the School District pursuant to a resolution adopted by the Board of School Directors of the School District on August 17, 2026, and the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended (the "Act"), without the assent of the electors for the purpose of providing funds for and toward: (a) the current refunding of all or a portion of the School District's outstanding General Obligation Bonds, Series of 2019; and (b) the costs of issuance of the Bonds.

In connection with the Bonds, we have examined the law and such affidavits, certified proceedings and certificates of authorized officers and representatives of the School District and others, including a certificate of officers of the School District pertaining to matters in connection with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the regulations thereunder, and the Certificate of Approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the "Department"), as well as such other documents and papers as we have deemed necessary to render this opinion.

Based upon our examination of the foregoing, we are of the opinion that:

1. The School District is duly organized and existing under the laws of the Commonwealth of Pennsylvania and has the power and authority within all applicable

constitutional and legal limitations to increase its indebtedness in the combined, aggregate principal amount of $_________, by the issuance of the Bonds, without the assent of the electors, and to issue the Bonds.

2. The Bonds have been duly authorized, issued and sold by the School District.

3. A Certification of Proceedings, including a proper, sworn Debt Statement, has been filed with the Department and the Department has issued its Certificate of Approval for the issuance of the Bonds all as required by the Act.

4. The School District has established a separate sinking fund for the Bonds with Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, as paying agent and sinking fund depositary for the Bonds, and has covenanted to deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable and, to the extent required, has authorized the paying agent to apply such amounts to such purposes.

5. The School District has covenanted, subject to statutory restrictions and limitations, that it will include in its budget for each fiscal year in which the Bonds are outstanding, and will appropriate in each such fiscal year, the amount of the debt service on the Bonds for such year; that it will duly and punctually pay or cause to be paid the principal of and interest on the Bonds on the dates and in the manner stated in the Bonds; and for such budgeting, appropriation and payment, the School District has, subject to statutory restrictions and limitations, irrevocably pledged its full faith, credit and taxing power.

6. The interest on the Bonds is free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to profits, gains or income derived from the sale, exchange or other disposition of the Bonds, nor to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the interest on the Bonds.

7. Interest on the Bonds (a) is excludible from gross income of the registered owners thereof for federal income tax purposes, and (b) is not an item of tax preference for purposes of federal alternative minimum tax imposed on individuals and, as to applicable corporations, (as defined in Section 59(k) of the Code); however, such interest is taken in to account in determining the annual adjusted financial statement income of applicable corporations for taxable years beginning after December 31, 2024. The opinion set forth in the proceeding sentence is subject to the condition that the School District continue to comply with all requirements of the Code necessary for interest on the Bonds to be (or continue to be) excluded from gross income. The School District has covenanted to comply with these requirements. If the School District should fail to perform its covenants concerning compliance with the Code, such failure could result in inclusion of interest on the Bonds in gross income of the registered owners thereof retroactive to the date of issuance of the Bonds.

The Bonds are not presently “arbitrage bonds” within the meaning of Sections 103(b)(2) and 148 of the Code and the applicable regulations promulgated thereunder.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

8. The Bonds are the valid and binding general obligation of the School District (except as the enforcement thereof may be limited or affected by bankruptcy, insolvency or other laws or equitable principles affecting creditors' rights) payable from general revenues of the School District, including ad valorem taxes levied on all real property taxable for school district purposes within the School District, within the limits prescribed by law. The debt service on the Bonds is subject to the intercept provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975, as presently in effect.

9. In giving the opinions expressed in paragraph 7, we have relied upon the certificates of PFM Financial Advisors LLC and Manufacturers Traders and Trust Company, as to accuracy of computations, including, applicable computations under the Code and applicable regulations.

10. We have not been engaged, nor have we undertaken, to review the accuracy, completeness or sufficiency of or any other matter related to any official statement or any other offering material relating to the Bonds and we express no opinion with respect thereto.

BARLEY SNYDER LLP

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APPENDIX C
Audited Financial Statement

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LEBANON SCHOOL DISTRICT
LEBANON, PENNSYLVANIA

AUDIT REPORT

JUNE 30, 2025

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LEBANON SCHOOL DISTRICT

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LEBANON SCHOOL DISTRICT

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BTCPA
BARBACANE THORNTON & COMPANY

INDEPENDENT AUDITOR'S REPORT

December 8, 2025

Board of School Directors
Lebanon School District
Lebanon, Pennsylvania

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon School District ("the District"), Lebanon, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the 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 Lebanon School District, Lebanon, Pennsylvania, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the budgetary comparison for the general fund 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 Lebanon School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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302.478.8940 ◻ www.btcpa.com

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

Board of School Directors
Lebanon School District

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 a Matter

As discussed in Note 1 and Note 18 to the financial statements, the District has adopted the requirements of GASB Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. As a result, the District has restated its governmental activities net position as of July 1, 2023. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited the District's 2024 financial statements, and we expressed unmodified opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in our report dated November 22, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 12 and the schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions-PSERS, and schedule of changes in the District's net OPEB liability - single employer plan on pages 59 through 63 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The schedule of expenditures of federal awards on pages 69 and 70 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and*

Audit Requirements for Federal Awards ("Uniform Guidance"), and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relate 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

Management's Discussion and Analysis of the financial performance of the Lebanon School District ("the District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers also should review the basic financial statements and the accompanying notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2025 are as follows:

- In total, net position increased by $17,730,649. Net position of governmental activities increased by $17,207,817 while net position of business-type activities increased by $522,832.

- Revenues totaled $120,076,441. General revenues accounted for $76,723,437, or 64 percent of total revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for $43,353,004, or 36 percent of total revenues.

- The District had $98,225,663 in expenses related to governmental activities. Of these expenses, $38,751,865 was offset by program specific charges for services and operating grants and contributions. General revenues (primarily taxes and unrestricted grants and subsidies) of $76,681,615 were adequate to provide for these programs.

- Among major funds, the general fund had $115,617,593 in revenues and other financing sources and $114,495,167 in expenditures and other financing uses. Revenues and other financing sources exceeded expenditures and other financing uses for the year by $1,122,426, resulting in a fund balance of $44,081,367.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those financial statements. These financial statements are organized so the reader can understand the District as a financial whole.

The statement of net position and statement of activities provide information about the activities of the entire District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how the services were financed in the short-term as well as what remains for future spending.

The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund is the most significant fund.

Reporting the District as a Whole

One of the most important questions asked about the District's finances is, "Is the District as a whole better off or worse off as a result of the year's activities?" The statement of net position and the statement of activities report information about the District as a whole and about its overall activities. These statements include all the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District (except for fiduciary funds held in trust for student purposes) using the accrual basis of accounting similar to the accounting used by private sector corporations. All of the current year's revenues and expenses are taken into consideration regardless of when cash is received or paid.

These two statements report the District's net position and changes during the fiscal year. The change in net position provides the reader a tool to assist in determining whether the District's financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors such as the District's property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at a conclusion regarding the overall health of the District.

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

- **Governmental Activities** – All the District's basic services are included here, such as instruction, administration, and community services. Property taxes, state, and federal subsidies and grants finance most of these activities.

- **Business-type Activities** – These services are provided on a charge for goods or services basis to recover all of the expenses of the goods or services provided. The District's food service program is reported as a business-type activity.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements of the District's major funds provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by state statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions. The District's three types of funds, governmental, proprietary, and fiduciary, use different accounting approaches as described further in the notes to the financial statements.

Governmental Funds – Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending in future periods. These funds are reported using the modified accrual accounting method, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the statement of net position and the statement of activities) and governmental funds is reconciled in the basic financial statements.

Proprietary Funds – Proprietary funds use the accrual basis of accounting, the same as on the entity-wide statements; therefore, the statements will essentially match the business-type activities portion of the entity-wide statements.

The District as a Whole

The statement of net position provides the perspective of the District as a whole.

Table 1 provides a summary of the District's net position for 2025 compared to 2024:

Table 1
Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 67,000,753	$ 64,718,732	$5,769,074	$5,300,817	$ 72,769,827	$ 70,019,549
Capital assets	150,840,929	136,173,946	1,482,766	1,560,483	152,323,695	137,734,429
Total Assets	217,841,682	200,892,678	7,251,840	6,861,300	225,093,522	207,753,978
Deferred Outflows of Resources	17,991,365	21,587,664	210,305	249,729	18,201,670	21,837,393
Liabilities:						
Current liabilities	26,612,655	23,617,735	252,509	289,106	26,865,164	23,906,841
Noncurrent liabilities	148,374,429	154,244,022	1,262,056	1,327,098	149,636,485	155,571,120
Total Liabilities	174,987,084	177,861,757	1,514,565	1,616,204	176,501,649	179,477,961
Deferred Inflows of Resources	5,784,652	6,765,091	319,291	389,368	6,103,943	7,154,459
Net Position (Deficit):						
Net investment in capital assets	101,894,848	84,034,547	1,482,766	1,560,483	103,377,614	85,595,030
Restricted	3,383,906	4,496,072	-	-	3,383,906	4,496,072
Unrestricted (deficit)	(50,217,443)	(50,677,125)	4,145,523	3,544,974	(46,071,920)	(47,132,151)
Total Net Position (Deficit)	$ 55,061,311	$ 37,853,494	$5,628,289	$5,105,457	$ 60,689,600	$ 42,958,951

Table 2 shows the changes in net position for fiscal year 2025 compared to 2024:

Table 2
Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	$ 269,551	$ 213,490	$ 221,690	$ 194,444	$ 491,241	$ 407,934
Operating grants	38,482,314	39,978,613	4,379,449	4,314,931	42,861,763	44,293,544

	Governmental Activities		Business-type Activities		Totals	
(cont'd)	2025	2024	2025	2024	2025	2024
General Revenues:						
Property taxes	18,205,987	19,093,641	-	-	18,205,987	19,093,641
Unrestricted grants and subsidies	51,823,901	48,846,589	-	-	51,823,901	48,846,589
Other	6,651,727	6,468,084	41,822	75,496	6,693,549	6,543,580
Total Revenues	115,433,480	114,600,417	4,642,961	4,584,871	120,076,441	119,185,288
Expenses						
Program Expenses:						
Instruction	66,386,836	58,749,036	-	-	66,386,836	58,749,036
Support Services:						
Instructional student support	10,682,142	9,372,603	-	-	10,682,142	9,392,805
Administrative and financial support services	7,179,636	6,845,615	-	-	7,179,636	6,845,615
Operation and maintenance of plant services	7,418,715	6,363,354	-	-	7,418,715	6,363,354
Pupil transportation	2,509,203	1,813,475	-	-	2,509,203	1,813,475
Student activities	2,097,584	1,796,894	-	-	2,097,584	1,796,894
Interest on long-term debt	1,951,547	1,870,124	-	-	1,951,547	1,870,124
Food service	-	-	4,120,129	4,233,931	4,120,129	4,233,931
Total Expenses	98,225,663	86,811,101	4,120,129	4,233,931	102,345,792	91,065,234
Change in Net Position	$17,207,817	$ 27,789,316	$ 522,832	$ 350,940	$17,730,649	$ 28,120,054

The changes in net position table show the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Table 4 shows, for business-type activities, the total cost of services and the net cost of services.

Table 3
Governmental Activities

	2025		2024	
	Total Cost	Net Cost	Total Cost	Net Cost
Instruction	$ 66,386,836	$ 33,197,922	$ 58,749,036	$ 23,072,532
Support Services:				
Instructional student support	10,682,142	9,183,856	9,372,603	8,234,443
Administrative and financial support services	7,179,636	6,244,559	6,845,615	6,066,246
Operation and maintenance of plant services	7,418,715	6,295,477	6,363,354	5,482,496
Pupil transportation	2,509,203	1,075,433	1,813,475	570,621
Student activities	2,097,584	1,782,512	1,796,894	1,558,974
Interest on long-term debt	1,951,547	1,694,039	1,870,124	1,653,888
Total Expenses	$ 98,225,663	$ 59,473,798	$ 86,811,101	$ 46,639,200

Table 4
Business-type Activities

	2025		2024	
	Total Cost	Net Cost	Total Cost	Net Revenue
Food service	$ 4,120,129	$ (481,010)	$ 4,233,931	$ (275,444)

The District depends on a combination of tax revenues and governmental grants for governmental activities. For all governmental activities, general revenue support is 64 percent of the total governmental revenues. The community, as a whole, is the primary financial support for the District's students, although 36 percent comes from charges for services as well as operating grants and contributions, making them integral for the financial stability of the District.

Business-type Activities

Business-type activities consist of food service operations and are the same as the food service fund. This program had revenues of $4,642,961 and expenses of $4,120,129 for fiscal year 2025. Business-type activities receive no support from tax revenues.

General Fund Budgeting Highlights

The District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of fiscal year 2025, the District amended its general fund budget several times to accommodate differences from the original budget to the actual expenditures of the District. The District used site-based budgeting, and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, budgeted revenue totaled $107,102,652, but the District realized actual revenues of $115,617,593. The budgeted expenditures and transfers were $122,576,955 plus a budgetary reserve for unexpected building repairs of $4,000,000. The District expended $114,495,165 (including transfers) without the need to utilize the budgetary reserve. The District budgets expenditures based upon a long-term strategy of sustainability and held the line on the actual expenditures during the year in support of that strategy.

Capital Assets and Debt Administration

Capital Assets – At the end of fiscal year 2025, the District had $152.32 million invested in capital assets, with $150.84 million in governmental activities.

Table 5 shows the fiscal year 2025 balance compared to 2024:

Table 5
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities		Business-type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Land	$ 1,154,197	$ 1,154,197	$ -	$ -	$ 1,154,197	$ 1,154,197
Construction in progress	19,776,258	59,251,828	-	1,142,835	19,776,258	60,394,663
Buildings and improvements	168,634,187	111,684,925	-	-	168,634,187	111,684,925
Furniture and equipment	4,009,016	3,957,603	2,352,015	1,194,150	6,361,031	5,151,753
Right to use lease assets	375,959	375,959	-	-	375,959	375,959
Right to use subscriptions	96,594	96,594	-	-	96,594	96,594
Accumulated depreciation/amortization	(43,205,282)	(40,347,160)	(869,249)	(776,502)	(44,074,531)	(41,123,662)
Totals	$150,840,929	$136,173,946	$ 1,482,766	$ 1,560,483	$152,323,695	$137,734,429

Debt Administration – At June 30, 2025, the District had $47.730 million in bonds, notes, and leases outstanding, with $3.543 million due within one year. The Series B of 2010 Notes requires a sinking fund to accumulate principal payments for the retirement of this note in 2029. The debt service fund shows a cumulative market value balance of $3,383,906 available for the retirement of this Note. Table 6 on the following page summarizes bonds and notes outstanding.

Table 6
Outstanding General Obligation Debt at Year End
(In Thousands)

	Governmental Activities	
	2025	2024
General Obligation Bonds and Notes:		
Series B of 2010 Notes	$ 15,000	$ 15,000
Series of 2019	13,020	13,210
Series of 2021	9,390	9,535
Series of 2023	9,960	9,965
Total	$ 47,370	$ 47,710

The District issued General Obligation Notes, Series B of 2010, dated December 8, 2010, in the aggregate principal amount of $15,000,000 as part of an allocation from the State Public School Building Authority Federally Taxable Revenue Bonds, Series B of 2010. This bond issue is part of the

Qualified School Construction Bond Program under the American Recovery & Reinvestment Act ("ARRA") of 2009. The proceeds of the bonds are used for the costs of planning, designing, acquiring, constructing, furnishing, and equipping alterations, additions, improvements, and renovations to the existing Lebanon Senior High School, and paying the costs of issuing the notes.

The District issued General Obligation Bonds, Series of 2019, dated March 26, 2019, in the aggregate principal amount of $13,235,000. The proceeds of the bonds were used to currently refund General Obligation Bonds, Series of 2012, and paying the costs of the bond.

The District issued General Obligation Bonds, Series of 2021 dated October 25, 2021, in the aggregate principal amount of $9,670,000. The proceeds of the bonds were used to currently refund General Obligation Bonds, Series of 2016, and paying the costs of the bond.

The District issued General Obligation Bonds, Series of 2023 dated April 25, 2023, in the aggregate principal amount of $9,970,000. The proceeds of the bonds are to be used to fund specified construction projects in the District.

The District has no special assessment debt. Long-term debt is liquidated from the general fund unless the liquidation is the result of a new debt issue, in which event the debt service fund is utilized.

For the Future

The District is committed to a financial plan of retaining adequate reserves, budgeting practices that emphasize sustainability, and long-term debt planning with the goal of maintaining safe and effective learning environments. Providing the opportunity for all resident students to receive a sound academic foundation for future success is at the heart of all financial decisions.

The District completed construction of a new Junior High School in August of 2024, and the Intermediate School is currently undergoing renovation. After this renovation is complete, the District will have adequate space for increases in enrollment for grades K4 – 8.

In June of 2025, the District purchased a 13-acre tract of land located in Lebanon City, identified as 1400 Chestnut Street. The District intends to construct a new facility on this site to alleviate overcrowding at the High School and support expansion of Career and Technical Education Programs for grades 9-12 on the High School campus. Preliminary plans for the new facility include educational space for our Elevate Program and Center-Based Special Education Programs, and administrative space for the District Office, the Technology Department, and the Building and Grounds Department.

Additionally, the District is completing a district-wide facilities study which will allow for the development of a long-term capital improvement plan and budgeting strategy to address upcoming facility projects. Once these initiatives are finished, the District will have adequate space for increases in enrollment, safe and energy-efficient school buildings, and the ability to provide enhanced educational opportunities to meet the needs of our students.

The District provided all students with technology devices to receive instruction online starting with the 2020-2021 school year as a result of the COVID pandemic. In 2025-2026, the District will continue the Mobile Learning Initiative, where all students have a technological device.

The District depends primarily on state and local sources of revenue to finance operations. The District does not expect growth in the local property tax base due to a lack of available undeveloped land, so increasing revenues requires additional millage as well as increases in state revenues. The District set real estate tax millage at 23.91 for the 2025-2026 school year, which represented a 2.89 percent increase.

Over the next few years the District will retain an adequate fund balance and continue conservative budgeting practices to provide the necessary funding for educational programs. Additional millage increases will be needed to fund the new debt required for our capital improvements and to provide the necessary financial resources for a quality education for our students.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to show the District's accountability for the money received. If you have questions about this report or need additional financial information, please contact Kelly Herr, CFO and Board Treasurer, Lebanon School District, 1000 South Eighth Street, Lebanon, PA 17042.

LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)

	Governmental Activities	Business-type Activities	Totals 2025	Totals 2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	$ 6,090,291	$ 5,655,579	$ 11,745,870	$ 10,952,632
Investments	47,775,113	-	47,775,113	48,297,816
Investments with fiscal agent	3,383,906	-	3,383,906	287,683
Taxes receivable, net of allowance	1,659,503	-	1,659,503	1,542,118
Due from other funds	2,589	(2,589)	-	-
Due from other governments	7,715,917	111,548	7,827,465	8,030,347
Other receivables	328,140	4,536	332,676	772,016
Inventories	-	-	-	33,689
Prepaid items	-	-	-	52,157
Bond prepaid insurance	45,294	-	45,294	51,091
Land	1,154,197	-	1,154,197	1,154,197
Construction-in-progress	19,776,258	-	19,776,258	60,394,663
Buildings and improvements	168,634,187	-	168,634,187	111,684,925
Furniture and equipment	4,009,016	2,352,015	6,361,031	5,151,753
Right to use lease assets	375,959	-	375,959	375,959
Right to use subscriptions	96,594	-	96,594	96,594
Accumulated depreciation/amortization	(43,205,282)	(869,249)	(44,074,531)	(41,123,662)
TOTAL ASSETS	217,841,682	7,251,840	225,093,522	207,753,978
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pension	16,399,308	205,896	16,605,204	19,934,710
Deferred outflows related to OPEB	1,347,207	4,409	1,351,616	1,620,517
Deferred loss on refunding	244,850	-	244,850	282,166
TOTAL DEFERRED OUTFLOWS OF RESOURCES	17,991,365	210,305	18,201,670	21,837,393
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 235,833,047	$ 7,462,145	$ 243,295,192	$ 229,591,371
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)				
LIABILITIES:				
Accounts payable	$ 7,334,910	$ 111,501	$ 7,446,411	$ 4,435,690
Retainage payable	1,460,208	-	1,460,208	2,600,468
Accrued salaries, payroll withholdings, and benefits	9,242,584	-	9,242,584	8,747,856
Accrued interest payable	373,690	-	373,690	371,710
Unearned revenues	-	91,746	91,746	155,028
Long-term liabilities:				
Portion due or payable within one year:				
Bonds and notes payable, net	3,450,787	-	3,450,787	3,370,787
Compensated absences	4,658,388	49,262	4,707,650	4,119,552
Lease liability	73,945	-	73,945	75,665
Subscription liability	18,143	-	18,143	30,085
Portion due or payable after one year:				
Bonds and notes payable, net	44,183,918	-	44,183,918	44,690,705
Lease liability	-	-	-	76,019
Subscription liability	3,930	-	3,930	22,072
Accumulated compensated absences	1,203,267	12,725	1,215,992	1,064,086
Net pension liability	95,940,449	1,204,551	97,145,000	102,586,000
Net OPEB liability	7,042,865	44,780	7,087,645	7,132,238
TOTAL LIABILITIES	174,987,084	1,514,565	176,501,649	179,477,961
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pension	3,169,211	39,789	3,209,000	4,042,160
Deferred inflows related to OPEB	2,615,441	279,502	2,894,943	3,112,299
TOTAL DEFERRED INFLOWS OF RESOURCES	5,784,652	319,291	6,103,943	7,154,459
NET POSITION (DEFICIT):				
Net investment in capital assets	101,894,848	1,482,766	103,377,614	85,595,030
Restricted capital projects, scholarships and debt service	3,383,906	-	3,383,906	4,496,072
Unrestricted (deficit)	(50,217,443)	4,145,523	(46,071,920)	(47,132,151)
TOTAL NET POSITION (DEFICIT)	55,061,311	5,628,289	60,689,600	42,958,951
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)	$ 235,833,047	$ 7,462,145	$ 243,295,192	$ 229,591,371

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

LEBANON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Data for the Year Ended June 30, 2024)

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals 2025	Totals 2024
GOVERNMENTAL ACTIVITIES:								
Instruction	$ 66,386,836	$ 70,645	$ 33,118,269	$ -	$ (33,197,922)	$ -	$ (33,197,922)	$ (23,072,532)
Instructional student support	10,682,142	-	1,498,286	-	(9,183,856)	-	(9,183,856)	(8,234,443)
Administrative and financial support services	7,179,636	-	935,077	-	(6,244,559)	-	(6,244,559)	(6,066,246)
Operation and maintenance of plant services	7,418,715	157,024	966,214	-	(6,295,477)	-	(6,295,477)	(5,482,496)
Pupil transportation	2,509,203	-	1,433,770	-	(1,075,433)	-	(1,075,433)	(570,621)
Student activities	2,097,584	41,882	273,190	-	(1,782,512)	-	(1,782,512)	(1,558,974)
Interest on long-term debt and bond issuance costs	1,951,547	-	257,508	-	(1,694,039)	-	(1,694,039)	(1,653,888)
TOTAL GOVERNMENTAL ACTIVITIES	98,225,663	269,551	38,482,314	-	(59,473,798)	-	(59,473,798)	(46,639,200)
BUSINESS-TYPE ACTIVITIES:								
Food service	4,120,129	221,690	4,379,449	-	-	481,010	481,010	275,444
TOTAL BUSINESS-TYPE ACTIVITIES	4,120,129	221,690	4,379,449	-	-	481,010	481,010	275,444
TOTAL PRIMARY GOVERNMENT	$ 102,345,792	$ 491,241	$ 42,861,763	$ -	(59,473,798)	481,010	(58,992,788)	(46,363,756)
GENERAL REVENUES								
Property taxes levied for general purposes					18,205,987	-	18,205,987	19,093,641
Taxes levied for specific purposes					3,910,539	-	3,910,539	3,742,094
Grants and entitlements not restricted to specific programs					51,823,901	-	51,823,901	48,846,589
Investment earnings					2,734,564	41,822	2,776,386	2,757,253
Gain on sale of assets					-	-	-	5,600
Miscellaneous					6,624	-	6,624	38,633
TOTAL GENERAL REVENUES					76,681,615	41,822	76,723,437	74,483,810
CHANGE IN NET POSITION (DEFICIT)					17,207,817	522,832	17,730,649	28,120,054
NET POSITION (DEFICIT), BEGINNING OF YEAR, RESTATED					37,853,494	5,105,457	42,958,951	14,838,897
NET POSITION, END OF YEAR					$ 55,061,311	$ 5,628,289	$ 60,689,600	$ 42,958,951

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

LEBANON SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025
(With Summarized Comparative Data for June 30, 2024)

	General Fund	Capital Projects Fund	Nonmajor Fund Debt Service Fund	Totals 2025	Totals 2024
ASSETS					
Cash and cash equivalents	$ 3,720,279	$ 767,465	$ -	$ 4,487,744	$ 5,189,920
Investments	47,775,113	-	-	47,775,113	48,297,816
Investments with fiscal agent	-	-	3,383,906	3,383,906	287,683
Taxes receivable, net	1,659,503	-	-	1,659,503	1,542,118
Due from other funds	2,589	-	-	2,589	1,390
Due from other governments	7,715,917	-	-	7,715,917	7,961,202
Other receivables	87,143	-	-	87,143	46,530
Prepaid items	-	-	-	-	52,157
TOTAL ASSETS	$ 60,960,544	$ 767,465	$ 3,383,906	$ 65,111,915	$ 63,378,816
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 5,757,282	$ 767,465	$ -	$ 6,524,747	$ 3,180,346
Retainage payable	969,510	490,698	-	1,460,208	2,600,468
Accrued salaries, payroll withholdings, and benefits	9,242,584	-	-	9,242,584	8,747,856
TOTAL LIABILITIES	15,969,376	1,258,163	-	17,227,539	14,528,670
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenues - delinquent taxes	909,801	-	-	909,801	1,395,133
TOTAL DEFERRED INFLOWS OF RESOURCES	909,801	-	-	909,801	1,395,133
FUND BALANCES:					
Nonspendable	-	-	-	-	52,157
Restricted	-	-	3,383,906	3,383,906	4,496,072
Committed	32,995	-	-	32,995	32,995
Assigned	37,230,806	-	-	37,230,806	37,230,806
Unassigned (deficit)	6,817,566	(490,698)	-	6,326,868	5,642,983
TOTAL FUND BALANCES	44,081,367	(490,698)	3,383,906	46,974,575	47,455,013
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 60,960,544	$ 767,465	$ 3,383,906	$ 65,111,915	$ 63,378,816

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

LEBANON SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2025

TOTAL GOVERNMENTAL FUND BALANCES		$ 46,974,575
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	$ 1,154,197	
Buildings and improvements	168,634,187	
Furniture and equipment	4,009,016	
Construction-in-progress	19,776,258	
Right to use assets	375,959	
Right to use subscriptions	96,594	
Accumulated depreciation/amortization	(43,205,282)	150,840,929
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds and note payable, net	(47,634,705)	
Lease liability	(73,945)	
Subscription liability	(22,073)	
Accumulated compensated absences	(5,861,655)	
Accrued interest payable	(373,690)	
Net pension liability	(95,940,449)	
Net OPEB liability	(7,042,865)	(156,949,382)
Issuance of debt resulted in prepaid insurance costs and deferred charges which will be amortized over the life of new debt but do not represent current rights.		290,144
An internal service fund is used by the District to charge the cost of health insurance claims to the individual funds. The assets and liabilities of the internal service fund are included with governmental activities.		1,033,381
Deferred inflows and outflows of resources related to the District's pension and OPEB plans do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:		
Deferred outflows of resources:		
Deferred outflows related to pension	16,399,308	
Deferred outflows related to OPEB	1,347,207	
Deferred inflows of resources:		
Deferred inflows related to pension	(3,169,211)	
Deferred inflows related to OPEB	(2,615,441)	11,961,863
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 unavailable in the funds.		909,801
NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 55,061,311

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

LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2025
(With Summarized Comparative Data for the Year Ended June 30, 2024)

	General Fund	Capital Projects Fund	Nonmajor Fund Debt Service Fund	Totals 2025	Totals 2024
REVENUES					
Local sources	$ 25,643,378	$ 148,200	$ 40,300	$ 25,831,878	$ 26,866,159
State sources	82,429,423	-	-	82,429,423	70,408,243
Federal sources	7,544,792	-	-	7,544,792	16,644,958
TOTAL REVENUES	115,617,593	148,200	40,300	115,806,093	113,919,360
EXPENDITURES					
Current:					
Instruction	59,913,817	-	-	59,913,817	54,680,654
Support services	27,557,682	-	-	27,557,682	24,330,487
Operation of noninstructional services	2,080,072	-	-	2,080,072	1,797,606
Capital outlay	19,559,329	4,847,287	-	24,406,616	27,846,733
Debt service	2,440,267	-	797	2,441,064	5,782,799
TOTAL EXPENDITURES	111,551,167	4,847,287	797	116,399,251	114,438,279
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	4,066,426	(4,699,087)	39,503	(593,158)	(518,919)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	2,944,000	2,944,000	220,000
Transfers out	(2,944,000)	-	-	(2,944,000)	(220,000)
Investment gain/loss	-	-	112,720	112,720	-
TOTAL OTHER FINANCING SOURCES (USES)	(2,944,000)	-	3,056,720	112,720	-
NET CHANGE IN FUND BALANCES	1,122,426	(4,699,087)	3,096,223	(480,438)	(518,919)
FUND BALANCES, BEGINNING OF YEAR, RESTATED	42,958,941	4,208,389	287,683	47,455,013	47,973,932
FUND BALANCES, END OF YEAR	$ 44,081,367	$ (490,698)	$ 3,383,906	$ 46,974,575	$ 47,455,013

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

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ (480,438)
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which depreciation/amortization exceeded capital outlays and disposals in the period.		14,666,983
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Unavailable tax revenues decreased by this amount this year.		(485,332)
An internal service fund has been established to account for self-insured healthcare costs. The net revenue (loss) is reported with governmental activities.		912,868
The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This amount is the net effect of these differences in the treatment of long-term and related items.		489,568
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 the governmental funds:		
Compensated absences	$ (737,282)	
Net pension liability and related deferrals	2,908,141	
Net OPEB liability and related deferrals	(66,691)	
		2,104,168
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES		$ 17,207,817

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

LEBANON SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
REVENUES				
Local sources	$ 22,830,576	$ 22,830,576	$ 25,643,378	$ 2,812,802
State sources	75,144,718	75,144,718	82,429,423	7,284,705
Federal sources	9,127,358	9,127,358	7,544,792	(1,582,566)
TOTAL REVENUES	107,102,652	107,102,652	115,617,593	8,514,941
EXPENDITURES				
Instruction:				
Regular programs	38,284,522	38,284,522	37,272,550	1,011,972
Special programs	18,512,132	18,512,132	17,188,566	1,323,566
Vocational programs	1,393,330	1,393,330	1,393,120	210
Other instructional programs	1,727,969	1,727,969	1,430,516	297,453
Nonpublic school programs	10,581	10,581	17,607	(7,026)
Pre-Kindergarten programs	2,503,234	2,503,234	2,611,458	(108,224)
Total Instruction	62,431,768	62,431,768	59,913,817	2,517,951
Support services:				
Pupil personnel services	4,118,668	4,118,668	3,663,680	454,988
Instructional staff services	5,596,450	5,596,450	5,940,676	(344,226)
Administrative services	5,657,076	5,657,076	4,863,601	793,475
Pupil health	969,894	969,894	988,602	(18,708)
Business services	1,214,348	1,214,348	1,110,790	103,558
Operation and maintenance of plant services	7,933,033	7,933,033	7,356,777	576,256
Student transportation services	2,261,717	2,261,717	2,488,254	(226,537)
Central support services	1,141,617	1,141,617	1,134,271	7,346
Other support services	10,900	10,900	11,031	(131)
Total Support Services	28,903,703	28,903,703	27,557,682	1,346,021
Operation of noninstructional services:				
Student activities	1,573,714	1,573,714	2,080,072	(506,358)
Total Operation of Noninstructional Services	1,573,714	1,573,714	2,080,072	(506,358)
Capital outlay	23,460,000	23,460,000	19,559,329	3,900,671
Debt service	3,263,770	3,263,770	2,440,267	823,503
TOTAL EXPENDITURES	119,632,955	119,632,955	111,551,167	8,081,788
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(12,530,303)	(12,530,303)	4,066,426	16,596,729
OTHER FINANCING SOURCES (USES)				
Budgetary reserve	(4,000,000)	(4,000,000)	-	4,000,000
Transfers to other funds	(2,944,000)	(2,944,000)	(2,944,000)	-
TOTAL OTHER FINANCING SOURCES (USES)	(6,944,000)	(6,944,000)	(2,944,000)	4,000,000
NET CHANGE IN FUND BALANCE	(19,474,303)	(19,474,303)	1,122,426	20,596,729
FUND BALANCE, BEGINNING OF YEAR	42,958,941	42,958,941	42,958,941	-
FUND BALANCE, END OF YEAR	$ 23,484,638	$ 23,484,638	$ 44,081,367	$ 20,596,729

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

LEBANON SCHOOL DISTRICT
STATEMENTS OF NET POSITION - PROPRIETARY FUNDS
JUNE 30, 2025 AND 2024

	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
ASSETS:				
Cash and cash equivalents	$ 5,655,579	$ 5,196,551	$ 1,602,547	$ 566,161
Investments				
Due from other governments	111,548	69,197	-	-
Accounts receivable	4,536	1,842	240,997	723,644
Inventories	-	33,688	-	-
Construction in progress	-	1,142,835	-	-
Furniture and equipment	2,352,015	1,194,150	-	-
Accumulated depreciation	(869,249)	(776,501)	-	-
TOTAL ASSETS	7,254,429	6,861,762	1,843,544	1,289,805
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred outflows related to pension	205,896	247,180	-	-
Deferred outflows related to OPEB	4,409	2,549	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	210,305	249,729	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 7,464,734	$ 7,111,491	$ 1,843,544	$ 1,289,805
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION				
LIABILITIES:				
Accounts payable	$ 111,501	$ 86,979	$ 810,163	$ 1,169,292
Portion due or payable within one year:				
Accumulated compensated absences	49,262	47,099	-	-
Due to other funds	2,589	462	-	-
Unearned revenues	91,746	155,028	-	-
Long-term liabilities:				
Portion due or payable within one year:				
Accumulated compensated absences	12,725	12,165	-	-
Portion due or payable after one year:				
Net pension liability	1,204,551	1,272,017	-	-
Net OPEB liability	44,780	42,916	-	-
TOTAL LIABILITIES	1,517,154	1,616,666	810,163	1,169,292
DEFERRED INFLOWS OF RESOURCES:				
Deferred inflows related to pension	39,789	50,121	-	-
Deferred inflows related to OPEB	279,502	339,247	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	319,291	389,368	-	-
NET POSITION:				
Investment in capital assets	1,482,766	1,560,483	-	-
Unrestricted	4,145,523	3,544,974	1,033,381	120,513
TOTAL NET POSITION, RESTATED	5,628,289	5,105,457	1,033,381	120,513
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$ 7,464,734	$ 7,111,491	$ 1,843,544	$ 1,289,805

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

LEBANON SCHOOL DISTRICT
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
OPERATING REVENUES				
Food service revenues	$ 221,690	$ 194,444	$ -	$ -
Charges for health insurance	-	-	7,027,288	6,904,159
Total Operating Revenues	221,690	194,444	7,027,288	6,904,159
OPERATING EXPENSES				
Salaries	181,393	178,364	-	-
Employee benefits	37,752	176,178	-	-
Purchased professional and technical services	1,939,525	1,845,133	770,988	702,065
Other operating expenses	12,288	8,543	-	-
Self insurance claims	-	-	5,349,270	6,742,831
Supplies	1,856,423	1,960,427	-	-
Depreciation	92,748	65,286	-	-
Total Operating Expenses	4,120,129	4,233,931	6,120,258	7,444,896
OPERATING (LOSS) INCOME	(3,898,439)	(4,039,487)	907,030	(540,737)
NONOPERATING REVENUES				
Earnings on investments	41,822	69,896	5,838	5,954
Gain on disposal of assets	-	5,600	-	-
State sources	152,453	153,009	-	-
Federal sources	4,226,996	4,161,922	-	-
Total Nonoperating Revenues	4,421,271	4,390,427	5,838	5,954
CHANGE IN NET POSITION	522,832	350,940	912,868	(534,783)
NET POSITION, BEGINNING OF YEAR, RESTATED	5,105,457	4,754,517	120,513	655,296
NET POSITION, END OF YEAR	$ 5,628,289	$ 5,105,457	$ 1,033,381	$ 120,513

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

LEBANON SCHOOL DISTRICT
STATEMENTS OF CASH FLOWS - PROPRIETARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 219,325	$ 252,720	$ 7,509,935	$ 6,298,050
Payments to suppliers	(3,491,352)	(3,153,700)	(770,988)	(657,015)
Payments to employees	(312,677)	(299,369)	-	-
Cash payments for health insurance costs	-	-	(5,708,399)	(6,161,225)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(3,584,704)	(3,200,349)	1,030,548	(520,190)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
State sources	163,865	98,806	-	-
Federal sources	3,853,075	3,992,617	-	-
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	4,016,940	4,091,423	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Purchase of capital assets	(15,030)	(1,154,093)	-	-
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(15,030)	(1,154,093)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Earnings on investments	41,822	69,896	5,838	5,954
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	41,822	69,896	5,838	5,954
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	459,028	(193,123)	1,036,386	(514,236)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,196,551	5,389,674	566,161	1,080,397
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 5,655,579	$ 5,196,551	$ 1,602,547	$ 566,161
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (3,898,439)	$ (4,039,487)	$ 907,030	$ (540,737)
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:				
Depreciation	92,748	65,286	-	-
Donated commodities	256,547	273,762	-	-
Gain on disposal of capital assets	-	(5,600)	-	-
Decrease (Increase) in:				
Accounts receivable	(2,694)	368	482,647	(606,109)
Due from other funds	42,351	445,737	-	-
Prepaid expenses	-	-	-	45,050
Deferred outflows related to pension	41,284	3,042	-	-
Deferred outflows related to OPEB	(1,860)	5,390	-	-
Increase (Decrease) in:				
Accounts payable	24,521	(50,972)	(359,129)	581,606
Accrued Salaries and Benefits	(11,385)	(2,986)	-	-
Compensated absences	2,723	-		
Due to other funds	2,127	462	-	-
Unearned revenues	329	57,908	-	-
Accrued salaries and benefits	2,723	6,045	-	-
Net pension liability	(67,466)	(41,105)	-	-
Net OPEB liability	1,864	(809)	-	-
Deferred inflows related to pension	(10,332)	14,869	-	-
Deferred inflows related to OPEB	(59,745)	67,741	-	-
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (3,584,704)	$ (3,200,349)	$ 1,030,548	$ (520,190)
SUPPLEMENTAL DISCLOSURE				
Noncash noncapital financing activity:				
USDA donated commodities	$ 256,547	$ 273,762	$ -	$ -

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

LEBANON SCHOOL DISTRICT
STATEMENTS OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2025 AND 2024

	Private-Purpose Trust		Custodial	
	2025	2024	2025	2024
ASSETS				
Cash	$ 322,013	$ 259,909	$ 163,108	$ 153,783
TOTAL ASSETS	$ 322,013	$ 259,909	$ 163,108	$ 153,783
LIABILITIES AND NET POSITION:				
LIABILITIES				
Accounts payable	$ 100	$ -	$ -	$ -
NET POSITION	321,913	259,909	163,108	153,783
TOTAL LIABILITIES AND NET POSITION	$ 322,013	$ 259,909	$ 163,108	$ 153,783

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

LEBANON SCHOOL DISTRICT
STATEMENTS OF ACTIVITIES - FIDUCIARY FUNDS
FOR THE YEARS ENDED JUNE 30, 2025 AND 2024

	Private- Purpose Trust		Custodial	
	2025	2024	2025	2024
ADDITIONS				
Contributions	$ 113,785	$ 4,654	$ 253,337	$ 210,957
Interest income	1,562	1,822	-	998
TOTAL ADDITIONS	115,347	6,476	253,337	211,955
DEDUCTIONS				
Student activities	-	-	244,012	236,218
Scholarships awarded	53,343	26,378	-	-
TOTAL DEDUCTIONS	53,343	26,378	244,012	236,218
CHANGE IN NET POSITION	62,004	(19,902)	9,325	(24,263)
NET POSITION, BEGINNING OF YEAR	259,909	279,811	153,783	178,046
NET POSITION, END OF YEAR	$ 321,913	$ 259,909	$ 163,108	$ 153,783

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lebanon School District ("the District"), located in Lebanon County, Pennsylvania, operates five elementary schools, one middle school, and one high school, serving over 5,300 students to provide education and related services to the residents of Lebanon City and West Lebanon Township. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania. The governing body of the District is a nine-member Board form of government who are each elected to a four-year term. The daily operation and management of the District is carried out by the administrative staff of the District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

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

Reporting Entity

The criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity, as set forth in GASB's *Codification of Governmental Accounting and Financial Reporting Standards* ("GASB Codification"), relate to financial accountability. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship.

Basis of Presentation

Entity-wide Financial Statements

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

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The entity-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental program.

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

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

The entity-wide financial statements report net position in one of three components. Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowings attributable to acquiring, constructing, or improving those assets. 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 laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Net position as of June 30, 2025 consists of $3,383,906 restricted for debt service. Unrestricted net position consists of net position that does not meet the definition of "net investment in capital assets" or "restricted."

Fund Financial Statements

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

Governmental Funds

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The District reports the following major governmental fund:

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

The District reports the following nonmajor governmental funds:

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue and similar revenue streams to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they generally are not measurable until actually received.

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, 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.

Proprietary Funds

Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary funds. The District does not attempt to allocate all "building-wide costs" to the enterprise fund. Thus, general fund expenditures which partially benefit the enterprise fund (utilities, janitorial services, insurance, etc.) are not recognized proportionately in the enterprise fund. Similarly, the enterprise fund does not recognize a cost for the building space it occupies.

The District's proprietary funds consist of the food service fund and the internal service fund. The food service fund is a major enterprise fund used to account for operations where the intent of the governmental entity is to recover the costs of providing goods and services to the District's student population and staff primarily through user charges.

This fund is used to account for the District's food service operations that are financed and operated in a manner similar to private business enterprises. The fund accounts for all revenues, food purchases, and costs and expenses for the Food Service Program. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis. The District's only internal service fund is used to account for the operation of the District's self-insurance program for employee medical and prescription drug claims on a cost reimbursement basis.

Fiduciary Funds

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets as custodial funds and trust funds. The custodial fund accounts for funds held on behalf of students of the District. The custodial fund reports additions to and deductions from the custodial account. The measurement focus and basis of accounting for the custodial funds is the same as for proprietary funds. The trust fund accounts for monies contributed for scholarships and memorials.

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.

Investments

Investments consist of external investment pools and treasury bonds backed by the federal government. The investments are recorded at amortized cost. External investment pools and

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

treasury bonds are nonparticipating interest earning investment contracts which are exempt from measurement at fair value.

Property Taxes

Based upon the assessment provided by the County, the tax collectors bill and collect property taxes on behalf of the District. The District's tax rate for the year ended June 30, 2025 was 23.24 mills ($23.24 for $1,000 of assessed valuation) as levied by the Board of School Directors. Taxes are levied on July 1 and are payable in the following periods:

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

Taxes receivable are presented net of allowances for estimated uncollectibles of $645,201. The allowance for uncollectible accounts is based upon historical data established according to experience and other factors which, in the judgment of District management, deserve recognition in estimating possible losses. Management believes that they have adequately provided for future probable losses.

Inventories

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

Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

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

Buildings and improvements	20 - 50 years
Furniture and equipment	5 - 10 years
Right to use asset	term of lease
Right to use subscription	term of subscription

Compensated Absences

District policies permit employees to accumulate earned but unused vacation and personal and sick days as stipulated in each bargaining unit's contract. The liability for these compensated absences is recorded as long-term liabilities in the entity-wide financial statements. The current portion of this debt is estimated based on historical trends. In the fund financial statements, governmental funds report the compensated absence liability payable from expendable available financial resources.

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 Outflows and Deferred Inflows 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 three items that qualify for reporting in this category on the government-wide

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

statements. The deferred loss on refunding is reported in the government-wide statement of net position. A deferred loss on refunding results from the difference in the carrying value of refunded debt and its reacquisition price, and this amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Also, certain changes to the net pension liability and net OPEB liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources on the entity-wide statement of net position.

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 two items that qualify for reporting in this category on the government-wide statements. Certain changes to the net pension liability and net OPEB liability are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred inflows of resources on the entity-wide statement of net position. The governmental funds report unavailable revenues from one source: property taxes. These amounts are reflected as deferred inflows of resources on the general fund balance sheet and recognized as an inflow of resources in the period that the amounts become available.

Fund Equity

In the 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 in 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 of Directors. 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 of Directors.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Finance Committee, the Superintendent, or the CFO may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

Comparative Data

Comparative totals for the prior year have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, presentation of prior year totals by fund and activity type have not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to read. Summarized comparative information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Use of Estimates in the Preparation of Financial Statements

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.

Implementation of GASB Statement

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. As described in Note 18, the District has restated opening balances as a result of the implementation.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual 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 Pennsylvania Department of Education ("PDE") issues a schedule of actions for school districts for the development of the annual budget under Act 1. One deadline is the action to resolve to keep any tax increase in the real estate tax millage rate below the index announced by the PDE. Prior to that deadline, management submits to the School Board for consideration a draft operating budget projection or other information to review for the fiscal year commencing the following July 1. The School Board determines if it will approve a resolution to keep any tax increase below the index. As a condition of its receipt

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (cont'd)

of Commonwealth of Pennsylvania Adequacy Funding, the District is not permitted to apply for exceptions to the index.

If the School Board adopts the resolution, management submits to the School Board prior to May 31 a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them for the general fund. A public hearing is conducted to obtain taxpayer comments.

If the School Board does not adopt the resolution, management prepares and submits a proposed operating budget for the fiscal year commencing the following July 1 in accordance with the deadlines established by PDE under Act 1. These deadlines will vary with the setting of the spring municipal election date each year. In either case, prior to June 30, the budget is legally enacted through adoption of a resolution.

Legal budgetary control is maintained by the School Board at the departmental level. Transfers between departments, whether between funds or within a fund, or revisions that alter the total revenues and expenditures of any fund, must be approved by the School Board. Unused appropriations lapse at the end of each fiscal year.

Excess of Expenditures Over Appropriations

General fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2025:

Pre-Kindergarten programs	$ 108,224
Nonpublic school programs	7,026
Instructional staff services	344,226
Student transportation services	226,537
Other support services	131
Student activities	506,358
Pupil Health	18,708

The excess of expenditures over appropriations was financed with positive budget variances in other functions.

NOTE 3 DEPOSITS AND INVESTMENTS

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 the requirements of Act 72 of the Commonwealth of Pennsylvania. At June 30, 2025, the

NOTE 3 DEPOSITS AND INVESTMENTS (cont'd)

carrying amount of the District's deposits was $12,230,991, and the bank balance was $15,150,694. Of the bank balance, $250,000 was covered by federal depository insurance and $14,083,060 was exposed to custodial credit risk because it was uninsured, and the collateral held by the depository's agent was not in the District's name. The remaining $817,634 in cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund ("PSDLAF") and Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized rating organization, and is subject to an independent annual audit.

Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows: Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America; (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth; (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision; (d) shares of an investment company registered under the Investment Company Act of 1940; or (e) deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation ("FDIC"), the Federal Savings and Loan Insurance Corporation ("FSLIC"), or the National Credit Union Share Insurance Fund ("NCUSIF") to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository.

Of the District's $51,159,019 in investments as of June 30, 2025, $47,775,113 are invested in PLGIT. The amortized cost, which approximates fair value of the pool, is determined by the pool's share price. The District has no regulatory oversight for the pools, which are governed by the Board of Trustees. PLGIT is administered by PFM Asset Management, LLC, and the pool is audited annually by Ernst & Young LLP, an independent certified public accounting firm.

Also, the District has $3,383,906 invested in treasury bonds backed by the federal government held by a fiscal agent. These bonds are registered with the Securities and Exchange Commission.

Credit Risk

The District has no investment policy that would limit its investment choices to those with certain credit ratings. As of June 30, 2025, PLGIT was rated as AAAm by a nationally recognized statistical rating organization. The District's investments in U.S. Treasury bonds are backed by the full faith and credit of the U.S. government and are not considered to have credit risk.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Deletions/ Transfers	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 1,154,197	$ -	$ -	$ 1,154,197
Construction-in-progress	59,251,828	17,430,713	(56,906,283)	19,776,258
Total Capital Assets Not Being Depreciated	60,406,025	17,430,713	(56,906,283)	20,90,455
Capital assets being depreciated/ amortized:				
Buildings and improvements	111,684,925	42,979	56,906,283	168,634,187
Furniture and equipment	3,957,603	58,752	(7,339)	4,009,016
Right to use lease assets	375,959	-	-	375,959
Right to use subscriptions	96,594	-	-	96,594
Total Capital Assets Being Depreciated/ Amortized	116,115,081	101,731	56,898,944	173,115,756
Less accumulated depreciation/amortization	40,347,160	2,865,461	(7,339)	43,205,282
Total Capital Assets Being Depreciated/ Amortized, Net	75,767,921	(2,763,730)	56,906,283	129,910,474
Governmental Activities Assets, Net	$136,173,946	$ 14,666,983	$ -	$150,840,929
Business-type Activities				
Capital assets not being depreciated:				
Construction-in-progress	$ 1,142,835	$ 9,922	$ (1,152,757)	$ -
Capital assets being depreciated:				
Furniture and equipment	1,194,150	5,108	1,152,757	2,352,015
Less accumulated depreciation	776,501	92,748	-	869,249
Business-type Activities Assets, Net	$ 1,560,484	$ (77,716)	$ -	$ 1,482,766

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

Governmental Activities:	
Instruction	$ 1,919,545
Instructional student support	338,084
Administrative and financial support services	227,232
Operation and maintenance of plant services	234,798
Pupil transportation	79,415
Student activities	66,387
Total Depreciation/Amortization Expense - Governmental Activities	$ 2,865,461

NOTE 4 CAPITAL ASSETS (cont'd)

Business-type Activities:	
Food Service	$ 92,748

NOTE 5 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

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

Receivable By	Amount	Payable From	Amount
General Fund	$ 2,589	Food Service Fund	$ 2,589
	$ 2,589		$ 2,589

Interfund balances between the various funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are repaid shortly after year end.

The general fund transferred $2,944,000 to the debt service fund during the year ended June 30, 2025 to support future debt service.

NOTE 6 GENERAL LONG-TERM LIABILITIES

The following summarizes the changes in the long-term liabilities for the year for the year ended June 30, 2025:

	Restated Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Governmental Activities:					
Bonds and notes payable, net	$ 48,061,492	$ -	$ 426,787	$ 47,634,705	$ 3,450,787
Lease liability	151,684	-	77,739	73,945	73,945
Subscription liability	52,157	-	30,084	22,073	18,143
Accumulated compensated absences	5,124,374	737,281	-	5,861,655	4,658,388
Net pension liability	101,313,983	-	5,373,534	95,940,449	-
Net OPEB liability	7,089,322	-	46,457	7,042,865	-
TOTALS	$161,793,012	$ 737,281	$ 5,954,601	$156,575,692	$ 8,203,810

NOTE 6 GENERAL LONG-TERM LIABILITIES (cont'd)

	Restated Balance July 1, 2024	Additions	Reductions	Balance June 30, 2025	Due Within One Year
Business-type Activities:					
Accumulated compensated absences	$ 59,264	$ 2,723	$ -	$ 61,987	$ 49,262
Net pension liability	1,272,017	-	67,466	1,204,551	-
Net OPEB liability	42,916	1,864	-	44,780	-
TOTALS	$ 1,374,197	$ 4,587	$ 67,466	$ 1,311,318	$ 49,262

Long-term liabilities of the governmental activities are anticipated to be liquidated by the general fund and debt service fund. Business-type activities long-term liabilities are anticipated to be liquidated by the food service fund. Interest expense for the year ended June 30, 2025 totaled $1,951,547.

The District's long-term debt consisted of the following:

General Obligation Notes

Series B of 2010 QSCB, requiring sinking fund deposits through March 2029, bearing interest of 6.459%, interest payable semi-annually on March 1 and September 1.	$ 15,000,000
General Obligation Bonds	
Series of 2019, maturing through June 15, 2033, bearing interest ranging from 2.00% to 3.00%, interest payable semi-annually on June 15 and December 15. The proceeds of the bonds were used to refund the District's outstanding General Obligation Bonds, Series of 2012.	13,020,000
Series of 2021, maturing through June 15, 2035, bearing interest ranging from 3.00% to 3.50%, interest payable semi-annually on June 15 and December 15. The proceeds of the bonds were used to refund the District's outstanding General Obligation Bonds, Series of 2016.	9,390,000
Series of 2023, maturing through June 15, 2045, bearing interest ranging from 3.18% to 4.15%, interest payable semi-annually on June 15 and December 15. The proceeds of the bonds were used to fund future construction costs and also refund the District for construction costs already incurred in connection with the construction and renovation of the (1) Wilhelm Fields and Stadium Project; (2) the Lebanon Middle School conversion to an intermediate school; (3) the Alumni Stadium Project; (4) and payment of the costs and expenses of issuing and insuring the Bonds.	9,960,000
FINANCING TOTAL	$ 47,370,000

NOTE 6 GENERAL LONG-TERM LIABILITIES (cont'd)

Bonds and Notes payable is comprised of the following:

Bonds and Notes payable, at face	$ 47,370,000
Unamortized premium	264,705
Bonds and Notes payable, net	$ 47,634,705
Amounts due in one year	$ 3,450,787
Amounts due after one year	44,183,918
Bonds and Notes payable, net	$ 47,634,705

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 3,364,000	$ 2,087,695	$ 5,451,695
2027	3,439,000	2,070,895	5,509,895
2028	3,509,000	2,054,695	5,563,695
2029	3,654,000	1,548,770	5,202,770
2030	3,345,000	1,037,645	4,382,645
2031 - 2035	17,645,000	3,334,225	20,979,225
2036 - 2040	4,145,000	1,535,125	5,680,125
2041 - 2045	5,045,000	634,065	5,679,065
Plus: Sinking Fund Deposits	3,224,000	-	3,224,000
	$ 47,370,000	$ 14,303,115	$ 61,673,115

NOTE 7 LEASE AND SUBSCRIPTION ARRANGEMENTS

The District leases its printers under a lease arrangement expiring in June 2026. The lease requires monthly payments of $6,366. Total payments for the year ended June 30, 2025 were $75,192.

At June 30, 2025, the minimum future rental payments representing principal and interest under the leasing arrangements for the remaining period and in the aggregate are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 73,945	$ 257	$ 74,202
Totals	$ 73,945	$ 257	$ 74,202

NOTE 7 LEASE AND SUBSCRIPTION ARRANGEMENTS (cont'd)

The District has subscription agreements for various software through June 2027. Total payments for the year ended June 30, 2025 were $30,804.

At June 30, 2025, the minimum future rental payments representing principal and interest under the leasing arrangements for the remaining period and in the aggregate are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 18,143	$ 332	$ 18,475
2027	3,930	64	3,994
Totals	$ 22,073	$ 396	$ 22,469

NOTE 8 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by writing to the Public School Employees' Retirement System, P.O. Box 125, Harrisburg, Pennsylvania, 17108-0125, or by visiting the PSERS website at www.psers.pa.gov.

Benefits Provided

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

NOTE 8 PENSION PLAN (cont'd)

July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to two percent or two and one-half percent, depending upon the 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 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.

Member Contributions

Active members who joined the system prior to July 22, 1983 contributed at 5.25 percent (Membership Class T-C), or at 6.50 percent (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 percent (Membership Class T-C) or at 7.50 percent (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 percent (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the system after June 30, 2011 automatically contribute at the Membership Class T-E rate of 7.50 percent (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30 percent (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50 percent and 9.50 percent, and Membership Class T-F contribution rate to fluctuate between 10.30 percent and 12.30 percent.

NOTE 8 PENSION PLAN (cont'd)

Employer Contributions

The District's contractually required annual contribution is based on an actuarially determined amount that, when combined with the 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. For the year ended June 30, 2025, the rate of the employer contribution was 33.90 percent of covered payroll, which was comprised of 32.92 percent for pension contributions, 0.35 percent for defined benefit contributions, and 0.63 percent for healthcare contributions. The District's contribution to PSERS for pension for the year ended June 30, 2025 was $13,070,518.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2025, the District reported a liability of $97,145,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the system's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.2321 percent, which was a increase of 0.0015 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of $10,125,863. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 1,608,000	$ -
Difference between expected and actual experience	-	1,527,000
Changes in proportions	1,903,000	1,682,000
Difference between employer contributions and proportionate share of total contributions	23,686	-
Contributions subsequent to the date of measurement	13,070,518	-
	$16,605,204	$ 3,209,000

An amount of $13,070,518 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts will be

NOTE 8 PENSION PLAN (cont'd)

reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense as follows:

Year Ended June 30,	
2026	$ (1,838,000)
2027	1,817,899
2028	641,992
2029	(296,205)
	$ 325,686

Actuarial Assumptions

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

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the period ending June 30, 2022.

NOTE 8 PENSION PLAN (cont'd)

The long-term expected rate of return on pension plan investments was determined using the 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 PSERS Board of Directors. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global public equity (hedged)	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure/MLPs	10.0%	6.4%
Real estate	9.5%	5.9%
	100.0%	

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

Discount Rate

The discount used to measure the total pension liability was 7.00 percent. 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 which are actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.00 percent, 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 percent) or one percentage point higher (8.00 percent) than the current rate.

NOTE 8 PENSION PLAN (cont'd)

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability	$ 127,970,000	$ 97,145,000	$ 71,116,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' 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.

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

Retirees of the system can participate in the premium assistance program if they satisfy the following criteria:

- Have 24½ 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.
- For Class DC members to become eligible for premium assistance, they must satisfy the following criteria:
  - Attain Medicare eligibility with 24 ½ or more eligibility points, or
  - Have 15 or more eligibility points and terminated after age 67, and
  - Have received all or part of their distributions

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Pension Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the system include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available comprehensive annual financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees. Benefit terms may be amended by passing bills in the Pennsylvania Senate and House of Representatives and sending them to the Governor for approval.

Employer Contributions

The Districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64 percent of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $250,134 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of $4,148,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the system's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.2335 percent, which was an increase of 0.0015 from its proportion measured as of June 30, 2023.

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

For the year ended June 30, 2025, the District recognized OPEB expense of $205,653. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	$ 16,000	$ -
Change in the proportionate share of the net pension liability	188,000	97,000
Change in assumptions	253,000	633,000
Difference between expected and actual experience	4,000	62,000
Difference between employer contributions and proportionate share of total contributions	-	3,449
Contributions subsequent to the date of measurement	250,134	-
	$ 711,134	$ 795,449

An amount of $250,134 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in OPEB expense as follows:

Year Ending June 30,	
2026	$ (73,000)
2027	(98,939)
2028	(114,532)
2029	(40,799)
2030	(9,301)
Thereafter	2,122
	$ (334,449)

Actuarial Assumptions

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

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

- Actuarial cost method – entry age normal, level percent of pay
- Investment return – 4.21 percent, S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50 percent, comprised of inflation of 2.50 percent and 2.00 percent for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50 percent 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 percent.
  - Eligible retirees will elect to participate post-age 65 at 70 percent.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate – 63 percent 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-2015 Mortality Improvement Scale.

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

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code, employer contribution rates for premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of premium assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	100.0%	1.7%
	100.0%	

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

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

Discount Rate

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

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

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

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

	1% Decrease	Current Trend Rate	1% Increase
System's net OPEB liability	$ 4,148,000	$ 4,148,000	$ 4,148,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.21 percent, as well as what the net OPEB liability would be if it were calculated using a discount rate that

NOTE 9 PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

is one percentage point lower (3.21 percent) or one percentage point higher (5.21 percent) than the current rate:

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
Proportionate share of the net OPEB liability	$ 4,685,000	$ 4,148,000	$ 3,697,000

OPEB Plan Fiduciary Net Position

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

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Plan Description

The District administers a single employer defined benefit healthcare plan (the Retiree Health Plan) for employees who meet the eligibility requirements upon retirement. The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA. Under GASB Statement No. 75, retiree benefits are viewed as a form of deferred compensation. As such, the benefits are treated as being earned over the working lifetime of the employee so that the cost is fully charged to operations by the earliest date of eligibility under the plan. A plan report is available in the District office.

Funding Policy

The contribution requirements of plan members are established and may be amended by the Board of School Directors. The District has no assets accumulated in a trust or equivalent arrangement for the purpose of administering the OPEB plan. The required contribution is based on projected pay-as-you-go financing requirements, with any additional amount to prefund as determined annually by the Board of School Directors. For fiscal year 2025, the District paid $143,086 to plan members eligible for receiving benefits.

Actuarial Assumptions and Other Inputs

The total OPEB liability was measured as of July 1, 2024. The total OPEB liability as of July 1, 2024 was determined by an actuarial valuation as of July 1, 2023 using the actuarial assumptions noted below.

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN

Discount Rate

The discount used to measure the total OPEB liability was 4.29 percent and 4.13 percent for the measurement dates of July 1, 2025 and July 1, 2024, respectively, based on S&P Municipal Bond 20-year High Grade Rate Index.

Salary Increases

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 percent cost of living adjustment, one percent real wage growth, and for teachers and administrators, a merit increase which varies by age from age from 0.00 to 2.75 percent.

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 percent men and 27.46 percent for women and decrease with age and service.

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

Mortality Rates

PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the table 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.

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	Age 55 and 25 Years of Service		Superannuation	
Age	Male	Female	Male	Female
55	14.5%	14.5%	25.0%	16.0%
56	14.5%	14.5%	25.0%	20.0%
57	14.5%	15.0%	28.0%	28.0%
58	14.5%	15.0%	28.0%	30.0%
59	21.6%	20.7%	28.0%	30.0%
60	14.5%	29.0%	29.0%	31.0%
61	29.0%	29.0%	29.0%	31.0%
62	29.0%	29.0%	36.0%	31.0%
63	29.0%	29.0%	21.0%	20.0%
64	29.0%	29.0%	22.0%	25.0%
65	29.0%	29.0%	23.0%	28.0%
66	29.0%	29.0%	23.0%	27.0%
67	29.0%	29.0%	20.0%	23.0%
68	29.0%	29.0%	20.0%	22.0%
69	29.0%	29.0%	20.0%	23.0%
70	29.0%	29.0%	20.0%	23.0%
71-73	29.0%	29.0%	20.0%	20.0%
74-79	29.0%	29.0%	20.0%	25.0%
80+	100.0%	100.0%	100.0%	100.0%

Percent of Eligible Retirees Electing Coverage in Plan

Fifty percent of all employees are assumed to elect coverage.

Percent Married at Retirement

Twenty-five percent 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 than their husbands.

Per Capita Claims Cost

The per capita claims cost for medical and prescription drugs 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 costs are assumed to not vary with age or gender. The resulting costs are as follows:

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

Age	Medical and Prescription Drug Combined Male	Female
45 - 49	$ 8,186	$ 11,822
50 - 54	$ 10,84	$ 13,361
55 - 59	$ 13,204	$ 13,980
60 - 64	$ 17,230	$ 16,060

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the healthcare cost trend rate.

Healthcare Cost Trend

The healthcare cost trend is 7.0 percent in 2024 and 5.5 percent in 2027. Rates gradually decrease from 5.4 percent in 2027 to 4.1 percent in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

The actuarial value of assets was equal to the market value of assets.

Actuarial Cost Method – Entry Age Normal

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 serve to reduce or increase the unfunded accrued liability.

Participant Data

Participant data is based on census information as of January 2025. Due to timing of school district turnover, the data is believed to be representative of the population for the 2024-2025 school year.

Sensitivity Analysis

The following presents the net OPEB liability, calculated using the valuation discount rate as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate.

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Total OPEB liability	$ 3,204,692	$ 2,939,645	$ 2,691,743
Fiduciary net position	-	-	-
Net OPEB liability	$ 3,204,692	$ 2,939,645	$ 2,691,743

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is one percentage point lower each year or one percentage point higher each year than the current rate.

	1% Decrease	Current Rate	1% Increase
Total OPEB liability	$ 2,578,256	$ 2,939,645	$ 3,369,004
Fiduciary net position	-	-	-
Net OPEB liability	$ 2,578,256	$ 2,939,645	$ 3,369,004

Changes in Total OPEB Liability

Total OPEB liability - beginning	$ 2,935,238
Service cost	174,967
Interest	125,251
Effect of differences between expected and actual experience	(144,274)
Effect of changes of assumptions	(8,451)
Benefit payments	(143,086)
Net change	4,407
Total OPEB liability - ending	$ 2,939,645

The amount of OPEB expense for the single employer plan recognized by the District was $144,833 for the year ended June 30, 2025. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 10 SINGLE EMPLOYER OTHER POSTEMPLOYMENT BENEFITS PLAN (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Change in assumptions	$ 276,676	$ 900,520
Difference between expected and actual experience	278,206	1,198,974
Contributions subsequent to the date of measurement	85,600	-
	$ 640,482	$ 2,099,494

Change in Assumptions: The discount rate changed from 4.13 percent to 4.29 percent.

An amount of $85,600 is reported as deferred outflows of resources resulting from the District's contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts will be reported as deferred outflows of resources and deferred inflows of resources related to OPEB and will be recognized in OPEB expense as follows:

Year Ending June 30,	
2026	$ (155,385)
2027	(155,385)
2028	(155,385)
2029	(155,385)
2030	(155,385)
Thereafter	(767,687)
	$ (1,544,612)

NOTE 11 NET OTHER POSTEMPLOYMENT BENEFITS LIABILITY

The District's aggregate net OPEB liability and deferred inflows and outflows of resources are as follows:

	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
District Plan (See Note 10)	$ 2,939,645	$ 640,482	$ 2,099,494
PSERS Plan (See Note 9)	4,148,000	711,134	795,449
Total	$ 7,087,645	$ 1,351,616	$ 2,894,943

NOTE 12 JOINT VENTURES

The District is one of six member school districts of the Lebanon County Career and Technology Center ("LCCTC"). The LCCTC provides vocational-technical training and education to participating students of the member school districts. The LCCTC is controlled and governed by the Career and Technology Center Board for Lebanon County, which is comprised of school board members of all the member school districts. No member school district exercises specific control over the fiscal policies or operations of the LCCTC. The District's share of annual operating costs for the LCCTC fluctuates based upon the percentage of enrollment of each member school district. The amount paid for these services in the year ended June 30, 2025 was $1,290,545, which has been reported in the District's general fund. Complete financial statements for the LCCTC can be obtained from the Administrative Office at 833 Metro Drive, Lebanon, PA 17042. The District is a member of the Lancaster-Lebanon Joint Authority ("the Authority"). The Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of 1945, Act of May 2, 1945, P. L. 382, as amended by the boards of school directors of the 22 school districts located in Lancaster and Lebanon counties. The Authority was established for the purposes of acquiring, holding, constructing, improving, maintaining, operating, owning and/or leasing projects for public school purposes and for the purposes of the Lancaster-Lebanon Intermediate Unit No. 13. The District did not have any financial transactions with the Authority during the year ended June 30, 2025. Complete general purpose financial statements for the Authority can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601.

The District is one of five member school districts of the Lebanon County Tax Collection Committee ("the Committee"). The Committee is responsible for the collection of earned income taxes for member school districts. Each school district appoints one member to serve on the joint operating committee with an equal number of five municipal representatives. The Committee has contracted with Keystone Municipal Collections to collect the taxes. Financial information for the Committee can be obtained by a request to Tax Collection Committee, 105 East Evergreen Road, Lebanon, PA 17402.

The District is also a member of the Lebanon County Area Career and Technology Center Authority ("the Authority"). In 1965, the Authority entered into an agreement with the member school districts and the LCCTC to acquire land and construct buildings to provide the facilities for the operation of the LCCTC. In February 2020, Lease Revenue Bonds, Series of 2020, were issued by the Authority to refund the previously issued Series of 2013, which were issued to refund the previously issued Series of 2008 which were issued by the Authority to provide funds for upgrade and modernization of the LCCTC facilities. The LCCTC board and the six member school districts entered into a lease agreement with the Authority, and each school district will pay its proportionate share of the lease rentals in order to fund the Lease Revenue Bonds.

The District's lease payment to the Authority for the year ended June 30, 2025 was $102,785, and the District's share of the Lease Revenue Bonds is $816,715.

Future Authority rental payments are:

NOTE 12 JOINT VENTURES (cont'd)

Year Ending June 30,	
2026	$ 101,872
2027	101,829
2028	102,637
2029	102,141
2030	102,141
2031 - 2033	306,095
Total	816,715
Less: interest requirements	(93,612)
Outstanding rental payments	$ 723,103

NOTE 13 FUND BALANCES

As of June 30, 2025, fund balances are composed of the following:

	General Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
Restricted:				
Debt	$ -	$ -	$ 3,383,906	$ 3,383,906
Committed:				
Compensatory education	32,995	-	-	32,995
Assigned:				
Capital projects	37,230,806	-	-	37,230,806
Unassigned (deficit)	6,817,566	(490,698)	-	6,326,868
Total Fund Balances	$ 44,081,367	$ (490,698)	$ 3,383,906	$ 46,974,575

NOTE 14 UNCERTAINTIES

Government Grants and Awards

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

NOTE 15 RISK MANAGEMENT (cont'd)

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 workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages during the 2024 - 2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 16 TAX ABATEMENTS

The District enters into property tax abatement agreements with local businesses under the Keystone Opportunity Zone program and Local Economic Revitalization Tax Assistance program developed by the Pennsylvania Department of Community and Economic Development. Under the terms of these programs, localities may grant property tax abatements for the purpose of attracting or encouraging the expansion of businesses within their jurisdiction. The abatements may be granted to any business promising to relocate to, or currently located in and promising to grow within, a designated Keystone Opportunity Zone.

During the year ended June 30, 2025, the District abated taxes for one property totaling $942.

NOTE 17 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of $50,217,443 includes the effect of the deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and net OPEB liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension plan, and the deferred outflows resulting from the change in the District's share of the net pension and OPEB liabilities. This is offset by the District's actuarially determined pension and OPEB liabilities and the deferred inflows resulting from the differences between projected and actual investment earnings.

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE AND REPORTING ENTITY

During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 101, "Compensated Absences." The purpose of this statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences.

Further, the District has restated its beginning net position due to the change in reporting entity to remove the Cedar Foundation of the Lebanon School District ("the Foundation") as a blended component unit. This change is due to a modification of the structure of the Foundation. Under the current structure the Foundation does not meet the criteria for inclusion as a component unit as described in Note 1 to the financial statements.

NOTE 18 CHANGE IN ACCOUNTING PRINCIPLE AND REPORTING ENTITY (cont'd)

The effect of this change to the financial reporting and implementation resulted in the restatement of beginning net position of the governmental and business activities as follows:

	06/30/24 as Previously Reported	Restatement	06/30/2024 as Restated
Governmental activities	$ 41,430,984	$ (3,577,490)	$ 37,853,494

	06/30/24 as Previously Reported	Restatement	06/30/2024 as Restated
Business activities/food service fund	$ 5,148,487	$ (43,030)	$ 5,105,457

NOTE 19 SUBSEQUENT EVENTS

On August 26, 2025, the District issued General Obligations Bonds, Series of 2025 in the amount of $14,990,000 for the purpose of financing capital projects.

The District has evaluated all subsequent events through December 8, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE									
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016	JUNE 30, 2015
District's proportion of the net pension liability	0.2321%	0.2306%	0.2382%	0.2259%	0.2231%	0.2242%	0.2221%	0.2145%	0.2207%	0.2130%
District's proportion of the net pension liability - dollar value	$ 97,145,000	$ 102,586,000	$ 105,901,000	$ 92,747,000	$ 109,852,000	$ 104,887,000	$ 106,619,000	$ 105,938,000	$ 109,372,000	$ 92,262,000
District's covered employee payroll	$ 35,863,331	$ 35,447,214	$ 33,630,203	$ 32,501,865	$ 31,531,826	$ 30,621,074	$ 29,906,931	$ 29,299,051	$ 28,785,288	$ 26,729,629
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	270.88%	289.40%	314.90%	285.36%	348.38%	342.53%	356.50%	361.57%	379.96%	345.17%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.57%	45.32%	55.66%	54.00%	51.84%	50.14%	54.36%

Note: The above information is presented as of the Plan's measurement date.

LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	JUNE 30, 2025	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2016
Contractually required contribution	$ 13,070,518	$ 12,304,709	$ 12,161,939	$ 11,430,906	$ 10,891,375	$ 10,519,017	$ 9,982,470	$ 9,525,137	$ 8,555,323	$ 7,196,322
Contributions in relation to the contractually required contribution	13,070,518	12,304,709	12,161,939	11,430,906	10,891,375	10,519,017	9,982,470	9,525,137	8,555,323	7,196,322
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 39,703,879	$ 35,863,331	$ 35,447,214	$ 33,630,203	$ 32,501,865	$ 31,531,826	$ 30,621,074	$ 29,906,931	$ 29,299,051	$ 28,785,288
Contributions as a percentage of covered employee payroll	32.92%	34.31%	34.31%	33.99%	33.51%	33.36%	32.60%	31.85%	29.20%	25.00%

LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE							
	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018	JUNE 30, 2017
District's proportion of the net OPEB liability	0.2335%	0.2320%	0.2389%	0.2263%	0.2238%	0.2242%	0.2221%	0.2145%
District's proportion of the net OPEB liability - dollar value	$ 4,148,000	$ 4,197,000	$ 4,398,000	$ 5,363,000	$ 4,836,000	$ 4,768,000	$ 4,631,000	$ 4,370,000
District's covered employee payroll	$ 35,863,331	$ 35,447,214	$ 33,630,203	$ 32,501,865	$ 31,531,826	$ 30,621,074	$ 29,906,931	$ 29,299,051
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.57%	11.84%	13.08%	16.50%	15.34%	15.57%	15.48%	14.92%
Plan fiduciary net position as a percentage of the total pension liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

Note: The above information is presented as of the Plan's measurement date.

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	JUNE 30, 2025	JUNE 30, 2024	JUNE 30, 2023	JUNE 30, 2022	JUNE 30, 2021	JUNE 30, 2020	JUNE 30, 2019	JUNE 30, 2018
Contractually required contribution	$ 250,134	$ 237,988	$ 265,854	$ 269,042	$ 266,516	$ 264,867	$ 254,155	$ 249,082
Contributions in relation to the contractually required contribution	250,134	237,988	265,854	269,042	266,516	264,867	254,155	249,082
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 39,703,879	$ 37,185,582	$ 35,447,214	$ 33,630,203	$ 32,501,865	$ 31,531,826	$ 30,621,074	$ 29,906,931
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY
Single Employer Plan

	MEASUREMENT DATE							
	July 1, 2024	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY								
Service cost	$ 174,967	$ 164,205	$ 240,683	$ 244,041	$ 242,723	$ 245,169	$ 267,679	$ 288,176
Interest on total OPEB liability	125,251	116,172	75,704	60,755	126,929	111,665	134,376	109,856
Change of benefit terms	-	-	-	-	-	-	30,064	-
Difference between expected and actual experience	(144,274)	-	347,758	-	(1,061,365)	-	(668,887)	-
Effect of assumption changes or inputs	(8,451)	37,232	(888,422)	(102,833)	352,885	(109,266)	2,536	(87,699)
Benefit payments	(143,086)	(173,524)	(140,148)	(150,007)	(201,824)	(229,705)	(359,690)	(466,350)
NET CHANGE IN TOTAL OPEB LIABILITY	4,407	144,085	(364,425)	51,956	(540,652)	17,863	(593,922)	(156,017)
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	2,935,238	2,791,153	3,155,578	3,103,622	3,644,274	3,626,411	4,220,333	4,376,350
TOTAL OPEB LIABILITY, END OF YEAR	$ 2,939,645	$ 2,935,238	$ 2,791,153	$ 3,155,578	$ 3,103,622	$ 3,644,274	$ 3,626,411	$ 4,220,333
PLAN FIDUCIARY NET POSITION								
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DISTRICT'S NET OPEB LIABILITY	$ 2,939,645	$ 2,935,238	$ 2,791,153	$ 3,155,578	$ 3,103,622	$ 3,644,274	$ 3,626,411	$ 4,220,333
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ 33,599,253	$ 30,274,730	$ 30,274,730	$ 28,627,637	$ 28,627,637	$ 27,073,954	$ 27,073,954	$ 25,350,323
District's net OPEB liability as a percentage of covered payroll	8.75%	9.70%	9.22%	11.02%	10.84%	13.46%	13.39%	16.65%
Expected average remaining service years of all participants	14	14	14	14	12	11	10	9

SINGLE AUDIT SUPPLEMENT

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

December 8, 2025

Board of School Directors
Lebanon School District
Lebanon, 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 Lebanon School District ("the District"), Lebanon, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated December 8, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting ("internal control") as a basis for designing 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.

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

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Board of Directors
Lebanon School District

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

Compliance and Other Matters

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

Purpose of This Report

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

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

December 8, 2025

Board of School Directors
Lebanon School District
Lebanon, Pennsylvania

Report on Compliance for Each Major Each Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence

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we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibility 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 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.

Board of School Directors
Lebanon School District

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program, 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

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

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.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2025	PASSED THROUGH TO SUB-RECIPENTS
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies	I	84.010	013-240224	07/01/23 - 09/30/24	2,412,353	$ 645,460	$ 621,480	$ 15,858	$ 15,858	$ (8,122)	$ -
Title I Grants to Local Educational Agencies	I	84.010	013-250224	07/01/24 - 09/30/25	2,381,692	1,748,050	-	2,379,481	2,379,481	631,431	-
Total ALN 84.010						2,393,510	621,480	2,395,339	2,395,339	623,309	-
Twenty-First Century Community Learning Centers	I	84.287	FC-4100083515	07/01/23 - 06/30/24	400,000	91,745	91,745	-	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	FC-4100097335	03/01/24 - 02/28/25	573,300	282,979	-	282,979	282,979	-	-
Twenty-First Century Community Learning Centers	I	84.287	FC-4100097335	03/01/25 - 02/28/26	573,300	-	-	194,731	194,731	194,731	-
Twenty-First Century Community Learning Centers	I	84.287	FC-4100097336	03/01/24 - 02/28/25	203,840	100,130	-	100,130	100,130	-	-
Twenty-First Century Community Learning Centers	I	84.287	FC-4100097336	03/01/25 - 02/28/26	203,840	-	-	81,692	81,692	81,692	-
Total ALN 84.287						474,854	91,745	659,532	659,532	276,423	-
English Language Acquisition Grants	I	84.365	010-240224	07/01/23 - 09/30/24	217,940	75,038	26,163	48,875	48,875	-	-
English Language Acquisition Grants	I	84.365	010-250224	07/01/24 - 09/30/25	212,258	130,473	-	180,528	180,528	50,055	-
Total ALN 84.365						205,511	26,163	229,403	229,403	50,055	-
Improving Teacher Quality State Grants	I	84.367	020-240224	07/01/23 - 09/30/24	213,553	27,930	27,930	-	-	-	-
Improving Teacher Quality State Grants	I	84.367	020-250224	07/01/24 - 09/30/25	294,689	214,911	-	294,689	294,689	79,778	-
Total ALN 84.367						242,841	27,930	294,689	294,689	79,778	-
Student Support and Academic Enrichment Grants	I	84.424	144-240224	07/01/23 - 09/30/24	204,563	54,550	54,550	-	-	-	-
Student Support and Academic Enrichment Grants	I	84.424	144-250224	07/01/24 - 09/30/25	181,669	133,224	-	181,669	181,669	48,445	-
Total ALN 84.424						187,774	54,550	181,669	181,669	48,445	-
ARP ESSER A-TSI 2.5% Set Aside	I	84.425C	244-210224	03/13/20 - 09/30/24	131,706	11,974	11,974	-	-	-	-
American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund	I	84.425U	223-210224	03/13/20 - 09/30/24	18,940,221	688,736	(577,000)	1,265,736	1,265,736	-	-
ESSER Fund (ARP ESSER) 7% Set Asides Consolidated	I	84.425U	225-210224	03/13/20 - 09/30/24	1,472,081	347,946	290,718	57,228	57,228	-	-
American Rescue Plan ESSER Fund- Homeless Children and Youth	I	84.425U	181-212221	07/01/21 - 09/30/24	192,157	14,781	14,781	-	-	-	-
Total ALN 84.425						1,063,437	(259,527)	1,322,964	1,322,964	-	-
Passed Through Lancaster - Lebanon Intermediate Unit No. 13:											
Special Education - Grants to States	I	84.027	062-240013	07/01/24 - 09/30/25	1,260,279	1,260,279	-	1,260,279	1,260,279	-	-
Total ALN 84.027						1,260,279	-	1,260,279	1,260,279	-	-
Special Education - Preschool Grants	I	84.173	131-240013	07/01/24 - 06/30/25	10,260	-	-	10,260	10,260	10,260	-
Total ALN 84.173						-	-	10,260	10,260	10,260	-
Total U.S. Department of Education						5,828,206	562,341	6,354,135	6,354,135	1,088,270	-
U.S. Department of Health and Human Services											
Passed Through Pennsylvania Department of Public Welfare:											
Medical Assistance Program	I	93.778	N/A	07/01/23 - 06/30/24	20,109	14,285	14,285	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/24 - 06/30/25	59,760	49,970	-	59,760	59,760	9,790	-
Total ALN 93.778						64,255	14,285	59,760	59,760	9,790	-
Total U.S. Department of Health and Human Services						64,255	14,285	59,760	59,760	9,790	-

Continued on next page.

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

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN NUMBER	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2024	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2025	PASSED THROUGH TO SUB-RECIPIENTS
U.S. Department of Agriculture											
Passed Through the Pennsylvania Department of Education:											
Seamlesss Summer Option Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	1,321	1,321	-	-	-	-
Seamlesss Summer Option Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	3,533	-	4,683	4,683	1,150	-
School Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	13,109	13,109	-	-	-	-
School Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	933,826	-	954,603	954,603	20,777	-
Total ALN 10.553						951,790	14,430	959,286	959,286	21,927	-
Seamless Summer Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	3,414	-	11,282	11,282	7,868	
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	40,659	40,659	-	-	-	-
National School Snack Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	2,689,759	-	2,747,476	2,747,476	57,717	-
National School Snack Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	33,489	-	33,489	33,489	-	-
SNP Emergency Operating Costs	I	10.555	N/A	07/01/22 - 06/30/23	N/A	-	(31,327)	31,327	31,327	-	-
SNP Emergency Operating Costs	I	10.555	N/A	07/01/23 - 06/30/24	N/A	-	(118,982)	32,284	32,284	(86,698)	-
Total ALN 10.555						2,767,321	(109,650)	2,855,858	2,855,858	(21,113)	-
Fresh Fruit and Vegetable Program	I	10.582	N/A	07/01/24 - 06/30/25	N/A	133,964	-	155,305	155,305	21,341	-
Total ALN 10.582						133,964	-	155,305	155,305	21,341	-
Total Passed Through the Pennsylvania Department of Education						3,853,075	(95,220)	3,970,449	3,970,449	22,155	-
Passed Through the Pennsylvania Department of Agriculture:											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	256,547	-	256,547	256,547	-	-
Total ALN 10.555						256,547	-	256,547	256,547	-	-
Total U.S. Department of Agriculture						4,109,622	(95,220)	4,226,996	4,226,996	22,155	-
U.S. Department of The Treasury											
Passed Through the Pennsylvania Commission on Crime and Delinquency:											
COVID-SFR School Mental Health Grants	I	21.027	2023-CM-01 4168	01/01/24 - 12/31/25	163,877	11,914	3,805	24,750	24,750	16,641	-
Total ALN# 21.027						11,914	3,805	24,750	24,750	16,641	-
Total U.S. Department of The Treasury						11,914	3,805	24,750	24,750	16,641	-
TOTAL FEDERAL AWARDS						$ 10,013,997	$ 485,211	$ 10,665,641	$ 10,665,641	$ 1,136,856	$ -
Total ALN 10.555						$ 3,023,868	$ (109,650)	$ 3,112,405	$ 3,112,405	$ (21,113)	$ -
Total Special Education Cluster (ALN 84.027, 84.173)						$ 1,260,279	$ -	$ 1,270,539	$ 1,270,539	$ 10,260	$ -
Total Child Nutrition Cluster (ALN 10.553, 10.555, 10.582)						$ 4,109,622	$ (95,220)	$ 4,226,996	$ 4,226,996	$ 22,155	$ -

Source Code:

I = Indirect Funding

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants which were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as 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 FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN #10.555 includes surplus food consumed by the District during the 2024 - 2025 fiscal year.

NOTE D INDIRECT COST RATE

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

NOTE E BUILD AMERICA BONDS

One of the District's bonds qualifies for subsidies under the Build America Bonds program of the American Recovery and Reinvestment Act. These subsidy payments are not considered federal financial assistance. The amount of subsidy funding recognized for the year ended June 30, 2025 was $795,553.

NOTE F ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025 was $310,594.

LEBANON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified*, *qualified*, *adverse*, *or disclaimer*]:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified?	______ Yes	X None reported
• Noncompliance material to financial statements noted?	______ Yes	X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	______ Yes	X No
• Significant deficiency(ies) identified?	______ Yes	X None reported

Type of auditor's report issued on compliance for major programs [*unmodified*, *qualified*, *adverse*, *or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	______ 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
84.027, 84.173	Special Education Cluster (IDEA)

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

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

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

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APPENDIX D
Specimen Municipal Bond Insurance Policy

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APPENDIX E
Continuing Disclosure Agreement

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CONTINUING DISCLOSURE AGREEMENT

THIS CONTINUING DISCLOSURE AGREEMENT (the "Disclosure Agreement") is executed and delivered by Lebanon School District, Lebanon County, Pennsylvania (the "Issuer"), in connection with the issuance of its General Obligation Bonds, Series of 2026, dated as of _____________, 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution duly adopted by the Board of School Directors of the Issuer (the "Resolution"). The Issuer covenants and agrees as follows:

SECTION 1. Purpose of Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12.

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

"Annual Report" shall mean any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement and the Rule.

"Bondholders" shall mean the registered owners, from time to time, of the Bonds.

"Bond Insurer" shall mean Build America Mutual Assurance Company.

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

"Commission" shall mean the Securities and Exchange Commission.

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

"Dissemination Agent" shall mean an agent designated by the Issuer, or any successor Dissemination Agent designated in writing by the Issuer, and which has filed with the Issuer a written acceptance of such designation agreeing to assist the Issuer in carrying out its obligations under this Disclosure Agreement.

"EMMA" shall mean the Electronic Municipal Access System. Pursuant to amendment of the Rule by the Securities and Exchange Commission, EMMA has been substituted for previously listed nationally recognized municipal securities information repositories beginning July 1, 2009.

"Financial Obligation" shall mean: (A) a debt obligation; (B) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) a guarantee of either (A) or (B) but which shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Agreement.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"National Repository" shall mean EMMA and any subsequently approved nationally recognized municipal securities information repository for purposes of the Rule. Information to be filed with EMMA shall be filed at http://emma.msrb.org.

"Obligated Person" shall mean any person, including an issuer of municipal securities, who is either generally or through an enterprise fund or account of such person committed by contract or other arrangement to support payment of all or part of the obligations of the Bonds (other than providers of municipal bond insurance, letters of credit, or other liquidity facilities).

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

"Repository" shall mean each National Repository and each State Repository.

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

"State Repository" shall mean any public or private repository or entity designated by the Commonwealth as a state repository for the purpose of the Rule. As of the date of this Disclosure Agreement, there is no State Repository.

"Tax-exempt" shall mean that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax or environmental tax.

SECTION 3. Provision of Annual Reports.

(a) The Issuer shall, or shall cause the Dissemination Agent to, not later than 270 days after the end of each fiscal year, commencing in the fiscal year ending June 30, 2026, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Not later than 15 Business Days prior to said date, the Issuer shall provide the Annual Report to the Dissemination Agent (if other than the Issuer). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Agreement; provided, however, that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report.

(b) If the Issuer is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the Issuer shall send a notice to each Repository in substantially the form attached as Exhibit A.

(c) The Dissemination Agent shall:

(i) determine each year, prior to the date for providing the Annual Report, the name and address of each National Repository and each State Repository, if any; and

(ii) (if the Dissemination Agent is other than the Issuer) file a report with the Issuer certifying that the Annual Report has been provided pursuant to this Disclosure Agreement, stating the date it was provided and listing all the Repositories to which it was provided.

SECTION 4. Content of Annual Reports. The Issuer's Annual Report shall contain or incorporate by reference the following:

(i) the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;

(ii) the budget for the current fiscal year;

(iii) the taxes and millage rates imposed for the current fiscal year;

(iv) 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, (3) the amount of real estate taxes collected that represented taxes levied in prior years, and (4) the total amount of real estate taxes collected; and

(v) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year.

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

In the event that audited financial statements are not available within 270 days of the close of the fiscal year, the Issuer shall provide an unaudited statement, and shall thereafter provide an audited financial statement for the same period as soon as available.

SECTION 5. Reporting of Significant Events.

(a) The occurrence of any of the following events, with respect to a particular series of the Bonds, constitutes a "Listed Event" only with respect to such series of the Bonds. This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

(i) Principal and interest payment delinquencies;

(ii) Nonpayment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

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

(vii) Modifications to rights of securities holders, if material;

(viii) Bond calls, if material, and tender offers for the Bonds;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the Issuer;

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

(xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;

(xv) Incurrence of a Financial Obligation of the Issuer or an 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 an Obligated Person, any of which affect security holders, if material;

(xvi) Default, event of acceleration, termination event, modification of terms or other similar events under the terms of a Financial Obligation of the Issuer or an Obligated Person, any of which reflect financial difficulties; and

(xvii) Failure to provide annual financial information as required.

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

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

(d) For purposes of the Listed Events in Section 5(a)(xii), the Issuer and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: "*Note: for the purposes of the event identified in subparagraph (b)(5)(1)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person*;"

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the prior redemption or payment in full of all of the Bonds.

SECTION 7. Dissemination Agent. The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent.

SECTION 8. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Duties, Immunities and Liabilities of Dissemination Agent. The Dissemination Agent, if any, shall have only such duties as are specifically set forth in this Disclosure Agreement, and the Issuer agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorneys' fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's gross negligence of willful misconduct. The obligations of the Issuer under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 11. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Issuer, the Dissemination Agent, the Participating Underwriter, [the Bond Insurer] and the Bondholders, and shall create no rights in any other person or entity.

SECTION 12. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

LEBANON SCHOOL DISTRICT

Dated: ______________, 2026

By:____
(Vice) President

Attest:______________________________________
(Assistant) Secretary

EXHIBIT A

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: ____

Name of Bond Issue: ____

____

Date of Issuance: ____

NOTICE IS HEREBY GIVEN that the above-named Issuer has not provided an Annual Report with respect to the above-named Bonds as required by the Issuer's Resolution under which such Bonds were authorized and issued and the Issuer's written undertaking to provide such Annual Report for the benefit of holders of the Bonds. The Issuer anticipates that the Annual Report will be filed by __________________________.

LEBANON SCHOOL DISTRICT

Dated:_________________

By:___________________________________
Authorized Officer