

PRELIMINARY OFFICIAL STATEMENT DATED MAY 5, 2026

NEW ISSUE-BOOK-ENTRY

RATING: Moody's: "Aa2" (Underlying)
(See "RATING" herein)

In the opinion of Bond Counsel, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and all regulations applicable thereunder, and subject to the conditions described in "TAX MATTERS" herein, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax.

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.

\$44,210,000*

Carlisle Area School District Cumberland County, Pennsylvania General Obligation Bonds, Series of 2026

Dated: Date of Issue

Interest Due: March 1 and September 1

Principal Due: September 1, as shown on inside front cover

First Interest Payment: September 1, 2026

The Bonds described herein are in the aggregate principal amount of \$44,210,000* General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For 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 Carlisle Area School District, Cumberland County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will, to the fullest extent permitted under applicable law, 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 sinking fund established under the Resolution 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, within the limits provided by law. (See "Security" and "TAXING POWERS OF THE SCHOOL DISTRICT" herein).

Interest on each of the Bonds is payable initially on September 1, 2026, and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Manufacturers and Traders Trust Company (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, 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 specified corporate trust office in Philadelphia, Pennsylvania (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," herein).

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

Proceeds of the Bonds will be used for (1) planning, design and construction of additions, improvements and renovations to the district's facilities, and installation of related equipment, machinery and furnishings and;(2) paying the cost of issuance of the Bonds.

MATURITIES, AMOUNTS, RATES AND YIELDS/PRICES {As Shown on Inside Cover}

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Saxton & Stump, LLC, of Lancaster, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Saxton & Stump, LLC, of Lancaster, Pennsylvania, School District Solicitor, and for the Underwriter by Eckert Seamans Cherin & Mellott, LLC, of Harrisburg, Pennsylvania. 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 in New York, New York, on or about June __, 2026.

RAYMOND JAMES®

Dated: _____

*Estimated, subject to change

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

\$44,210,000*
Carlisle Area School District
Cumberland County, Pennsylvania
General Obligation Bonds, Series of 2026

Dated: Date of Issue

Principal Due: September 1, as shown below

Interest Due: March 1 and September 1

First Interest Payment: September 1, 2026

Maturity Date (September 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP Numbers⁽¹⁾
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				
2051				
2052				
2053				
2054				
2055				
2056				

⁽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.

Carlisle Area School District

Cumberland County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Mrs. Paula A. Bussard.....	President
Mrs. Anne H. Lauritzen.....	Vice-President
Mr. Michael Statler	Board Secretary*
Ms. Sue Bower	Member
Mr. Stephen Brousse	Member
Mr. Bruce R. Clash.....	Member
Mrs. Amanda Rudy	Member
Dr. Joseph Shane.....	Member
Dr. George Stroud.....	Member
Mr. Jon W. Tarrant.....	Member

*Non-voting members

SUPERINTENDENT
COLLEEN FRIEND

BUSINESS ADMINISTRATOR
MICHAEL STATLER

SCHOOL DISTRICT SOLICITOR
SAXTON & STUMP, LLC
Lancaster, Pennsylvania

BOND COUNSEL TO THE SCHOOL DISTRICT
SAXTON & STUMP, LLC
Lancaster, Pennsylvania

MUNICIPAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

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

UNDERWRITER
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LITED SCOPE UNDERWRITER'S COUNSEL
ECKERT SEAMANS CHERIN & MELLOTT, LLC
Harrisburg, Pennsylvania

SCHOOL DISTRICT ADDRESS
540 W. North Street
Carlisle, Pennsylvania 17013

No dealer, broker, salesman or other person has been authorized by the Carlisle Area 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.

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

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

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

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PRELIMINARY OFFICIAL STATEMENT

\$44,210,000*

Carlisle Area School District
Cumberland County, Pennsylvania
General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover page hereof and Appendices hereto, is furnished by Carlisle Area School District, Cumberland County, Pennsylvania (the "School District"), in connection with the offering of \$44,210,000* aggregate principal amount of its General Obligation Bonds, Series of 2026, dated June __, 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on April 23, 2026 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82, as amended (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used for (1) planning, design and construction of additions, improvements and renovations to the district's facilities, and installation of related equipment, machinery and furnishings and;(2) paying the cost of issuance of the Bonds.

Sources and Uses of Bond Proceeds*

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

SOURCES OF FUNDS	Total
Par Amount	
Net Original Issue Premium/Discount.....	
Total Sources of Funds	
USES OF FUNDS	
Deposit to Construction Fund.....	
Cost of Issuance ⁽¹⁾	
Total Uses of Funds	

⁽¹⁾Includes legal, Municipal Advisor, printing, credit rating, total bond discount, CUSIP, and paying agent and miscellaneous costs.

*Estimated, subject to change

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$44,210,000*, will be dated as of June __, 2026, and will bear interest at the rates and mature in the amounts and on the dates set forth on the cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on September 1, 2026 and, thereafter, semiannually on March 1 and September 1 until the principal sum thereof is paid.

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, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, and interest so paid.

If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal and interest on the Bonds shall be made as described in the following paragraphs:

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

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding September 1, 2026, in which event such Bond shall bear interest from June __, 2026, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bonds shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on September 1, 2026, and thereafter, semiannually on March 1 and September 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15) 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 owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (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 of Pennsylvania are authorized 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 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,” Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or Bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

*Estimated, subject to change

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

SECURITY FOR THE BONDS

General Obligation Pledge

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will to the fullest extent authorized under applicable law provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable property within the School District within the limits provided by law (see “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 154 of 1998 (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

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

Pennsylvania Budget Adoption

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

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

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

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

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

During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district

receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. See “**Act 85 of 2016**” hereinafter.

Act 85 of 2016

On July 13, 2016, the 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 Series of 2022 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 “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 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 series of the Bonds, each in the aggregate principal amount of such issue, 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 an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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

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

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

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

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

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

REDEMPTION OF BONDS

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution, the Bonds stated to mature on September 1 _____ and _____ are subject to mandatory sinking fund redemption prior to maturity in direct order of maturity pursuant to operation of the Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one-hundred percent (100%) of the principal amount thereof, together with accrued interest on September 1 of the following years in the following principals amounts, as drawn by lot by the Paying Agent.

Optional Redemption

The Bonds stated to mature on or after September 1, _____, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on _____, or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption shall be given by depositing a copy of the redemption notice by first class mail not more than forty-five (45) days and not less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption. Any notice of redemption of Bonds may state that the redemption is conditioned upon the deposit of sufficient funds prior to the redemption date. If sufficient funds are not received, such notice of redemption shall be of no effect.

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

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

THE SCHOOL DISTRICT

The Carlisle Area School District (the “School District”) which is comprised of the Boroughs of Carlisle and Mt. Holly Springs and the Townships of Dickinson and North Middleton, extends across the central part of Cumberland County (the “County”) situated approximately 18 miles west of Harrisburg, the State Capital. It is located in the Cumberland Valley, between North Mountain and South Mountain. Using Carlisle Borough as a reference point, the School District is located 194 miles from New York, 75 miles from Baltimore, 119 miles from Philadelphia, and 183 miles from Pittsburgh.

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 executive officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Director of Business Operations is responsible for all aspects of operations, including, financial budget, and all financial operations. The Superintendent and the Assistant Superintendent are appointed by the School Board.

School Facilities

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

**TABLE 1
CARLISLE AREA SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Rated Pupil Capacity	2025-26 Enrollment
<i>Elementary:</i>					
Bellaire	2006	-	K-5	587	420
Crestview	1955	1989	K-5	525	535
Hamilton.....	1958	2006	K-5	375	391
Letort.....	1936	1993	K-5	225	251
Mooreland	1958	2006	K-5	375	323
Mt. Holly Springs.....	1955	1989	K-5	350	195
North Dickinson	1955	2010	K-5	150	213
<i>Secondary:</i>					
Lamberton Middle School.....	1979	2014	6-8	580	549
Wilson Middle School.....	1979	2014	6-8	580	602
Carlisle High School	1955	2005	9-12	1,784	1,527
Total.....					

Source: School District officials.

Enrollment Trends

Table 2 presents recent trends in school enrollment and projections of enrollment for the next five years, as prepared by the School District's administrative officials.

**TABLE 2
CARLISLE AREA SCHOOL DISTRICT
ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2021-22	2,666	2,310	4,976	2026-27	2,825	2,445	5,270
2022-23	2,713	2,347	5,060	2027-28	2,788	2,529	5,317
2023-24	2,766	2,401	5,167	2028-29	2,709	2,664	5,373
2024-25	2,862	2,371	5,233	2029-30	2,659	2,716	5,375
2025-26	2,414	2,764	5,178	2030-31	2,652	2,757	5,409

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 Director of Business Operations and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis of accounting. 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. Its financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. Boyer & Ritter LLC, Camp Hill, Pennsylvania, serves as the School District Auditor.

Changes to the Budgeting Process of Pennsylvania School Districts under the 2006 Taxpayer Relief Act

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

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

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 primary 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 of the receipt of the information about the preliminary budget, but not later than 75 days prior to the upcoming primary 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 primary 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 primary election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local primary election officials at least 50 days before the upcoming primary 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 primary 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 and approved at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

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Summary and Discussion of Financial Results

A summary of the General Fund Balance Sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past five years and the budget for 2025-26. The School District is projecting for the 2025-26 fiscal year revenue of \$117,072,987 and expenditures of \$118,148,801.

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

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
ASSETS					
Cash and Cash Equivalents.....	\$24,391,451	\$28,660,766	\$24,367,518	\$14,563,573	\$14,903,686
Investments.....	2,990,123	5,340,784	11,536,456	23,988,769	24,679,701
Taxes Receivable.....	4,659,390	3,621,875	4,108,919	3,058,721	3,211,126
Due from Other Funds.....	34,674	105,218	108,980	30,182	826,451
Due from Other Governments.....	5,152,262	3,763,472	4,076,412	4,277,667	3,647,793
Other Receivables.....	289,999	257,730	362,668	175,396	500,469
Other.....	135,306	91,581	48,845	31,442	80,873
TOTAL ASSETS.....	<u>\$37,653,205</u>	<u>\$41,841,426</u>	<u>\$44,609,798</u>	<u>\$46,125,750</u>	<u>\$47,850,099</u>
LIABILITIES					
Accounts Payable.....	\$1,609,169	\$2,169,532	\$1,971,051	\$2,488,123	\$3,473,356
Accrued Salaries and Benefits.....	7,399,422	7,833,963	7,306,459	7,485,262	7,909,218
Payroll Deductions & Withholdings.....	0	0	0	0	0
Due From Other Funds.....	29,390	449,903	3,387	8,475	46,197
Other.....	0	11,937	28,115	0	0
TOTAL LIABILITIES.....	<u>\$9,037,981</u>	<u>\$10,465,335</u>	<u>\$9,309,012</u>	<u>\$9,981,860</u>	<u>\$11,428,771</u>
<i>Deferred Inflows of Resources.....</i>	\$3,943,633	\$2,203,980	\$2,096,919	\$850,046	\$821,760
FUND EQUITIES					
Committed Fund Balance.....	\$1,797,990	\$1,797,990	\$1,297,990	\$297,990	\$297,990
Nonspendable Fund Balance.....	135,306	60,081	48,845	31,442	80,873
Assigned Fund Balance.....	11,130,131	7,559,025	17,313,000	26,150,000	26,175,000
Unassigned Fund Balance.....	11,608,164	19,755,015	14,544,032	8,814,412	9,045,705
TOTAL FUND EQUITIES.....	<u>\$24,671,591</u>	<u>\$29,172,111</u>	<u>\$33,203,867</u>	<u>\$35,293,844</u>	<u>\$35,599,568</u>
TOTAL LIABILITIES AND FUND EQUITIES.....	<u>\$37,653,205</u>	<u>\$41,841,426</u>	<u>\$44,609,798</u>	<u>\$46,125,750</u>	<u>\$47,850,099</u>

Source: School District Annual Audited Reports

TABLE 4
CARLISLE AREA SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCES*

	<u>Actual</u>					<u>Budget</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽²⁾</u>	<u>2025</u>	<u>2026⁽¹⁾</u>
Beginning Fund Balance	\$27,408,304	\$29,004,614	\$33,505,134	\$33,485,129	\$35,293,844	\$35,599,568
Revenues over (under) Expenditure	1,596,310	4,500,520	4,031,756	1,808,715	305,724	(1,075,814)
Ending Fund Balance	<u>\$29,004,614</u>	<u>\$33,505,134</u>	<u>\$37,536,890</u>	<u>\$35,293,844</u>	<u>\$35,599,568</u>	<u>\$34,523,754</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 26, 2025. See "Summary and Discussion of Financial Results".

⁽²⁾Restatement

Source: School District Annual Financial Audited Reports and Budgets.

Revenue

The School District received \$116,009,165 in revenue in 2024-25 and has budgeted revenue of \$117,072,987 in 2025-26. Local sources decreased as a share of total revenue in the past five years from 66.8 percent (2020-21) to 64.1 percent (2024-25). Revenue from Commonwealth sources increased as a share of total revenue in the past five years from 30.0 percent to 34.0 percent. Federal sources decreased as a share of total revenue in the past five years from 3.2 percent to 1.8 percent.

**TABLE 5
CARLISLE AREA SCHOOL DISTRICT - SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(Years Ending June 30)**

REVENUES	Actual					Budgeted
	2021	2022	2023	2024	2025	2026 ⁽¹⁾
Local Sources.....	\$61,706,354	\$64,676,533	\$67,490,392	\$71,146,570	\$74,408,242	\$74,432,806
State Sources.....	27,711,389	29,031,340	31,581,452	34,555,532	39,476,581	40,547,181
Federal Sources.....	2,957,456	5,161,786	6,044,506	5,038,739	2,124,342	2,093,000
Other Sources.....	0	0	0	0	0	0
TOTAL REVENUES	\$92,375,199	\$98,869,659	\$105,116,350	\$110,740,841	\$116,009,165	\$117,072,987
EXPENDITURES						
Instruction.....	\$53,705,028	\$55,656,115	\$60,158,539	\$63,545,313	\$68,686,380	\$72,847,103
Support Services.....	26,896,420	26,672,512	28,940,129	31,802,887	34,833,929	34,925,588
Non-Instructional Services.....	1,439,956	1,708,182	1,908,085	2,072,311	2,491,296	2,556,480
Facilities Acq. Construction & Improv... ..	0	449,219	2,638,764	1,719,725	515,344	0
Debt Service.....	5,363,973	7,221,652	7,101,158	7,436,179	7,496,096	7,819,630
Transfers & Other.....	0	0	0	0	11,403	0
TOTAL EXPENDITURES	\$87,405,377	\$91,707,680	\$100,746,675	\$106,576,415	\$114,034,448	\$118,148,801
OTHER FINANCING SOURCES (USES)						
Interfund Transfers In (Out).....	(\$3,818,349)	(\$2,661,459)	(\$460,000)	(\$2,355,711)	(\$2,245,833)	\$0
Issuance of Long-Term Financing.....	0	0	0	0	250,798	0
Payment to Refund Bonds.....	0	0	0	0	0	0
Other.....	444,837	0	122,081	0	326,042	0
TOTAL OTHER SOURCES	(\$3,373,512)	(\$2,661,459)	(\$337,919)	(\$2,355,711)	(\$1,668,993)	\$0
NET CHANGE IN FUND BALANCE..	\$1,596,310	\$4,500,520	\$4,031,756	\$1,808,715	\$305,724	(\$1,075,814)

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 26, 2025. See “Summary and Discussion of Financial Results”.

Source: School District Annual Audited Reports and Budgets.

TAXING POWERS OF THE SCHOOL DISTRICT

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006 (see below), 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 ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for 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 less than \$1.00 and not more than \$10.00.

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, wage and other earned income taxes, real estate transfer taxes, gross receipts taxes, and occupation taxes, 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. The Local Tax Enabling Act was amended by Act 222 of 2004 to authorize all taxing authorities to exempt from per capita, occupation, emergency and municipal service or earned income taxes any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

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

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 (“Act 72”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees’ Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with the provisions of Act 1.

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

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

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

<u>Fiscal Year</u>	<u>Index</u>
2026-27	4.6%
2025-26	5.3%
2024-25	6.9%
2023-24	5.3%
2022-23	4.4%

Source: Pennsylvania Department of Education website.

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

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

The Bonds are not “grandfathered” under the Taxpayer Relief Act

The Bonds were not authorized before effective date of Act 1. Therefore, the Bonds are *not* “grandfathered” and the School District cannot be granted an exception to the Act 1 referendum requirement on the basis of the debt service due and payable on the Bonds if a tax increase greater than the Index is needed. **The School District anticipates that it will have sufficient new tax millage included in its 2024-25 budget to cover the full amount of the debt service on the Bonds without exceeding the Index and the approved exceptions.**

Act 24 of 2001

Act 24 of 2001 of the Commonwealth of Pennsylvania, which became law on June 22, 2001, authorizes a Board of School Directors to schedule a public hearing and conduct a ballot referendum on replacing the school district’s occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.0% tax on the annual amount of residents’ wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under the new law, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation, and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district.

The School District does not presently levy an occupation tax.

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:

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

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

Tax Levy Trends

Table 6 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, the Boroughs of Conshohocken, Plymouth and Whitmarsh Township and Cumberland County.

**TABLE 6
CARLISLE AREA SCHOOL DISTRICT
TAX RATES**

<u>Fiscal Year</u>	<u>Real Estate (mills)</u>	<u>Real Estate Transfer (%)</u>	<u>Earned Income (%)</u>
2021-22	15.6598	0.500	1.100
2022-23	15.9729	0.500	1.100
2023-24	16.3722	0.500	1.100
2024-25	16.8633	0.500	1.100
2025-26	17.3691	0.500	1.100

Source: School District officials.

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

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Carlisle Area School District.....	15.6598	15.9729	16.3722	16.8633	17.3691
Carlisle Borough	3.495	3.495	3.810	3.810	3.810
Dickinson Township	0.250	0.500	1.000	1.000	1.000
Mount Holly Springs Borough	3.180	3.530	4.230	4.230	4.080
North Middleton Township.....	1.092	1.092	1.092	1.212	1.362
Cumberland County	2.361	2.361	2.361	2.690	2.875

Source: School District officials.

Real Property Tax

The real property tax (excluding interim taxes and delinquent collections) produced \$56,124,662 in 2025-26 or 48.4 percent of total revenue. The School District fiscal year is July 1 through June 30 and tax bills are issued on July 1 of each year. Taxpayers who remit within 60 days of July 1 receive a 2 percent discount, and those who remit subsequent to 120 days after July 1 are assessed a 10 percent penalty. For the 2007-08 fiscal year, eligible taxpayers could opt into the installment method of payment for their school taxes. Installment payments are based upon three (3) one-third payments of the base tax amount. The due date for installment payments is September 1, October 15, and December 15.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last county-wide reassessment in Cumberland County was January 1, 2010.

**TABLE 8
CARLISLE AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2020-21	\$2,963,231,104	\$3,286,223,000	110.90%
2021-22	2,976,433,494	3,298,791,700	110.83%
2022-23	3,103,122,499	3,325,880,100	107.18%
2023-24	3,145,186,961	3,367,495,300	107.07%
2024-25	3,372,141,905	3,407,035,600	101.03%
Compound Average Annual Percentage Change	2.62%	0.72%	

Source: Pennsylvania State Tax Equalization Board.

**TABLE 9
CARLISLE AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2023	2023	2024	2024
	Market	Assessed	Market	Assessed
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
Carlisle Area School District	\$3,145,186,961	\$3,367,495,300	\$3,372,141,905	\$3,407,035,600
Carlisle Borough	1,359,291,130	1,468,975,700	1,471,779,118	1,480,949,500
Dickinson Township	742,972,349	760,519,700	772,245,270	767,257,300
Mount Holly Springs Borough	105,943,032	117,761,000	117,608,431	117,921,300
North Middleton Township	936,980,450	1,020,238,900	1,010,509,086	1,040,907,500
Cumberland County	24,675,555,773	26,299,945,000	27,328,701,908	26,917,774,600

Source: Pennsylvania State Tax Equalization Board.

**TABLE 10
CARLISLE AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2020	2021	2022	2023	2024
Residential.....	\$2,128,850,300	\$2,136,559,000	\$2,156,691,500	\$2,202,677,500	\$2,236,304,800
Trailers	36,664,000	36,887,600	37,384,800	37,641,500	37,752,400
Seasonal	3,369,400	3,438,700	3,455,900	3,378,300	3,274,900
Lot.....	32,566,600	29,734,400	35,662,300	30,299,800	30,631,400
Industrial	54,277,200	54,277,200	54,318,700	54,318,700	54,318,700
Commercial.....	911,324,600	919,309,900	919,753,800	920,639,500	924,275,100
Agriculture	111,749,600	110,970,100	111,003,500	111,020,400	113,395,100
Land	7,421,300	7,614,800	7,609,600	7,519,600	7,083,200
Total.....	<u>\$3,286,223,000</u>	<u>\$3,298,791,700</u>	<u>\$3,325,880,100</u>	<u>\$3,367,495,300</u>	<u>\$3,407,035,600</u>

Source: Pennsylvania State Tax Equalization Board.

**TABLE 11
CARLISLE AREA SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

Year	Total⁽¹⁾	Current Year	Current Year	Total Current	Total Current
	Flat	Collections	Collections	Plus	Plus
	<u>Billing</u>	<u>(July-June)</u>	as Percent	<u>Delinquent</u>	Delinquent
			of Total		as Percent
			<u>Flat Billing</u>		of Total Flat
					<u>Billing</u>
2021-22	\$51,826,471	\$49,085,778	94.71%	\$50,882,877	98.18%
2022-23	52,074,632	49,861,785	95.75%	51,414,309	98.73%
2023-24	55,282,068	52,404,971	94.80%	53,669,267	97.08%
2024-25	57,696,349	54,534,827	94.52%	56,366,270	97.69%
2025-26 (est.)	60,036,753	56,124,662	93.48%	57,624,662	95.98%

⁽¹⁾Includes interim billings and payments.

Source: School District officials.

The ten largest real property taxpayers, together with 2025-26 assessed values are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 11.5 percent of total assessed value. All major real property tax accounts as listed below are current.

**TABLE 12
CARLISLE AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2025-26**

Owner	2025-26 Assessed Value
Prologis NA3 PA LP	\$123,560,500
Goodman Carlisle LLC	55,885,000
Carlisle Commons LLC	36,638,000
Exeter 1 True Temper LP	32,947,100
Carlisle Corporation	27,307,000
Exeter 6 Logistics LP	27,000,000
Harvest B Kuhn LLC	26,821,800
SVF Two Ames Carlisle Property LP	23,240,000
KTR PA Cent LLC	19,300,000
Boxer US Inc	18,500,000
Total	\$391,199,400

Source: School District officials.

Other Taxes

Under Act 511, the School District received approximately \$14,356,368 in taxes in 2024-25. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax and Amusement Tax are levied by the School District. Its limit under Act 511, equal to 12 mills on the market value of real property, was approximately \$40,465,702.

Real Estate Transfer Tax: The School District levies a tax of 1.00% (subject to 50% sharing) of the value of real estate transfers. For 2024-25 the School District received \$1,831,442 or less than 1.0 percent of total revenue.

Earned Income Tax. The School District levied a tax of 1.0% (subject to 50% sharing) on the earned income of residents. In 2024-25 the collected portion of this tax yielded revenue of \$12,524,925 or 10.8 percent of total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the “Reimbursable Percentage” assigned to the Bonds by the PDE and the School District’s permanent Capital Account Reimbursement Fraction (“CARF”) (43.72%) or the wealth based Market Value Aid Ratio (“MVAR”) currently (53.50%), whichever is higher. The Reimbursable Percentage is determined through a process known as the “Planning and Construction Workbook” or “PlanCon”.

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

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 (“Act 25”), which contains authorization for the Commonwealth Finance Authority (“CFA”) to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also

instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its 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.

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.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the debt of the School District as of April 7, 2026 including the issuance of the Bonds.

**TABLE 13
CARLISLE AREA SCHOOL DISTRICT
DEBT STATEMENT*
(As of April 7, 2026)**

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2026	\$44,210,000
General Obligation Bonds, Series of 2025	14,995,000
General Obligation Bonds, Series of 2019	2,490,000
General Obligation Bonds, Series of 2017	5,760,000
General Obligation Bonds, Series of 2016	300,000
TOTAL NONELECTORAL DEBT	<u>\$67,755,000</u>
TOTAL LEASE RENTAL DEBT	<u>\$0</u>
 TOTAL PRINCIPAL OF DIRECT DEBT	 <u><u>\$67,755,000</u></u>

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

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 \$67,755,000*.

**TABLE 14
CARLISLE AREA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of April 7, 2026)**

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt	\$67,755,000	\$66,753,788
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	\$67,755,000	\$66,753,788
OVERLAPPING DEBT		
Cumberland County, General Obligation ⁽²⁾	\$5,081,864	\$5,081,864
Municipal Debt	36,931,000	36,931,000
TOTAL OVERLAPPING DEBT	\$42,012,864	\$42,012,864
TOTAL DIRECT AND OVERLAPPING DEBT	\$109,767,864	\$108,766,653
DIRECT DEBT RATIOS		
Per Capita	\$1,641.99	\$1,617.72
Percent 2024-25 Assessed Value	1.99%	1.96%
Percent 2024-25 Market Value	2.01%	1.98%
DIRECT & OVERLAPPING DEBT RATIOS		
Per Capita	\$2,660.14	\$2,635.87
Percent 2024-25 Assessed Value	3.22%	3.19%
Percent 2024-25 Market Value	3.26%	3.23%

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

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current CARF. See "Commonwealth Aid to School Districts".

⁽²⁾Pro rata 12.66 percent share of \$40,150,000 principal amount outstanding.

Debt Limit and Remaining Borrowing Capacity

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 2022-23	\$100,034,528
Total Revenues for 2023-24	\$106,864,285
Total Revenues for 2024-25	<u>\$114,319,374</u>
 Total Revenues, Past Three Years	 <u>\$321,218,187</u>
 Annual Arithmetic Average (Borrowing Base)	 <u>\$107,072,729</u>

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

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral Debt and Lease Rental Debt Limit: 225% of Borrowing Base.....	\$240,913,640	\$67,755,000	\$173,158,640

*Includes the estimated Bonds described herein.

Debt Service Requirements

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

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

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

**TABLE 15
CARLISLE AREA SCHOOL DISTRICT,
DEBT SERVICE REQUIREMENTS⁽¹⁾**

Year	Other General Obligation Debt	Series of 2026			Total Requirements
		Principal	Interest	Subtotal	
2025-26	\$7,819,629				
2026-27	7,904,725				
2027-28	2,537,500				
2028-29	985,250				
2029-30	982,500				
2030-31	984,125				
2031-32	985,000				
2032-33	985,125				
2033-34	984,500				
2034-35	983,125				
2035-36	985,875				
2036-37	982,750				
2037-38	983,750				
2038-39	983,750				
2039-40	982,750				
2040-41	985,625				
2041-42	982,375				
2042-43	983,000				
2043-44	982,375				
2044-45	985,375				
2045-46	986,875				
2046-47	982,000				
2047-48	985,625				
2048-49	982,625				
2049-50	983,000				
2050-51	986,500				
2051-52	983,125				
2052-53	982,875				
2053-54	985,500				
2054-55	985,875				
2055-56	984,000				
2056-57	0				
Total	\$45,817,104				

⁽¹⁾Totals may not add due to rounding.

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

2024-25 Commonwealth Aid Received	\$39,476,581
2024-25 Debt Service Requirements	7,507,500
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2024-25 Debt Service Requirements	5.26 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	times

*Assumes current Commonwealth Aid Ratio. See “Commonwealth Aid to School Districts.”

Future Financing

The School District anticipates issuing additional long-term (non-refunding) debt of approximately \$35-40 million in the next 1-2 years.

LABOR RELATIONS

School District Employees

There are presently 533 employees of the School District, including 413 teachers and professional staff, 83 support staff consisting of secretaries, custodians, maintenance staff, business office staff, and classroom aides; and 37 administrators.

The School District’s teachers are represented by the Carlisle Area Education Association (the “Association”), an affiliate of the Pennsylvania State Education Association (“PSEA”), under a contract with the School District which will expire August 15, 2029. The support staff and administrators of the District are not represented by a labor union.

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:

2021-22	\$11,116,813
2022-23	\$11,818,716
2023-24	\$11,919,560
2024-25	\$12,431,247
2025-26 (budgeted)	\$13,119,038

At June 30, 2025, the School District reported a liability of \$91,453,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2023 to June 30, 2024. The School District’s proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2025, the School District’s proportion was 0.2185% which was an decrease of 0.0054% from its proportion measured as of June 30, 2024.

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

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The District implemented Governmental Accounting Standards Board Statement No. 45, “Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions,” for certain post-employment healthcare benefits and life insurance benefits provided by the District. This statement generally provides for prospective implementation - i.e., that employers set the beginning net OPEB obligation at zero as of the beginning of the initial year.

Accordingly, for financial reporting purposes, no liability is reported for the post-employment benefits liability at the date of transition. The District's post-employment healthcare plan is a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses. The Board of School Directors has the authority to establish and amend benefit provisions through the collective bargaining process with members of the professional and support staff, an agreement with administrative employees, and individual employment contracts with certain employees. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

The contribution requirements of plan members are established and may be amended by the Board of School Directors. 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 further information on the School District’s OPEB see Note 11 in “Appendix C – Audited Financial Statements”.

LITIGATION

At the time of settlement, the School District will deliver a certificate stating to the knowledge of the School District there is no litigation pending with respect to the Bonds, the Resolution or the right of the School District to issue the Bonds and there is no litigation which would materially affect the School District’s financial condition.

TAX MATTERS

Federal

Exclusion of Interest From Gross Income. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals; however, such interest is considered in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022.

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

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

The School District has **not** designated and determined under and for purposes of Section 265(b)(3)(B) of the Code to qualify each of the Bonds as a “qualified tax-exempt obligation” as such phrase is defined in the Code.

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

Pennsylvania

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

Other Jurisdictions

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

Other

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

BONDHOLDER CONSIDERATIONS

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

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District’s systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District’s current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

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

Climate Change

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

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

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

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

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

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

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

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

The School District has 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 following table.

Fiscal Year	Filing Date	Filing Date:		
		Audit	Operating Data	Budget
6/30/2025	3/27/2026	2/3/2026	2/3/2026	2/3/2026
6/30/2024	4/1/2025	2/3/2025	2/3/2025	2/3/2025
6/30/2023	3/31/2024	3/4/2024	12/22/2023 ⁽¹⁾	6/26/2023
6/30/2022	4/1/2023	12/27/2022	1/11/2023	7/8/2022
6/30/2021	4/1/2022	12/22/2021	12/22/2021	8/5/2021

⁽¹⁾ A certain portion of the operating data relating to real property tax collection information was inadvertently omitted from the filing; however, such missing information was included in the operating data filing for the fiscal year ending June 30, 2024, which was posted to EMMA on 2/3/2025.

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

RATING

Moody’s Investor’s Service, Inc. has assigned its underlying rating of “Aa2” to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc. (the “Underwriter”) has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased for a purchase price of \$ _____, equal to the par value of the Bonds less an underwriters’ discount of \$ _____ plus/less a net original issue premium/discount of _____, plus accrued interest from the dated date to the date of delivery of the Bonds.

Raymond James & Associates, Inc. has provided the following information for inclusion in this Official Statement: Raymond James & Associates, Inc. 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, Raymond James & Associates, Inc. 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). Raymond James & Associates, Inc. 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 Issuer. Raymond James & Associates, Inc. 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 Issuer. Raymond James & Associates, Inc. and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

LEGAL OPINION

The Bonds are offered subject to the receipt of the approving legal opinion of Saxton & Stump, LLC, Bond Counsel to the School District, of Lancaster, Pennsylvania. Certain legal matters will be passed upon for by Saxton & Stump, LLC, of Lancaster, Pennsylvania, School District Solicitor and for the Underwriter by Eckert Seamsn Cherin & Mellott, LLC, of Harrisburg, Pennsylvania, will pass upon certain legal matters for the Underwriter as 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 has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Municipal Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

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

CARLISLE AREA SCHOOL DISTRICT
Cumberland County, Pennsylvania

By: _____
President, Board of School Directors

**APPENDIX A - Demographic and
Economic Information Relating to the
Carlisle Area School District**

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Introduction

The Carlisle Area School District (the “School District”) which is comprised of the Boroughs of Carlisle and Mt. Holly Springs and the Townships of Dickinson and North Middleton, extends across the central part of Cumberland County (the “County”) situated approximately 18 miles west of Harrisburg, the State Capital. It is located in the Cumberland Valley, between North Mountain and South Mountain. Using Carlisle Borough as a reference point, the School District is located 194 miles from New York, 75 miles from Baltimore, 119 miles from Philadelphia, and 183 miles from Pittsburgh.

Population

Table A-1 shows recent population trends for the School District, Cumberland County and the Commonwealth.

**TABLE A-1
RECENT POPULATION TRENDS**

Geographic Area	Census: 2010	Census: 2020	Change: 2010 to 2020
	Number	Number	Percent
<i>School District</i>	37,074	39,446	0.62%
<i>Cumberland County</i>	235,406	259,469	0.98%
<i>Pennsylvania</i>	12,702,379	13,002,700	0.23%

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

Employment

Listed below are some of the larger employers within Cumberland County:

Name
Federal Government
Amazon.com Services LLC
Giant Food Stores LLC
State Government
Select Employment Services Inc
Wal-Mart Associates Inc
Holy Spirit Hospital
Cumberland Valley School District
Exel Inc
UPMC Pinnacle Hospitals

Source: Center for Workforce Information – 3rd Quarter of 2025.

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

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

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

Source: Pennsylvania State Employment Service: www.paworkstats.state.pa.us.

Table A-4 shows recent trends in employment and unemployment for Cumberland County and the Commonwealth. The unemployment rate has increased.

**TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
NOT SEASONALLY ADJUSTED**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>	Compound Average Annual % Rate
Cumberland County							
Civilian Labor Force (000)	130.7	131.6	139.6	136.7	140.9	23.6	0.78%
Employment (000)	121.9	124.8	133.6	133.0	136.7	22.7	0.91%
Unemployment (000)	8.7	6.8	3.3	3.7	4.2	0.9	-2.09%
Unemployment Rate	6.70%	5.20%	2.4	2.70%	3.00%	3.90%	
Pennsylvania							
Civilian Labor Force (000)	6,388.0	6,319.0	6,452.0	6,518.0	6,577.0	6551.0	0.39%
Employment (000)	5,808.0	5,902.0	6,204.0	6,296.0	6,337.0	6274.0	0.74%
Unemployment (000)	580.0	417.0	248.0	223.0	239.0	277.0	-5.98%
Unemployment Rate	9.10%	6.60%	3.8	3.40%	3.60%	4.20%	

⁽¹⁾As of November 2025.

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

Income

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

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

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

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

Source: U.S. Census Bureau, 2020

Commercial Activity

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

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

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

Source: The Nielsen Company.

Educational Institutions

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

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

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

Medical Facilities

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

Government Facilities

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

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

Transportation

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

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

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

Utility Services

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

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**APPENDIX B –
Opinion of Bond Counsel**

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SAXTON & STUMP

LAWYERS AND CONSULTANTS

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P: (717) 556-1000 • F: (717) 441-3810

DRAFT

**CARLISLE AREA SCHOOL DISTRICT
CUMBERLAND COUNTY, PENNSYLVANIA**
\$ _____ **GENERAL OBLIGATION BONDS, SERIES OF 2026**

OPINION

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

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

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

1. The Bonds are issued in accordance and in compliance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996 (53 Pa. Cons. Stat. Chs. 80-82), ("the Act"), without the assent of the electors, and pursuant to two resolutions adopted by the Board of School Directors of the School District on April 23, 2026.
2. The Bonds are a valid and binding obligation of the School District.
3. The School District has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund in which it has covenanted to deposit amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable and, to the extent required, to apply such amounts to such purposes.
4. The School District has further covenanted that, subject to statutory restrictions and limitations, it will include in its budget for each fiscal year in which the Bonds are outstanding, and will appropriate in each such fiscal year, the amount of the debt service on the Bonds for such year, that it will duly and punctually pay or cause to be paid, the principal of and interest on the Bonds at the dates and place and in the manner stated on the Bonds; and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power. For purposes of such payments, the School District has covenanted that it will exercise its ad valorem taxing power, within limitations provided by law, upon all taxable property within the School District. The Bonds are additionally secured by the

“state aid intercept” provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

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

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

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

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

Very truly yours,

SAXTON & STUMP, LLC

_____, 2026

**APPENDIX C –
Audited Financial Statement – June 30, 2025**

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**CARLISLE AREA
SCHOOL DISTRICT**

FINANCIAL REPORT

JUNE 30, 2025



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Carlisle Area School District
Carlisle, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards*, will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 23, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, in considering the District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Boyer & Ritten". The signature is written in black ink and is positioned in the lower right quadrant of the page.

Camp Hill, Pennsylvania
December 23, 2025

CARLISLE AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2025

The management of the Carlisle Area School District (CASD or District) is pleased to present the following discussion and analysis of our financial activities for the fiscal year ended June 30, 2025. The purpose of this discussion and analysis is to provide a narrative summary of the financial position and activities of the CASD in order to enhance the reader's understanding of the CASD's basic financial statements. It should be read in conjunction with the accompanying financial statements and notes following this section. This discussion and analysis provides comparative information as required by Governmental Accounting Standards Board (GASB) Statement No. 34.

The Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by GASB in Statement No. 34. Certain condensed comparative analyses of financial statements have been presented in this financial analysis.

FINANCIAL HIGHLIGHTS

- The CASD had a net increase in fund balance from general fund operations of \$305,724 from revenues of \$116,009,165 during 2024-25.
- The CASD increased its governmental fund balance by \$13,383,868 from \$47,109,865 on June 30, 2024, to \$60,493,733 as of June 30, 2025.
- Government and business activities had a positive change in net position during 2024-25 of \$5,771,307 and a negative restatement of \$1,404,286 of beginning net position. This took net position as of June 30, 2024 from \$42,409,974, to \$46,776,995 as of June 30, 2025.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

The first two statements are government-wide financial statements - the Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general CASD services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about the activities that the District operates like a business. For the CASD this is our Food Service Fund, Other Enterprise Funds, and Medical Insurance Fund. Fiduciary fund statements provide information about financial relationships where the CASD acts solely as a trustee or agent for the benefit of others, to whom the resources in question belong.

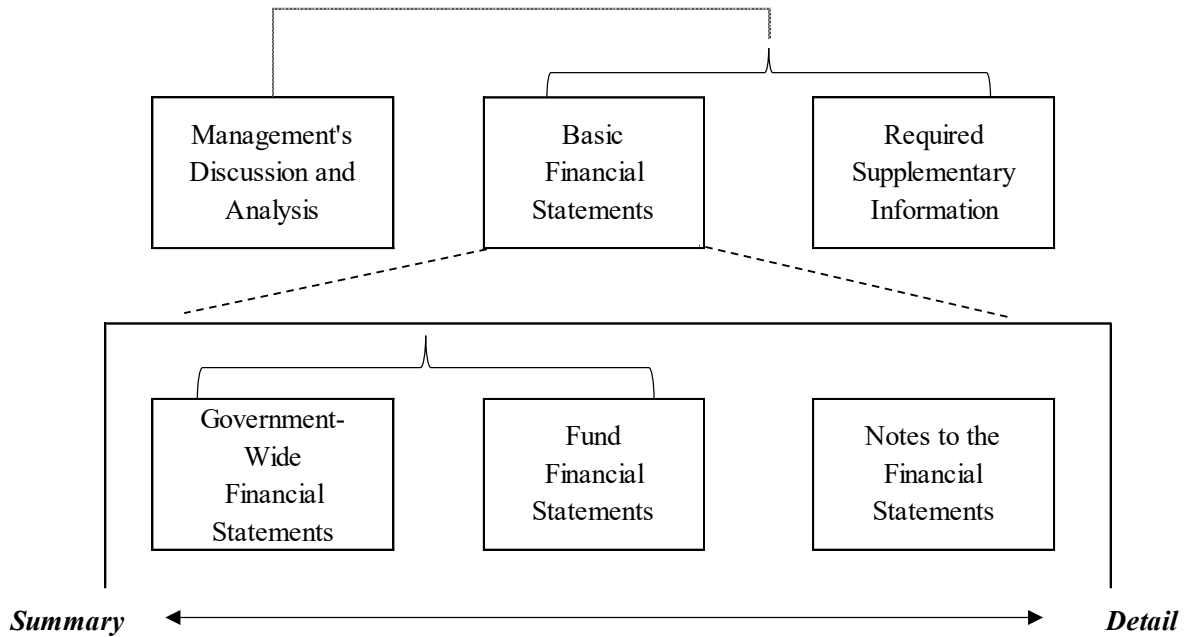
CARLISLE AREA SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required Components of
Carlisle Area School District's
Financial Report



CARLISLE AREA SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Figure A-2 summarizes the major features of the CASD’S financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of the MD&A explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Carlisle Area School District’s
Government-Wide and Fund Financial Statements**

	Government-wide	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	* Entire School District (Except fiduciary funds).	*The activities of the School District that are not proprietary or fiduciary, such as education, administration and community services.	*Activities the School District operates similar to private business - Food Services.	*Instances in which the School District is the trustee or agent to someone else's resources - Trust Fund.
Required financial statements	*Statement of net position; Statement of activities.	*Balance Sheet; Statement of revenues, expenditures and changes in fund balance.	*Statement of net position; Statement of revenues, expenses and changes in fund net position *Statement of Cash Flows.	*Statement of fiduciary net position. *Statement of changes in fiduciary net position.
Accounting basis and measurement focus	*Accrual accounting and economic resources focus.	*Modified accrual accounting and current financial resources focus.	*Accrual accounting and economic resources focus.	*Accrual accounting and economic resources focus.
Type of asset/liability information	*All assets and liabilities, both financial and capital, and short-term and long-term.	*Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no long-term capital assets and liabilities included.	*All assets and liabilities, both financial and capital, and short-term and long-term.	*All assets and liabilities, both short-term and long-term.
Type of inflow-outflow information	*All revenues and expenses during the year, regardless of when cash is received or paid.	*Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	*All revenues and expenses during the year regardless of when cash is received or paid.	*All revenues and expenses during the year regardless of when cash is received or paid.

CARLISLE AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended June 30, 2024

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Government-Wide Statements

The government-wide statements report information about the CASD as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the CASD's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the CASD's net position and how they have changed. Net position, the difference between the CASD's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the CASD's financial health or position.

Over time, increases or decreases in the CASD's net position is an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the CASD, you need to consider additional factors, such as changes in the member District contributions and the projected enrollment of the students.

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

- *Governmental Activities* - All the CASD's basic services are included here, such as instruction, administration and community services. Participating District contributions, state and federal subsidies and grants finance most of these activities.
- *Business-Type Activities* - The CASD operates a food service operation and charges fees to staff, students and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The CASD's fund financial statements provide more detailed information about the CASD's funds focusing on the most significant funds - not the District as a whole. Some funds are required by state law and bond requirements to be reported as major funds.

- *Governmental funds* - Most of the CASD's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the CASD's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the CASD's programs. Because this information does not encompass the additional long-term focus of the government-wide statement, 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 financial statements.

CARLISLE AREA SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2025**

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

Fund Financial Statements (Continued)

- Proprietary funds - These funds are used to account for the CASD activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the CASD charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The food service fund is one of the CASD's proprietary funds and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows. The CASD uses an internal service fund to report activities that provide services and supplies for its other programs and activities. The CASD currently has one internal service fund, its employee medical benefits trust fund.
- Fiduciary Funds - The CASD is the trustee, or fiduciary, for assets that belong to others - the scholarship funds and student activities funds. All of the CASD's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the CASD's government-wide financial statement because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The Carlisle Area School District’s total governmental and business activities - net position as of June 30, 2025, was \$46,776,995. This is an increase of \$4,367,021 over the \$42,409,974 on June 30, 2024.

Statement of Net Position

	Governmental Activities		Business-Type Activities		Total	
	6/30/2025	6/30/2024	6/30/2025	6/30/2024	6/30/2025	6/30/2024
Assets						
Current and other assets	\$ 82,917,497	\$ 67,761,664	\$ 2,588,436	\$ 3,386,607	\$ 85,505,933	\$ 71,148,271
Capital assets	94,942,682	94,242,823	331,922	517,172	95,274,604	94,759,995
Total Assets	\$ 177,860,179	\$ 162,004,487	\$ 2,920,358	\$ 3,903,779	\$ 180,780,537	\$ 165,908,266
Deferred outflows of Resources	\$ 17,729,452	\$ 22,547,193	\$ 26,371	\$ 33,815	\$ 17,755,823	\$ 22,581,008
Liabilities						
Current liabilities	\$ 20,313,796	\$ 17,698,736	\$ 101,229	\$ 86,593	\$ 20,415,025	\$ 17,785,329
Noncurrent liabilities	125,442,018	123,806,756	152,527	177,992	125,594,545	123,984,748
Total Liabilities	\$ 145,755,814	\$ 141,505,492	\$ 253,756	\$ 264,585	\$ 146,009,570	\$ 141,770,077
Deferred Inflows of Resources	\$ 5,740,973	\$ 4,302,806	\$ 8,822	\$ 6,417	\$ 5,749,795	\$ 4,309,223
Net Position (Deficit)						
Net investment in capital assets	\$ 79,036,169	\$ 73,646,587	\$ 331,922	\$ 517,172	\$ 79,368,091	\$ 74,163,759
Restricted - future capital expenses	9,278,504	9,654,511	-	-	9,278,504	9,654,511
Restricted - medical insurance	9,187,828	9,656,942	-	-	9,187,828	9,656,942
Unrestricted (deficit)	(53,409,657)	(54,214,658)	2,352,229	3,149,420	(51,057,428)	(51,065,238)
Total net position (deficit)	\$ 44,092,844	\$ 38,743,382	\$ 2,684,151	\$ 3,666,592	\$ 46,776,995	\$ 42,409,974

CARLISLE AREA SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2024**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Most of the Carlisle Area School District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net assets are combined of designated and undesignated amounts. The restricted balances are amounts set aside to fund future purchases or capital projects as planned by the District.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues and subsidies that directly relate to specific expense categories are represented to determine the final amount of the Carlisle Area School District's activities that are supported by other general revenues. The two largest general revenues are local taxes assessed to community taxpayers and the basic education subsidy provided by the Commonwealth of Pennsylvania.

Statement of Activities - Change in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Program revenues:						
Charges for services	\$ 638,727	\$ 511,808	\$ 978,935	\$ 871,974	\$ 1,617,662	\$ 1,383,782
Operating grants and contributions	18,399,857	18,207,395	2,969,083	3,123,125	21,368,940	21,330,520
Capital grants and contributions	1,518,168	2,838,568	-	-	1,518,168	2,838,568
General revenues:						
Taxes	70,358,822	65,986,558	-	-	70,358,822	65,986,558
Grants, subsidies, and contributions	22,706,246	19,571,743	-	-	22,706,246	19,571,743
Investment earnings	2,783,124	2,822,368	42,052	67,364	2,825,176	2,889,732
Miscellaneous income and sale of assets	326,905	81,532	-	-	326,905	81,532
Transfers	889,105	(5,711)	(889,105)	5,711	-	-
Total revenues	117,620,954	110,014,261	3,100,965	4,068,174	120,721,919	114,082,435
Expenses						
Instruction	70,943,456	65,417,483	-	-	70,943,456	65,417,483
Instructional staff	11,042,301	10,470,279	-	-	11,042,301	10,470,279
Administrative and financial support	11,068,479	9,808,495	-	-	11,068,479	9,808,495
Operation and maintenance of plant services	8,375,988	8,508,140	-	-	8,375,988	8,508,140
Pupil transportation	6,364,305	5,193,281	-	-	6,364,305	5,193,281
Student activities	2,011,963	1,780,148	-	-	2,011,963	1,780,148
Community services	574,153	359,632	-	-	574,153	359,632
Interest on long-term debt	471,765	694,622	-	-	471,765	694,622
Business-type activities	-	-	4,098,202	3,987,785	4,098,202	3,987,785
Total expenses	110,852,410	102,232,080	4,098,202	3,987,785	114,950,612	106,219,865
Change in net position	\$ 6,768,544	\$ 7,782,181	\$ (997,237)	\$ 80,389	\$ 5,771,307	\$ 7,862,570

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

CARLISLE AREA SCHOOL DISTRICT

**MANAGEMENT’S DISCUSSION AND ANALYSIS
Year Ended June 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Fund Balances

The CASD classifies fund balances based on the relative strength of the constraints that control the purposes for which specific amounts can be spent, in accordance with GASB Standards No. 54. Carlisle Area School District increased its governmental fund balance by \$13,383,868 from \$47,109,865 on June 30, 2024, to \$60,493,733 as of June 30, 2025.

The Board of Directors uses the Carlisle Area School District’s fund balances to cover the costs of current and future capital projects, including those related to technology, and to protect educational programs and operating expenses against future scheduled increases in the state retirement system employer contribution rates, along with future volatility in funding sources and the economy of the region.

Governmental Fund Balance

	Amount
General Fund - nonspendable fund balance	\$ 80,873
General Fund - committed fund balance	297,990
General Fund - assigned fund balance	26,175,000
General Fund - unassigned fund balance	9,045,705
Capital Reserve Fund - restricted fund balance	9,278,504
Capital Projects Fund - committed fund balance	15,605,100
Student Body Fund - committed fund balance	10,561
Total Governmental Fund Balance	<u>\$ 60,493,733</u>
Total nonspendable fund balance	\$ 80,873
Total restricted fund balance	9,278,504
Total committed fund balance	15,913,651
Total assigned fund balance	26,175,000
Total unassigned fund balance	9,045,705
Total Governmental Fund Balance	<u>\$ 60,493,733</u>

General Fund Budget

On June 27, 2006, the Pennsylvania Legislature passed Act 1 of Special Session of 2006, entitled the “Taxpayer Relief Act”. Act 1 requires Districts to limit tax increases in the property tax millage rate to no more than the level set by an inflation index, unless the District obtains approval from the Pennsylvania Department of Education for certain exceptions, or approval for a higher increase is received from voters in a ballot referendum. For the 2024-25 fiscal year, Carlisle Area School District's adjusted Act 1 Index was set at 6.9% and the Board of Directors voted to increase the property tax millage rate 3.0%.

It is important to note that the District’s Board of Directors are the only elected boards with taxing authority in Pennsylvania where the authority is limited by law. All other elected boards, including city/borough councils, township supervisors, county commissioners, and the general assembly have no such limitation. With minimal increases in education funding from the state and federal governments, and the end of the federal Elementary and Secondary School Emergency Relief (ESSER) funding, the Carlisle Area School District will be challenged in the future to balance the general fund budget.

CARLISLE AREA SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

General Fund Budget (Continued)

The Board of Directors and Carlisle Area School District administration will continue to work in the future to put together an annual operating budget that focuses on the educational development of students and properly maintains the facilities of the District for the long-term.

	Final Budget	Actual	Variance
Total Revenues	\$ 109,875,511	\$ 116,009,165	\$ 6,133,654
Total Expenditures	109,437,014	114,034,448	(4,597,434)
Revenues Over/(Under) Expenditures	438,497	1,974,717	1,536,220
Other Financing Sources (Uses)	-	(1,668,993)	(1,668,993)
Net Change in Fund Balance	<u>\$ 438,497</u>	<u>\$ 305,724</u>	<u>\$ (132,773)</u>

Capital and Right-to-use Assets

As of June 30, 2025, the District in conducting its governmental activities had \$94,942,682 invested in capital assets; including land; buildings; site improvements; equipment, furniture, and fixtures; construction in process; and right-to-use-assets-equipment and IT subscriptions. This amount represents a net increase (including additions, deletions, and depreciation) of \$699,859 from the previous fiscal year.

Capital and Right-to-use Assets (net of depreciation/amortization)

	6/30/2025	6/30/2024	Change
Governmental Activities			
Land	\$ 1,925,459	\$ 1,800,459	\$ 125,000
Construction-in-process	4,077,278	2,268,621	1,808,657
Site Improvements, net	4,026,456	3,924,345	102,111
Buildings, net	82,425,232	83,922,761	(1,497,529)
Equipment, furniture, and fixtures, net	2,144,988	2,126,232	18,756
Right-to-use assets equipment, net	59,675	149,292	(89,617)
Right-to-use assets subscription assets, net	283,594	51,113	232,481
Total Governmental Activities	<u>\$ 94,942,682</u>	<u>\$ 94,242,823</u>	<u>\$ 699,859</u>
Business-Type Activities			
Land	\$ 28,900	\$ 153,900	\$ (125,000)
Site improvements	3,196	13,715	(10,519)
Buildings and improvements	46,548	51,302	(4,754)
Equipment, furniture, and fixtures	253,278	298,255	(44,977)
	<u>\$ 331,922</u>	<u>\$ 517,172</u>	<u>\$ (185,250)</u>
Total Capital Assets	<u>\$ 95,274,604</u>	<u>\$ 94,759,995</u>	<u>\$ 514,609</u>

CARLISLE AREA SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2025**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE (CONTINUED)

Outstanding Bonds and Notes Payable

As of June 30, 2024, the CASD had total outstanding bonds and notes payable of \$22,921,445. During the 2024-25 fiscal year, the CASD made payments of \$6,475,000 and issued new debt, resulting in a balance, as of June 30, 2025, of \$31,385,632. The CASD's debt is assigned a Moody's rating of Aa2, which reflects the high quality of the CASD's debt.

Outstanding Bonds and Notes Payable

	6/30/2025	6/30/2024	Change
General Obligation Bonds			
Series of 2016	\$ 595,000	\$ 880,000	\$ (285,000)
Series of 2017	12,220,000	18,365,000	(6,145,000)
Series of 2019	2,530,000	2,575,000	(45,000)
Series of 2025	14,995,000	-	14,995,000
Unamortized bond (discounts) premium	1,045,632	1,101,445	(55,813)
Total General Obligation Bonds	<u>\$ 31,385,632</u>	<u>\$ 22,921,445</u>	<u>\$ 8,464,187</u>

Other long-term liabilities of the CASD include accrued sick leave vacation and retirement stipend for employees and other post-employment benefits (OPEB) for retired employees and net pension liability. CASD retirees may purchase medical, prescription drug, dental, and vision coverages until they reach age 65.

FACTORS BEARING ON THE CASD'S FUTURE

The Carlisle Area School District continues to maintain a strong financial position based upon a stable tax base and adequate reserves to provide coverage for changes in economic conditions and state and federal government funding. During the 2012-13 and 2013-14 fiscal years, the District undertook a \$ 39 million project to renovate and expand its two middle schools, which were originally opened in the late 1970's. This resulted in a substantial increase in the long-term debt of the District in the 2011-12 fiscal year.

The future funding levels for Carlisle Area School District operations continues to be uncertain. As noted previously, Pennsylvania law limits the ability of the Board of Directors to increase the property tax millage rate for any given fiscal year. Property taxes represent the major source of revenue for the District. The level of state funding provided for K-12 education continues to be an item vigorously debated in the State General Assembly on an annual basis.

Carlisle Area School District continued to navigate through the COVID-19 relief funds. Fiscal year 2024-25 represents the last year of any COVID-19 relief funding. The District strategically planned and used the Elementary Secondary School Emergency Relief (ESSER) funds to minimize future financial impact. As the funds are no longer available, the District has new challenges and needs that will no longer be able to be funded through Federal dollars.

CARLISLE AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

Year Ended June 30, 2025

FACTORS BEARING ON THE CASD'S FUTURE (CONTINUED)

The funding of the cost of employee retirement through the Pennsylvania School Employees Retirement System (PSERS) remains a substantial financial concern. The employer contribution rate based on wages paid has increased substantially in the last few years as follows: 30.03% in 2016-17, 32.57% in 2017-18, 33.43% in 2018-19, 34.29% in 2019-20, 34.51% in 2020-21, 34.94% in 2021-22, 35.26% in 2022-23, 34.00% in 2023-24, and 33.90% in 2024-25. The contribution rate for the 2025-26 fiscal year has been certified by the PSERS Board of Trustees at 34.00%. Currently, the rates for future fiscal years are projected at 34.72% for 2026-27, 35.26% for 2027-28, and 35.85% for 2028-29. The contribution rate is projected to continue to be in excess of 36% for at least 4 additional years beyond 2029-30. Even at the elevated rate of 34.00% in 2025-26, the unfunded liability for the retirement system is projected to increase. The Carlisle Area School District has no control over the retirement plan provided to its employees or the rate required for it to be funded.

The student enrollment of the Carlisle Area School District has seen moderate growth in recent years. Beginning in 2022-23, the District began to work with an architect to conduct a feasibility study and projects significant growth in the District. In May 2023, the District formed the Exploring K-8 Facilities Committee made up of District administrators and staff as well as community members. The Committee's goal is to improve and enhance the education program through a more efficient structure, and for our elementary and middle level students to experience the same cutting-edge program regardless of which building they attend. During the 2023-24 fiscal year, it was determined that the District will move forward with a K-8 project. The project continues to be in the planning stage. The K-8 project current plan is to build a new 7th and 8th grade building, close two elementary buildings, and investigate renovating the remaining five elementary schools. The District wants all students and community to truly feel a part of "One Carlisle."

The safety and security of students, staff, parents, and the public has been and will remain a high priority for the Carlisle Area School District. It is expected that the District will continue to make investments in safety and security going forward.

The collective bargaining agreement with the Carlisle Area Education Association, which represents the teachers and other professional employees of the Carlisle Area School District, expires on August 15, 2029. The Carlisle Area School District administration and the Carlisle Area Education Association leadership have a good working relationship and the expectation is that a good relationship will continue.

CONTACTING THE CASD'S FINANCIAL MANAGEMENT

This financial report is designed to provide the reader with a general overview of the Carlisle Area School District's finances and to demonstrate the accountability for the money it receives. If you have questions about this report, please contact the Director of Business Operations of the Carlisle Area School District located at 623 West Penn Street, Carlisle, PA 17013 at (717) 240-6800 Ext. 16055.

CARLISLE AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 15,751,918	\$ 3,299,694	\$ 19,051,612
Investments	49,703,195	-	49,703,195
Receivables			
Taxes	3,211,126	-	3,211,126
Intergovernmental	3,647,793	-	3,647,793
Other	578,626	12,322	590,948
Internal balances	756,138	(756,138)	-
Inventories	-	32,558	32,558
Prepaid expenses	9,268,701	-	9,268,701
Total current assets	<u>82,917,497</u>	<u>2,588,436</u>	<u>85,505,933</u>
Capital and right-to-use assets			
Land and construction-in-progress	6,002,737	28,900	6,031,637
Other capital and right-to-use assets, net of accumulated depreciation/amortization	88,939,945	303,022	89,242,967
Total capital and right-to-use assets, net	<u>94,942,682</u>	<u>331,922</u>	<u>95,274,604</u>
Total assets	<u>\$ 177,860,179</u>	<u>\$ 2,920,358</u>	<u>\$ 180,780,537</u>
Deferred Outflows of Resources			
Deferred amounts on refinancing of bonds, net of amortization	\$ 191,022	\$ -	\$ 191,022
Deferred amounts on pension liability	15,927,000	24,000	15,951,000
Deferred amounts on OPEB liability	1,611,430	2,371	1,613,801
Total deferred outflows of resources	<u>\$ 17,729,452</u>	<u>\$ 26,371</u>	<u>\$ 17,755,823</u>
Liabilities			
Current liabilities			
Accounts payable	\$ 4,504,958	\$ 58,321	\$ 4,563,279
Accrued salaries, benefits and withholdings	7,909,218	1,464	7,910,682
Accrued interest	316,236	-	316,236
Current portion of bonds/notes payable, net of unamortized premium	7,318,606	-	7,318,606
Current portion of leases payable	60,121	-	60,121
Current portion of subscription liabilities	61,373	-	61,373
Current portion of compensated absences	143,284	278	143,562
Other current liabilities	-	41,166	41,166
Total current liabilities	<u>20,313,796</u>	<u>101,229</u>	<u>20,415,025</u>
Long-term liabilities			
Bonds/notes payable, net of unamortized premium	24,067,026	-	24,067,026
Subscription liabilities	195,509	-	195,509
Compensated absences	2,887,028	5,077	2,892,105
Net pension liability	91,316,000	137,000	91,453,000
Other post-employment benefits (OPEB) liabilities	6,976,455	10,450	6,986,905
Total long-term liabilities	<u>125,442,018</u>	<u>152,527</u>	<u>125,594,545</u>
Total liabilities	<u>\$ 145,755,814</u>	<u>\$ 253,756</u>	<u>\$ 146,009,570</u>
Deferred Inflows of Resources			
Deferred amounts on pension liability	\$ 3,181,000	\$ 5,000	\$ 3,186,000
Deferred amounts on OPEB liabilities	2,559,973	3,822	2,563,795
Total deferred inflows of resources	<u>\$ 5,740,973</u>	<u>\$ 8,822</u>	<u>\$ 5,749,795</u>
Net Position			
Net investment in capital assets	\$ 79,036,169	\$ 331,922	\$ 79,368,091
Restricted for capital projects	9,278,504	-	9,278,504
Restricted for medical expenses	9,187,828	-	9,187,828
Unrestricted (deficit)	(53,409,657)	2,352,229	(51,057,428)
Total net position	<u>\$ 44,092,844</u>	<u>\$ 2,684,151</u>	<u>\$ 46,776,995</u>

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

**STATEMENT OF ACTIVITIES
Year Ended June 30, 2025**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenues and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 70,943,456	\$ 462,088	\$14,309,722	\$ -	\$ (56,171,646)	\$ -	\$ (56,171,646)
Instructional student support	11,042,301	-	1,231,579	-	(9,810,722)	-	(9,810,722)
Administration and financial support	11,068,479	90,157	893,437	-	(10,084,885)	-	(10,084,885)
Operation and maintenance of plant services	8,375,988	27,999	280,306	341,167	(7,726,516)	-	(7,726,516)
Pupil transportation	6,364,305	-	1,484,111	-	(4,880,194)	-	(4,880,194)
Student activities	2,011,963	57,717	200,702	-	(1,753,544)	-	(1,753,544)
Community services	574,153	766	-	-	(573,387)	-	(573,387)
Interest on long-term debt	471,765	-	-	1,177,001	705,236	-	705,236
Total governmental activities	110,852,410	638,727	18,399,857	1,518,168	(90,295,658)	-	(90,295,658)
Business-Type Activities:							
Food service	4,079,135	961,163	2,969,083	-	-	(148,889)	(148,889)
Property rental	19,067	17,772	-	-	-	(1,295)	(1,295)
Total business-type activities	4,098,202	978,935	2,969,083	-	-	(150,184)	(150,184)
Total primary government	\$ 114,950,612	\$ 1,617,662	\$21,368,940	\$1,518,168	\$ (90,295,658)	\$ (150,184)	\$ (90,445,842)
General Revenues and Transfers:							
Property taxes levied for general purposes, public utility, realty transfer tax, and earned income tax					\$ 70,358,822	\$ -	\$ 70,358,822
Grants, subsidies and contributions not restricted					22,706,246	-	22,706,246
Investment earnings					2,783,124	42,052	2,825,176
Loss on sale of capital assets					(7,454)	-	(7,454)
Miscellaneous income					334,359	-	334,359
Transfers					889,105	(889,105)	-
Total general revenues and transfers					97,064,202	(847,053)	96,217,149
Change in net position					6,768,544	(997,237)	5,771,307
Net Position - July 1, 2024					38,743,382	3,666,592	42,409,974
Prior period adjustment (see Note 1)					(1,419,082)	14,796	(1,404,286)
Net Position - July 1, 2024 (restated)					37,324,300	3,681,388	41,005,688
Net Position - June 30, 2025					\$ 44,092,844	\$ 2,684,151	\$ 46,776,995

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General Fund	Capital Reserve Fund	Capital Projects Fund	Non-Major Student Body Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 14,903,686	\$ 354,994	\$ 482,677	\$ 10,561	\$ 15,751,918
Investments	24,679,701	9,284,670	15,738,824	-	49,703,195
Taxes receivable, net	3,211,126	-	-	-	3,211,126
Due from other funds	826,451	3,169	-	-	829,620
Receivable from other governments	3,647,793	-	-	-	3,647,793
Other receivables	500,469	59,102	2,662	-	562,233
Prepaid expenses	80,873	-	-	-	80,873
Total assets	\$ 47,850,099	\$ 9,701,935	\$ 16,224,163	\$ 10,561	\$ 73,786,758
Liabilities					
Due to other funds	\$ 46,197	\$ 11,431	\$ -	\$ -	\$ 57,628
Accounts payable	3,473,356	412,000	619,063	-	4,504,419
Accrued salaries, benefits, and withholdings	7,909,218	-	-	-	7,909,218
Total liabilities	11,428,771	423,431	619,063	-	12,471,265
Deferred Inflows of Resources					
Unavailable tax revenue	821,760	-	-	-	821,760
Fund Balances					
Nonspendable					
Nonspendable for future prepaid expenditures	80,873	-	-	-	80,873
Restricted					
Restricted for future capital projects	-	9,278,504	-	-	9,278,504
Committed					
Student activities	-	-	-	10,561	10,561
Future medical insurance costs	297,990	-	-	-	297,990
Future capital projects	-	-	15,605,100	-	15,605,100
Assigned					
Future maintenance and capital projects	8,275,000	-	-	-	8,275,000
Future special education	4,000,000	-	-	-	4,000,000
Future technology	3,150,000	-	-	-	3,150,000
Future elementary program changes	9,250,000	-	-	-	9,250,000
Future staffing needs	1,500,000	-	-	-	1,500,000
Unassigned	9,045,705	-	-	-	9,045,705
Total fund balances	35,599,568	9,278,504	15,605,100	10,561	60,493,733
Total liabilities, deferred inflows of resources and fund balances	\$ 47,850,099	\$ 9,701,935	\$ 16,224,163	\$ 10,561	\$ 73,786,758

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2025**

Total fund balances - governmental funds		\$ 60,493,733
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital and right-to-use assets used in governmental activities are not current financial resources and, therefore, they are not reported as assets in governmental funds. The cost of assets is \$199,019,237, and the accumulated depreciation/amortization is \$104,076,555.		94,942,682
Internal service funds are used by management to pay for medical insurance costs. The portion of net position of the internal service fund related to the governmental funds is included in governmental activities in the statement of net position.		9,187,828
Certain receivables are not available soon enough to pay for current period expenditures and, therefore, are deferred in the fund financial statements.		821,760
Deferred inflows and outflows of resources related to pensions are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to pensions are as follows (see footnotes for detail):		
Deferred outflows		15,927,000
Deferred inflows		(3,181,000)
Deferred inflows and outflows of resources related to OPEB are applicable to future periods and, therefore, are not reported within the funds. Deferred inflows and outflows related to OPEB are as follows (see footnotes for detail):		
Deferred outflows		1,611,430
Deferred inflows		(2,559,973)
Long-term liabilities, including bonds payable, leases payable, subscription liabilities, compensated absences, net pension liability, and other post-employment benefits, are not due and payable in the current period, and therefore, they are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:		
Bonds payable, net of related bond premium	(31,385,632)	
Deferred amounts on refinancing of bonds	191,022	
Leases payable	(60,121)	
Subscription liabilities	(256,882)	
Accrued interest on bonds	(316,236)	
Compensated absences/retirement stipend	(3,030,312)	
Net pension liability	(91,316,000)	
OPEB liabilities	(6,976,455)	(133,150,616)
Total net position - governmental activities		<u>\$ 44,092,844</u>

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	General Fund	Capital Reserve Fund	Capital Projects Fund	Non-Major Student Body Fund	Totals Governmental Funds
Revenues					
Local sources					
Taxes	\$ 70,387,108	\$ -	\$ -	\$ -	\$ 70,387,108
Investment earnings	2,279,855	397,004	106,225	40	2,783,124
Revenues from intermediate sources	1,018,819	-	-	-	1,018,819
Other revenue	722,460	-	-	4,356	726,816
Total local sources	74,408,242	397,004	106,225	4,396	74,915,867
State sources	39,476,581	-	-	-	39,476,581
Federal sources	2,124,342	-	-	-	2,124,342
Total revenues	116,009,165	397,004	106,225	4,396	116,516,790
Expenditures					
Instruction	68,686,380	-	-	-	68,686,380
Support services	34,833,929	1,020,464	220,160	-	36,074,553
Operation of non-instructional services	2,491,296	-	-	767	2,492,063
Facilities acquisition, construction and improvements	515,344	2,752,547	1,883,486	-	5,151,377
Debt service					
Principal	6,663,348	-	-	-	6,663,348
Interest	832,748	-	-	-	832,748
Refund of prior years' receipts	11,403	-	-	-	11,403
Total expenditures	114,034,448	3,773,011	2,103,646	767	119,911,872
Excess (deficiency) of revenues over (under) expenditures	1,974,717	(3,376,007)	(1,997,421)	3,629	(3,395,082)
Other Financing (Uses) Sources					
Interfund transfers	(2,245,833)	3,000,000	-	-	754,167
Bond issuance proceeds	-	-	14,995,000	-	14,995,000
Bond premiums	-	-	452,943	-	452,943
Insurance recoveries	250,798	-	-	-	250,798
Proceeds from SBITAs	326,042	-	-	-	326,042
Total other financing (uses) sources	(1,668,993)	3,000,000	15,447,943	-	16,778,950
Net change in fund balances	305,724	(376,007)	13,450,522	3,629	13,383,868
Fund Balances - July 1, 2024	35,293,844	9,654,511	2,154,578	6,932	47,109,865
Fund Balances - June 30, 2025	\$ 35,599,568	\$ 9,278,504	\$ 15,605,100	\$ 10,561	\$ 60,493,733

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE
STATEMENT OF ACTIVITIES**

Year Ended June 30, 2025

Net changes in fund balances - governmental funds \$ 13,383,868

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

Capital outlays are reported in governmental funds as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation/amortization of capital or right-to-use assets and the net book value of disposed assets.

Capital outlays	6,287,797	
Less net book value of disposed assets	(7,454)	
Less depreciation/amortization expense	(5,580,484)	
	699,859	699,859

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred property taxes decreased by this amount. (28,286)

Revenue and expenses of the internal service fund are reported as proprietary activities in the fund financials, but this primarily supports the governmental activities, and thus the change in net position applicable to the governmental activities (469,114)

Governmental funds report Center pension and OPEB contributions as expenditures. However in the Statement of Activities, the cost of pension and OPEB benefits earned net of employee contributions is reported as a pension and OPEB expense.

District pension and OPEB contributions (PSERS)		12,431,000
Cost of benefits earned net of employee contributions (PSERS)		(10,386,200)

Some expenses reported in the Statement of Activities do not require the use of current financial resources, and therefore, are not reported as expenditures in governmental funds.

Change in compensated absences		(96,344)
Change in other post-employment benefits (District's Plan)		(16,587)

The issuance of long-term obligations (e.g., bonds, leases, loans, subscription liabilities) provides current financial resources to governmental funds, while the repayment of the principal of long-term obligations consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of insurance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. The net effect of these differences in the treatment of long-term obligations and related items is as follows:

Issuance of long-term debt	(14,995,000)	
Premium on issuance of long-term debt	(452,932)	
Repayment of long-term debt	6,475,000	
Repayment of leases payable	90,616	
Issuance of subscription liabilities	(326,042)	
Repayment of subscription liabilities	97,733	
Change in accrued interest	11,147	
Amortization of bond refunding	(158,919)	
Amortization of bond premium	508,745	
	(8,749,652)	(8,749,652)

Change in net position - governmental activities \$ 6,768,544

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

June 30, 2025

	Enterprise			Internal Service
	Food Service Fund	Property Rental Fund	Total	Medical Insurance Fund
Assets				
Current assets				
Cash and cash equivalents	\$ 2,384,625	\$ 915,069	\$ 3,299,694	\$ -
Due from other funds	19,402	23,087	42,489	-
Receivables				
Other receivables	12,322	-	12,322	-
Prepaid expenses	-	-	-	9,187,828
Inventory	32,558	-	32,558	-
Total current assets	2,448,907	938,156	3,387,063	9,187,828
Noncurrent assets				
Land	-	28,900	28,900	-
Land improvements	-	5,810	5,810	-
Buildings	-	90,095	90,095	-
Furniture and equipment	2,499,924	-	2,499,924	-
Accumulated depreciation	(2,246,646)	(46,161)	(2,292,807)	-
Total noncurrent assets	253,278	78,644	331,922	-
Total assets	\$ 2,702,185	\$ 1,016,800	\$ 3,718,985	\$ 9,187,828
Deferred Outflows of Resources				
Deferred amounts on pension liability	\$ 24,000	\$ -	\$ 24,000	\$ -
Deferred amounts on OPEB liabilities	2,371	-	2,371	-
Total deferred outflows of resources	\$ 26,371	\$ -	\$ 26,371	\$ -
Liabilities				
Current liabilities				
Due to other funds	\$ 28,463	\$ 770,164	\$ 798,627	\$ -
Accounts payable	58,321	-	58,321	-
Accrued salaries and benefits	1,464	-	1,464	-
Other current liabilities	41,166	-	41,166	-
Compensated absences	278	-	278	-
Total current liabilities	129,692	770,164	899,856	-
Noncurrent liabilities				
Compensated absences	5,077	-	5,077	-
OPEB liability	10,450	-	10,450	-
Net pension liability	137,000	-	137,000	-
Total noncurrent liabilities	152,527	-	152,527	-
Total liabilities	\$ 282,219	\$ 770,164	\$ 1,052,383	\$ -
Deferred Inflows of Resources				
Deferred amounts on pension liability	\$ 5,000	\$ -	\$ 5,000	\$ -
Deferred amounts on OPEB liabilities	3,822	-	3,822	-
Total deferred inflows of resources	\$ 8,822	\$ -	\$ 8,822	\$ -
Net Position				
Net investment in capital assets	\$ 253,278	\$ 78,644	\$ 331,922	\$ -
Restricted	-	-	-	9,187,828
Unrestricted	2,184,237	167,992	2,352,229	-
Total net position	\$ 2,437,515	\$ 246,636	\$ 2,684,151	\$ 9,187,828

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION -
PROPRIETARY FUNDS
 Year Ended June 30, 2025

	Enterprise			Interenal Service
	Food Service Fund	Property Rental Fund	Total	Medical Insurance Fund
Operating Revenues				
Food service revenue	\$ 961,163	\$ -	\$ 961,163	\$ -
Charges for services	-	17,772	17,772	-
Insurance premiums	-	-	-	10,224,432
Total operating revenues	961,163	17,772	978,935	10,224,432
Operating Expenses				
Salaries	66,429	-	66,429	-
Employee benefits	43,098	-	43,098	8,677,822
Other employee benefits	-	-	-	1,756,738
Administrative fees and overhead costs	-	-	-	602,408
Purchased professional services	10,535	-	10,535	-
Purchased property services	89,424	11,550	100,974	-
Other purchased services	3,539,331	152	3,539,483	-
Supplies	264,919	2,029	266,948	-
Depreciation	44,977	5,336	50,313	-
Dues and fees	6,466	-	6,466	-
Miscellaneous	13,956	-	13,956	-
Total operating expenses	4,079,135	19,067	4,098,202	11,036,968
Operating loss	(3,117,972)	(1,295)	(3,119,267)	(812,536)
Nonoperating Revenues				
Investment earnings	-	42,052	42,052	343,422
State sources	449,694	-	449,694	-
Federal sources	2,519,389	-	2,519,389	-
Total nonoperating revenues	2,969,083	42,052	3,011,135	343,422
(Loss) income before transfers	(148,889)	40,757	(108,132)	(469,114)
Interfund Transfers	6,306	(895,411)	(889,105)	-
Change in net position	(142,583)	(854,654)	(997,237)	(469,114)
Net Position - July 1, 2024	2,565,302	1,101,290	3,666,592	9,656,942
Prior period adjustment (see Note 1)	14,796	-	14,796	-
Net Position - June 30, 2025 (restated)	2,580,098	1,101,290	3,681,388	9,656,942
Net Position - June 30, 2025	\$ 2,437,515	\$ 246,636	\$ 2,684,151	\$ 9,187,828

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - PROPRIETARY FUNDS
Year Ended June 30, 2025

	Enterprise			Interenal Service
	Food Service Fund	Property Rental Fund	Total	Medical Insurance Fund
Cash Flows From Operating Activities				
Cash received from sales and charges for services/insurance premiums	\$ 952,801	23,378	\$ 976,179	\$ 10,224,432
Cash payments for goods and services	(3,705,568)	(36,818)	(3,742,386)	-
Cash payments to and on behalf of employees	(109,972)	-	(109,972)	(10,567,854)
Net cash used in operating activities	(2,862,739)	(13,440)	(2,876,179)	(343,422)
Cash Flows From Noncapital Financing Activities				
State sources	456,235	-	456,235	-
Federal sources	2,345,962	-	2,345,962	-
Interfund transactions	6,306	-	6,306	-
Net cash provided by noncapital financing activities	2,808,503	-	2,808,503	-
Cash Flows From Investing Activities				
Investment earnings	-	42,052	42,052	343,422
Net change in cash and cash equivalents	(54,236)	28,612	(25,624)	-
Cash and Cash Equivalents:				
July 1, 2024	2,438,861	886,457	3,325,318	-
June 30, 2025	<u>\$ 2,384,625</u>	<u>\$ 915,069</u>	<u>\$ 3,299,694</u>	<u>\$ -</u>
Reconciliation of Operating Income (Loss) to				
Net Cash Used in Operating Activities				
Used in Operating Activities				
Operating loss	\$ (3,117,972)	\$ (1,295)	\$ (3,119,267)	\$ (812,536)
Adjustments to reconcile operating loss to net cash used in operating activities				
Depreciation	44,977	5,336	\$ 50,313	-
Donated commodities	207,514	-	207,514	-
Decrease (increase) in:				
Due from other funds	(14,586)	(23,087)	(37,673)	-
Other receivables	(8,362)	-	(8,362)	-
Prepaid expenses	-	-	-	469,114
Inventories	2,215	-	2,215	-
Deferred outflows of resources	7,444	-	7,444	-
(Decrease) increase in:				
Due to other funds	9,659	5,606	15,265	-
Accounts payable	12,787	-	12,787	-
Accrued salaries and benefits	202	-	202	-
Other current liabilities	1,474	-	1,474	-
Compensated absences	1,528	-	1,528	-
Other post employment benefits	(24)	-	(24)	-
Net pension liability	(12,000)	-	(12,000)	-
Deferred inflows of resources	2,405	-	2,405	-
Net cash used in operating activities	<u>\$ (2,862,739)</u>	<u>\$ (13,440)</u>	<u>\$ (2,876,179)</u>	<u>\$ (343,422)</u>
Supplemental Disclosure				
Noncash non-capital financing activity:				
USDA donated commodities	<u>\$ 207,514</u>	<u>\$ -</u>	<u>\$ 207,514</u>	<u>\$ -</u>

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

	Custodial Funds	Private-Purpose Trust Fund
Assets		
Cash and cash equivalents	\$ 98,560	\$ 15,334
Due from other funds	539	-
Total assets	<u>\$ 99,099</u>	<u>\$ 15,334</u>
Liabilities		
Due to other funds	\$ 16,393	\$ -
Total liabilities	<u>\$ 16,393</u>	<u>\$ -</u>
Net Position		
Restricted and held in trust for scholarships	\$ -	\$ 15,334
Restricted for individuals and organizations	82,706	-
Total net position	<u>\$ 82,706</u>	<u>\$ 15,334</u>

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2025

	Custodial Funds	Private-Purpose Trust Fund
Additions		
Gifts and contributions	\$ 2,520	\$ -
Investment earnings	491	41
Other additions	165,102	-
Total additions	<u>168,113</u>	<u>41</u>
Deductions		
Scholarships awarded	1,250	-
Other deductions	171,060	-
Total deductions	<u>172,310</u>	<u>-</u>
Change in net position	(4,197)	41
Net Position - July 1, 2024	86,903	15,293
Net Position - June 30, 2025	<u>\$ 82,706</u>	<u>\$ 15,334</u>

See Notes to Financial Statements.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The Carlisle Area School District (the District), located in Cumberland County, Pennsylvania, operates a public school system which is comprised of Carlisle Borough, Mt. Holly Springs Borough, North Dickinson Township, and North Middleton 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 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. The more significant of these accounting policies are as follows:

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statements define the criteria used to determine the composition of the reporting entity. These standards require that the reporting entity include (1) the primary government; (2) organizations for which the primary government is financially accountable; (3) organizations that are fiscally dependent on the primary government and a financial benefit or burden exists; and (4) other organizations for which the nature and significance of their relationship with primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The District is not a component unit of any other entities. Based on the above criteria, the District has no component units.

Joint Ventures and Affiliates

The District is affiliated with Harrisburg Area Community College (HACC), along with numerous other member school districts in a joint venture arrangement. The member school districts participate in providing oversight responsibility to this entity by appointing board members who also serve as board members of the participating school districts, approving the operating budget and providing funding for capital expenditures. For the year ended June 30, 2025, the District incurred total expenses paid to HACC were \$220,263. Separate financial statements are prepared for and available from HACC.

South Central Region School Employees Benefit Welfare Trust (the Trust), a public entity risk pool which provides employees with medical insurance. The member school districts appoint the Trustees of the Trust, and the District is one of nine participating members in the Trust at June 30, 2025. See Note 14 for further information.

The Capital Area Intermediate Unit provides special education services and programs. The amount paid for these services during the year ended June 30, 2025, was approximately \$1,930,665.

Cumberland County Tax Bureau provides earned income tax collection services. The amount paid for these services during the year ended June 30, 2025, was approximately \$215,946.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements

Government-Wide Financial Statements

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

The government-wide statements are prepared using the economic resources measurement focus. 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. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Fund Financial Statements

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. Each major fund is presented in a separate column. Nonmajor funds (if applicable) are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures, and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

B. Government-wide and Fund Financial Statements (Continued)

Fund Financial Statements (Continued)

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred and the revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as liabilities until earned. If time eligibility requirements are not met, a deferred inflow of resources would be recorded. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. operating revenues and expenses generally result from providing food services, including charges for meals and the costs of food, salaries and benefits, depreciation, and other expenses. Federal and State subsidies are considered non-operating revenues as no exchange transaction occurs.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the District are grouped into the categories of governmental, proprietary, and fiduciary.

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

The District reports the following governmental funds:

General Fund - Major Fund

The general fund is used to account for all the financial transactions not accounted for in another fund. Revenues are primarily derived from local property, earned income, and state and federal subsidies. Many of the more important activities of the District, including instruction, administration of the District, and certain noninstructional services are accounted for in this fund. This is a legally budgeted fund, and any unrestricted fund balances are considered as resources available for use.

Capital Reserve Fund - Major Fund

The capital reserve fund (Section 2932 is authorized by Pennsylvania Law 145, Act of April 30, 1943, known as Section 2932 School Laws of Pennsylvania) accounts for (1) monies transferred during any fiscal year from appropriations made for any particular purpose which may not be needed, and (2) surplus monies in the General Fund of the District at the end of any fiscal year. These funds must be used for capital improvements.

Capital Projects Fund - Major Fund

The capital projects fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Student Body Fund - Non-Major Fund

The student body fund is used to account for revenues and financial resources used to run the District's Student Body club.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Accounting (Continued)

Proprietary Funds: Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The focus of proprietary funds is on the determination of net earnings and capital maintenance. The following funds are utilized:

Food Service Fund - Enterprise Fund - Major Fund

The food service fund accounts for all revenues and expenses pertaining to the cafeteria operations as authorized under Section 504 of the Public School Code of 1949. It is the intent of the governing body that the cost of providing such goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

The District does not attempt to allocate "building-wide costs" to the food service fund. Thus, general fund expenditures which partially benefit the food service fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized within the food service fund; similarly, the food service fund does not recognize a cost for the building space it occupies (no rental-of-facilities expense).

Property Rental Fund - Enterprise Fund - Non-Major Fund

The property rental fund was established to account for all revenues and expenses pertaining to the rental of facilities owned and operated by the District. It is the intent of the governing body to charge for the rental of the facilities to cover the expenses associated with their upkeep.

Medical Insurance Fund - Internal Service Fund - Major Fund

The medical insurance fund was established to create a reserve for future medical claims. The fund accounts for the transactions of the District associated with self-insuring the District's medical costs through participation in the South Central Region School Employees Benefit Welfare Trust.

Fiduciary Funds: Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into two classifications: private purpose trust funds and custodial funds. The District's only private-purpose trust fund consists of bequests that have been established in prior years. Only the earnings are available for the specific purpose of providing awards and scholarships as prescribed by donor stipulation. Officials of the District determine the winners of the awards and scholarships, which are made only if there are qualified recipients and adequate earnings. Custodial funds are used to account for fiduciary activities not required to be reported in private purpose trust funds. The District reports the Student Activities Fund as a custodial fund.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

D. Budget and Budgetary Accounting

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

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required. The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.

The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action. An affirmative vote of two-thirds of all members of the Board is required.

Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorizes the District to make expenditures.

Appropriations lapse at the end of the fiscal period.

Included in the General Fund budget are program budgets as prescribed by the state and federal agencies funding the programs. These budgets are approved on a program-by-program basis by the state or federal funding agency. These programs frequently result in supplementary budget appropriations.

Capital budgets are not implemented for capital improvements in the Capital Reserve Fund or Capital Projects Fund or transactions in the Student Body Fund. All transactions of the Capital Reserve Fund, Capital Projects Fund, and Student Body Fund are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

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

Cash and Cash Equivalents: Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less.

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

Inventory: Inventory in the Food Service Fund consists of expendable supplies and food (valued at cost) held for consumption. Government-donated commodities are valued at estimated fair market value. The expendable supplies are recorded as an expenditure when used. The cost of governmental fund inventories are recorded as expenditures when purchased in the fund financial statements and the asset (valued at cost) at June 30 is offset by nonspendable fund balance.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Prepaid Expenses: Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items. Prepaid expenses are recorded as expenses when consumed on the government-wide financial statements. Prepaid expenditures are recorded as expenditures on the fund financial statements if they will be consumed within three years. All other long-term prepaid expenditures are recorded as expenditures when purchased.

Capital Assets: General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary fund are reported both in the business-type activities column of the government-wide statement of net position and in the respective fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their acquisition value as of the date received. The District maintains a capitalization threshold of \$5,000. The District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are expensed.

All reported capital assets are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation and amortization is computed using the straight-line method over the following useful lives:

<u>Assets</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
Site improvements	8 - 25 years	N/A
Buildings and improvements	5 - 50 years	N/A
Equipment, furniture and fixtures	5 - 20 years	5 to 20
Right-to-use assets - equipment	3 - 4 years	N/A

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

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Long-Term Obligations: In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds and notes payable are reported net of the applicable bond premium or discount. Prepaid bond insurance is deferred as a prepaid expense and amortized over the lives of the bonds. Other bond issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond and note issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Discounts on debt issuances are reported as other financing uses. Debt issuance costs, whether or not withheld from the actual debt proceeds received, are reported as administrative expenditures.

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

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

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

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

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

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

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

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

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

Other Post-Employment Benefits: In the government-wide financial statements, the District recognizes the costs and liabilities associated with post-employment benefits other than pension compensation. The District participates in two plans.

Single Employer Defined-Benefit OPEB Plan: The District sponsors a single employer defined-benefit OPEB plan. For purposes of measuring the total OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The single employer OPEB plan is unfunded.

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Other Post-Employment Benefits (Continued)

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

	Governmental Activities	Business-Type Activities	Total
OPEB Liabilities			
District's Single Employer Plan	\$ 3,095,255	\$ 4,650	\$ 3,099,905
PSERS Cost-Sharing Plan	3,881,200	5,800	3,887,000
Total	<u>\$ 6,976,455</u>	<u>\$ 10,450</u>	<u>\$ 6,986,905</u>
Deferred Outflows of Resources			
District's Single Employer Plan	\$ 912,430	\$ 1,371	\$ 913,801
PSERS Cost-Sharing Plan	699,000	1,000	700,000
Total	<u>\$ 1,611,430</u>	<u>\$ 2,371</u>	<u>\$ 1,613,801</u>
Deferred Inflows of Resources			
District's Single Employer Plan	\$ 1,745,173	\$ 2,622	\$ 1,747,795
PSERS Cost-Sharing Plan	814,800	1,200	816,000
Total	<u>\$ 2,559,973</u>	<u>\$ 3,822</u>	<u>\$ 2,563,795</u>

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Interfund Activity: Advances between funds are accounted for in the appropriate interfund receivable and payable accounts. Advances between funds which are not expected to be repaid are accounted for as transfers. Interfund balances and transactions are eliminated in the government-wide financial statements.

Exchange transactions, if any, between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating revenues / expenses in proprietary funds.

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

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

Net Position: Net position (deficit) represents total assets plus deferred outflows of resources less total liabilities and deferred inflows of resources. In the government-wide financial statements and proprietary fund financial statements, categories of net position are:

Net Investment in Capital Assets - This category presents all capital assets into one component of net position. Accumulated depreciation and outstanding debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted - This category presents funds restricted for a specific purpose by external parties, contributors, or enabling legislation.

Unrestricted - This category presents the net position (deficit) of the District which is not restricted for any project or other purpose. However, these funds may be committed or assigned for specific projects or purposes in the fund financial statements.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

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

Fund Balance: GASB has established criteria for classifying fund balances into specifically defined classifications based on a hierarchy that reflects the extent to which the District is bound to honor constraints on how those funds can be spent. The District's general policy is to first use restricted funds, if any, prior to using unassigned funds. Classifications of fund balances are:

Nonspendable - Amounts that cannot be spent because they are either in a (a) non-spendable form (i.e., inventories) or (b) legally or contractually required to be maintained intact (i.e., the principal of a permanent fund).

Restricted - Amounts constrained to be used for a specific purpose by external parties, contributors or enabling legislation.

Committed - Amounts constrained to be used for a specific purpose by the District's highest level of decision-making authority, which is the Board of School Directors.

Assigned - Amounts intended to be used for a specific purpose by a committee or individual authorized by the Board of School Directors (for example a budget or finance committee, or business manager/financial officer).

Unassigned - Amounts available for any purpose (amounts that are not nonspendable, restricted, committed, or assigned) in the general fund.

Policy Regarding Order of Spending: When fund balance resources are available for a specific purpose in multiple classifications, the District does not have a spending order policy; therefore the default spending order is to use restricted resources first, then committed, assigned, and unassigned, respectively when an expenditure is incurred for purposes for which amounts in any of these classifications could be used.

Minimum Fund Balance: The District strives to maintain an unassigned fund balance of the general fund of not less than three percent (3%) and not more than eight percent (8%) of the budgeted expenditures for the year.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

F. New Accounting Pronouncements

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

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

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

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

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

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

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

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies (Continued)

G. Other

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

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

	Net Position at June 30, 2024, as previously reported	Restatement - GASB 101 implementation	Net Position at June 30, 2024, as restated
Government-wide			
Governmental activities	\$ 38,743,382	\$ (1,419,082)	\$ 37,324,300
Business-type activities	3,666,592	14,796	3,681,388
Total government-wide	<u>\$ 42,409,974</u>	<u>\$ (1,404,286)</u>	<u>\$ 41,005,688</u>

Subsequent Events: In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through December 23, 2025, the date the financial statements were available to be issued.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents

Section 440.1 of the Public School Code of 1949 as amended and supplemented by Act 10 of 2016, the District is permitted to invest funds consistent with sound business practices in the following types of investments:

- U. S. Treasury Bills
- Short-term obligations of the U.S. Government or its agencies or instrumentalities
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) or 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 therefore shall be pledged by the depository
- Obligations of 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, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full-faith and credit of the political subdivision
- Shares of an investment companies registered under the Investment Company Act of 1940
- Local Government Investment Pools
- Repurchase agreements with respect to U.S. Treasury bills or obligations, participations or other instruments of or guaranteed by the U.S. or any federal agency, instrumentality or U.S. government-sponsored enterprise
- Obligations, participations or other instruments of any federal agency, instrumentality or U.S. government-sponsored enterprise if the debt obligations are rated at least "A" or its equivalent
- Commercial paper issued by corporations or other business entities organized in accordance with federal or state law, with a maturity not to exceed 270 days
- Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity
- Negotiable certificates of deposit or other evidence of deposit, with a remaining maturity of three years or less

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents (Continued)

Deposits: Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a written policy for custodial credit risk although the public school code requires that all deposits of the District, which are not insured, are collateralized by the depository institution. A summary of the District's deposits at June 30, 2025, are shown below:

	Carrying Amount	Bank Balance	Financial Institution
Insured (FDIC)	\$ 250,000	\$ 250,000	First National Bank
Insured (FDIC)	15,335	15,336	Orrstown Bank
Uninsured and collateralized in accordance with Act 72	14,604,215	14,967,763	First National Bank
	<u>\$ 14,869,550</u>	<u>\$ 15,233,099</u>	

The carrying amount of cash and cash equivalents as presented on the Statement of Net Position includes petty cash of \$500.

Act 72 of 1971, as amended, is an act standardizing the procedures for pledges of assets to secure deposits of public funds with banking institutions pursuant to other laws; establishing a standard rule for the types, amounts, and valuations of assets eligible to be used as collateral for deposits of public funds; permitting assets to be pledged against deposits on a pooled basis; and authorizing the appointment of custodians to act as pledgers of the assets. Based on the standard outline in Act 72, the various banks utilized by the District have pledged collateral on a pooled basis on behalf of the District and all other governmental depositors in the respective financial institutions.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents (Continued)

Investments

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

	Rating	Maturity	Carrying Value
External investment pools:			
Pennsylvania Local Government			
Investment Trust (PLGIT)			
PLGIT - PRIME	AAAm	Less than 1 year	\$ 35,983,194
PLGIT - TERM	AAAm	Less than 1 year	13,000,000
PLGIT - CDs	N/A	Various	720,000
Pennsylvania School District Liquid			
Asset Fund (PSDLAF)			
PSDMAX	AAAm	Less than 1 year	4,295,457
			<u>\$ 53,998,651</u>

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

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

PLGIT invests primarily in U.S. Treasury and Federal agency securities and repurchase agreements secured by such obligations, as well as certain municipal obligations and collateralized or insured certificates of deposit. The fund manager intends to comply with guidelines similar to those mandated for money market funds as contained in Rule 2a-7 of the Investment Company Act of 1940. The fund maintains a weighted average maturity to reset of 60 days or less.

PLGIT-PRIME Shares is a variable rate investment portfolio that requires no minimum balance; no minimum initial investment; and limits redemptions or exchanges to two per calendar month.

PLGIT-TERM is a fixed term investment portfolio of the Trust that requires a minimum initial investment of \$100,000, a minimum investment period of 60 days, and has a premature withdrawal penalty.

PLGIT-CD is an option that enables investors to purchase directly Certificates of Deposit (CDs) which are intended to be fully insured by the FDIC

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 2. Cash and Cash Equivalents (Continued)

Investments (Continued)

The Pennsylvania School District Liquid Asset Fund is governed by a Board of Trustees and is administered by PMA Financial Network, Inc. PSDMAX fund is a 2a7-like pool valued at amortized cost, which approximates fair value of the pool and is determined by the pool's share price. The District has an investment in a qualified investment pool with PSDLAF. Except for direct deposits from the Commonwealth, investments in the PSDMAX account are subject to a 14-day minimum holding period, and to penalty for early withdrawal. This requirement has been waived by the trust since inception.

Interest Rate Risk: The District does not have a formal written investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District's investments that are subject to interest rate risk are included in the table previously listed. Investments in Pennsylvania Local Government Investment Trust (PLGIT) are not subject to interest rate risk as the funds are accessible on a daily basis and the interest rates change daily based on market conditions.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments. All of the District's brokered certificates of deposit, fixed income securities, and agency securities are in the name of the District and not the custodian.

Credit Risk - Investments: Included in cash and cash equivalents in the financial statements are pooled investments in the PLGIT-Class and PLGIT-Reserve Class. These funds operate similarly to mutual funds that consist of short-term money market instruments and seek to maintain a constant net asset value of \$1 per share. PLGIT deposits were invested by PLGIT directly in portfolios of securities which are held by a third-party custodian. The District's investments that have a credit quality rating are included in the table above.

Concentration of Credit Risk: The District places no limit on the amount they may invest in any one issuer. At June 30, 2025, the District does not have any concentrations of credit risk in its investments.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 3. Real Estate Taxes

The District's real estate tax bills are based upon assessments provided by Cumberland County. The District tax rate for the year ended June 30, 2025, was 16.8633 mills as levied by the Board of School Directors. The schedule for real estate taxes levied for the fiscal year ended June 30, 2025, follows:

Levy Date	July 1
Discount	July 1 - August 31
Face	September 1 - October 31
Penalty	November 1 - December 31

After January 15, the bills are considered delinquent and are turned over to the Cumberland County Tax Claim Bureau for collection.

Note 4. Taxes Receivable and Deferred Inflows of Resources

Taxes receivable and related deferred inflows of resources in the fund financial statements consist of the following as of June 30, 2025 are as follows:

	Amount
Earned income	\$ 1,284,027
Real estate	1,721,666
Real estate transfer	130,578
Other	74,855
Taxes receivable, net	<u>3,211,126</u>
Taxes collected within sixty days, recognized as revenues in governmental funds	<u>(2,389,366)</u>
Taxes estimated to be collected after sixty days and thus "unavailable", recorded as deferred inflows of resources in governmental funds	<u>\$ 821,760</u>

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 5. Interfund Activity

Interfund balances are as follows at June 30, 2025:

Fund	Interfund Receivables	Interfund Payables
Governmental Funds		
General	\$ 826,451	\$ 46,197
Capital reserve	3,169	11,431
Proprietary Funds		
Food service	19,402	28,463
Property rental	23,087	770,164
Fiduciary Funds		
Custodial	539	16,393
	\$ 872,648	\$ 872,648

Amounts are owed between the General Fund and the Capital Reserve Fund, Student Body Fund, Property Rental and Food Service Fund capital and operational expenditures that were paid on behalf of the respective funds.

Interfund transfers for the year ended June 30, 2025, are as follows:

Fund	Transfers In	Transfers Out
Governmental Funds		
General	\$ 760,473	\$ 3,006,306
Capital reserve	3,000,000	-
Proprietary Funds		
Food service	6,306	-
Property rental		895,411
Governmental Activities	134,938	-
	\$ 3,901,717	\$ 3,901,717

Transfers are substantially for the purposes of subsidizing operating functions and funding capital projects and asset acquisitions. For the year ended June 30, 2025, amounts were transferred from the General Fund to the Capital Reserve Fund to fund various future improvements and acquisitions and to the Food Service Fund to fund operations. A transfer from the Property Rental Fund was made to the General Fund for funds that had previously been accumulated. Additionally, a transfer of capital assets was made from the Property Rental Fund into Governmental Activities.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 6. Due from Other Governments

Due from other governments is as follows as of June 30, 2025:

	Governmental Funds	Enterprise Funds
Federal:	\$ 560,915	\$ -
Grant/subsidies		
State:		
Social security	542,594	-
Retirement	2,519,846	-
Grant/subsidies	24,438	-
	<u>\$ 3,647,793</u>	<u>\$ -</u>

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital and Right-to-use Assets

Capital and right-to-use asset activity for governmental and business-type activities for the year ended June 30, 2025, is as follows:

	July 1, 2024	Additions	Deletions	June 30, 2025
Governmental Activities:				
Capital assets not being depreciated				
Land	\$ 1,800,459	\$ 125,000	\$ -	\$ 1,925,459
Construction-in-progress	2,268,621	4,571,922	(2,763,265)	4,077,278
Total capital assets not being depreciated	4,069,080	4,696,922	(2,763,265)	6,002,737
Capital and right-to-use assets being depreciated/amortized				
Site improvements	9,842,114	556,396	(24,847)	10,373,663
Buildings and improvements	156,061,551	2,957,783	-	159,019,334
Equipment, furniture, and fixtures	22,266,231	513,919	-	22,780,150
Right-to-use asset equipment	425,231	-	(9,281)	415,950
Right-to-use asset subscription assets	101,361	326,042	-	427,403
Total capital and right-to-use assets being depreciated/amortized	188,696,488	4,354,140	(34,128)	193,016,500
Less accumulated depreciation/amortization				
Site improvements	5,917,769	446,831	(17,393)	6,347,207
Buildings and improvements	72,138,790	4,455,312	-	76,594,102
Equipment, furniture, and fixtures	20,139,999	495,163	-	20,635,162
Right-to-use asset equipment	275,939	89,617	(9,281)	356,275
Right-to-use asset subscription assets	50,248	93,561	-	143,809
Total accumulated depreciation/amortization	98,522,745	5,580,484	(26,674)	104,076,555
Total capital and right-to-use assets being depreciated/amortized, net	90,173,743	(1,226,344)	(7,454)	88,939,945
Total Governmental Activities, capital and right-to-use assets - net	\$ 94,242,823	\$ 3,470,578	\$ (2,770,719)	\$ 94,942,682
Business-Type Activities:				
Capital assets not being depreciated				
Land	\$ 153,900	\$ -	\$ (125,000)	\$ 28,900
Capital assets being depreciated				
Site improvements	45,840	-	(40,030)	5,810
Buildings and improvements	90,096	-	-	90,096
Equipment, furniture, and fixtures	2,499,925	-	-	2,499,925
Total capital assets being depreciated	2,635,861	-	(40,030)	2,595,831
Less accumulated depreciation				
Site improvements	32,125	581	(30,092)	2,614
Buildings and improvements	38,794	4,754	-	43,548
Equipment, furniture, and fixtures	2,201,670	44,977	-	2,246,647
Total accumulated depreciation	2,272,589	50,312	(30,092)	2,292,809
Total capital assets being depreciated, net	363,272	(50,312)	(9,938)	303,022
Total Business-Type Activities, capital assets - net	\$ 517,172	\$ (50,312)	\$ (134,938)	\$ 331,922

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 7. Capital and Right-to-use Assets (Continued)

Depreciation and amortization expenses were charged to functions/programs of the primary government as follows:

	Amount
Governmental Activities	
Instruction	\$ 3,869,723
Instructional student support	720,642
Administrative and financial support services	630,719
Operation and maintenance of plant services	179,128
Pupil transportation	10,042
Student activities	170,230
	<u>\$ 5,580,484</u>
Business-type activities	
Food service	\$ 44,977
Property rental	5,335
	<u>\$ 50,312</u>

Note 8. Accrued Salaries and Benefits/Withholdings

Accrued salaries and benefits consist of the following as of June 30, 2025:

	Amount
Accrued salaries	\$ 3,056,807
Retirement	4,610,990
Social Security	225,072
Accrued withholdings	17,813
	<u>\$ 7,910,682</u>

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations

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

	July 1, 2024 (restated)	Increases	Decreases	June 30, 2025	Due within One Year
Governmental Activities					
Bonds					
Series of 2016 Bonds	\$ 880,000	\$ -	\$ 285,000	\$ 595,000	\$ 295,000
Series of 2017 Bonds	18,365,000	-	6,145,000	12,220,000	6,460,000
Series of 2019 Bonds	2,575,000	-	45,000	2,530,000	40,000
Series of 2025 Bonds	-	14,995,000	-	14,995,000	-
	<u>21,820,000</u>	<u>14,995,000</u>	<u>6,475,000</u>	<u>30,340,000</u>	<u>6,795,000</u>
Unamortized bond premium	1,101,445	452,932	508,745	1,045,632	523,606
Subtotal - bonds	<u>22,921,445</u>	<u>15,447,932</u>	<u>6,983,745</u>	<u>31,385,632</u>	<u>7,318,606</u>
Compensated absences *	2,933,968	96,344		3,030,312	143,284
Lease obligations	150,737	-	90,616	60,121	60,121
SBITA liability	28,573	326,042	97,733	256,882	61,373
Total long-term liabilities	<u>\$ 26,034,723</u>	<u>\$ 15,870,318</u>	<u>\$ 7,172,094</u>	<u>\$ 34,732,947</u>	<u>\$ 7,583,384</u>
Business-Type Activities					
Compensated absences *	\$ 3,827	\$ 1,528	\$ -	\$ 5,355	\$ 278
Total long-term liabilities	<u>\$ 3,827</u>	<u>\$ 1,528</u>	<u>\$ -</u>	<u>\$ 5,355</u>	<u>\$ 278</u>

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

General Obligation Bonds - Series of 2016 - On July 7, 2016, the District issued \$3,000,000 of General Obligation Bonds, Series of 2016. The purpose of the issuance was to fund a portion of the costs and expenses of the Hamilton Elementary School Project, fund various capital projects, and pay the costs of the issuance of the bonds. The bonds are due in varying amounts semi-annually on March 1 and September 1 with principal maturing March 1, 2027. The bonds bear interest at rates ranging from 0.75% to 2.10%.

General Obligation Bonds - Series of 2017 - On February 16, 2017, the District issued \$25,915,000 of General Obligation Bonds, Series of 2017. The purpose of the issuance was used to advance refund the Series of 2011 bonds, fund various capital projects, and pay the costs of the issuance of the bonds. The bonds are due in varying amounts semi-annually on March 1 and September 1 with principal maturing September 1, 2026. The bonds bear interest at rates ranging from 2.00% to 5.00%.

General Obligation Bonds - Series of 2019 - On December 30, 2019, the District issued \$2,840,000 of General Obligation Bonds, Series of 2019. The purpose of the issuance was to refund all of Series B of 2015 bonds and pay the costs of issuing the bonds. The bonds are due in varying amounts semi-annually on March 1 and September 1, with principal maturing on March 1, 2028. The bonds bear interest at rates ranging from 1.50% to 2.00%.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

General Obligation Bonds - Series of 2025 - On June 25, 2025, the District issued \$14,995,000 of General Obligation Bonds, Series of 2025. The purpose of the issuance was to fund a portion of the costs and expenses of the K-8 Project, fund various capital projects, and pay the costs of the issuance of the bonds. The bonds are due in varying amounts semi-annually on March 1 and September 1 with principal maturing September 1, 2055. The bonds bear interest at a rate of 5.00%.

The District general obligation bonds contain a provision that in the event of default for nonpayment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the District's subsidies and pay any past due amounts directly, or to the paying agent for payment to the bond and note holders.

Annual debt service requirements to maturity for the above governmental general debt obligations are as follows:

Year ending June 30:	Principal	Interest	Total
2026	\$ 6,795,000	\$ 1,024,629	\$ 7,819,629
2027	6,955,000	949,725	7,904,725
2028	1,760,000	777,500	2,537,500
2029	250,000	735,250	985,250
2030	260,000	722,500	982,500
2031-2035	1,525,000	3,396,875	4,921,875
2036-2040	1,955,000	2,963,875	4,918,875
2041-2045	2,510,000	2,408,750	4,918,750
2046-2050	3,225,000	1,695,125	4,920,125
2051-2055	4,145,000	778,875	4,923,875
2056	960,000	24,000	984,000
	<u>\$ 30,340,000</u>	<u>\$ 15,477,104</u>	<u>\$ 45,817,104</u>

Leases Payable

The District leases equipment for certain District offices and buildings. The original lease term is for five years. The District's equipment lease contains scheduled monthly payments with expiration dates extending through 2026. Leases payable are fully funded by the General Fund. The associated right-to-use assets are disclosed in the Capital and Right-to-Use Assets footnote.

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

Year ending June 30:	Principal	Interest	Total
2026	\$ 60,121	\$ 88	\$ 60,209
	<u>\$ 60,121</u>	<u>\$ 88</u>	<u>\$ 60,209</u>

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 9. Long-Term Obligations (Continued)

Subscription Based Information Technology Arrangements (SBITA) Liabilities

The District entered into four subscription arrangements ranging from two to five years for the exclusive use of subscription-based information technology. The arrangements require annual principal and interest payments that are fully funded by the General Fund. The associated right-to-use asset is disclosed in the Capital Assets footnote.

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

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 61,373	\$ 7,787	\$ 69,160
2027	63,234	5,926	69,160
2028	65,150	4,010	69,160
2029	67,125	2,035	69,160
	<u>\$ 256,882</u>	<u>\$ 19,758</u>	<u>\$ 276,640</u>

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan

Plan Description

PSERS (Pennsylvania Public School Employee's Retirement System or the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

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

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of three years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

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

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

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions:

The District's contractually required contribution rate for fiscal year ended June 30, 2025, was 33.27% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Included in the District's contractually required contribution rate is the Act 5 contribution rate totaling an estimated 0.35 %

The District is required to pay the entire contribution and will be reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total District's rate. The District's contributions to the Plan, relating to pension benefits, for the year ended June 30, 2025, was \$12,221,816, and is equal to the required contribution for the year. For the year ended June 30, 2025, the District recognized gross retirement subsidy revenue from the Commonwealth in the amount of \$6,925,066.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

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

At June 30, 2025, the District reported a liability of \$91,453,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.2185 %, which was an decrease of 0.0054 % from its proportion reported as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$10,279,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 1,438,000
Net difference between projected and actual investment earnings	1,514,000	-
Changes in proportion	2,215,000	1,748,000
Contributions subsequent to the measurement date	12,222,000	-
	<u>\$ 15,951,000</u>	<u>\$ 3,186,000</u>

\$12,222,000 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30:	Amount
2026	\$ (1,734,000)
2027	2,763,000
2028	(180,000)
2029	(306,000)
	<u>\$ 543,000</u>

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

Actuarial Assumptions

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

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

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

Investments

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

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

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

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

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

Discount Rate

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 10. Defined-Benefit Pension Plan (Continued)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 120,472,000	\$ 91,453,000	\$ 66,949,000

Pension Plan Fiduciary Net Position

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

Plan Payables

At June 30, 2025, the District reported a payable to PSERS of \$4,525,298, which represents the employer contributions owed to the pension plan.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District’s Single Employer Plan

Plan Description, Benefit Terms and Funding Policy

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

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
I. ALL EMPLOYEES	Must Retire from the District	<p>Coverage: Medical, Prescription Drug, Dental and Vision</p> <p>Premium Sharing: Upon retirement, the member and family may elect medical, prescription drug, and vision coverage by paying 102% of the premiums.</p> <p>Dependents: Families are included. Upon the death of the retiree, the family may elect coverage by paying 102% of the premiums.</p>	<p>Medical and Prescription Drug: The member will cease coverage at Medicare age.</p> <p>The spouse will cease coverage at Medicare age.</p> <p>Dental and Vision: The member and spouse may continue coverage for life.</p>
<i>Notes:</i>	<p>PSERS Retirement:</p> <p>1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.</p> <p>2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.</p> <p>3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019. Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS Service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.</p> <p>4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.</p> <p>5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.</p>		

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District’s Single Employer Plan (Continued)

Employees Covered by Benefit Terms

As of July 1, 2023 actuarial valuation, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	144
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	468
	612

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

At June 30, 2025, the District reported a liability of \$3,099,905 for the total OPEB liability. The total OPEB liability was measured as of July 1, 2024, and was determined by an actuarial valuation as of July 1, 2023. The OPEB liability is composed of the following:

	Amount
Total OPEB Liability, beginning	\$ 2,916,131
Changes for the year	
Service cost	190,326
Interest	125,429
Changes in assumptions	(3,793)
Benefit payments	(128,188)
Net Changes	183,774
Total OPEB Liability, ending	\$ 3,099,905

For the year ended June 30, 2025, the District recognized OPEB expense of \$170,769. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 534,132	\$ 833,834
Changes in assumptions	225,512	913,961
Benefit payments subsequent to the measurement date	154,157	-
	\$ 913,801	\$ 1,747,795

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

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

Of the total amount reported as deferred outflows of resources related to OPEB, \$154,157 resulting from District benefit payments subsequent to the measurement date and before the end of the fiscal year will be included as a reduction of the collective net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the District's OPEB expense as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2026	\$ (144,986)
2027	(144,986)
2028	(144,982)
2029	(48,980)
2030	(49,057)
Thereafter	(455,160)
	<u>\$ (988,151)</u>

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

- Inflation: 2.5%
- Salary Increases: 2.5% cost of living adjustment, 1.5% real wage growth, and for teacher and administrators a merit increase which varies by age from 2.75% to 0%
- Discount Rate: 4.29%, Based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2024
- Actuarial Cost Method: Entry Age Normal, Level Percent of Pay
- Healthcare Cost Trend Rate: 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Retirees' Share of Benefit-Related Costs: Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate
- Mortality rates are separate and are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. 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 administrators and all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 11. Other Post-Employment Benefits - District's Single Employer Plan (Continued)

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

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

	1% Decrease	3.29%	Current Discount Rate 4.29%	1% Increase 5.29%		
Total OPEB liability	\$	3,345,997	\$	3,099,905	\$	2,868,514

Changes in Actuarial Assumptions

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

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

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

	1% Decrease	Current Trend Rate	1% Increase			
Total OPEB liability	\$	2,738,419	\$	3,099,905	\$	3,527,654

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan

Plan Description

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

The System provides Premium Assistance which is a governmental cost sharing, multiple-employer other post-employment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

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

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

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

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$231,432 for the year ended June 30, 2025.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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

At June 30, 2025, the District reported a liability of \$3,887,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's reported proportion was 0.2188 %, which was a decrease of 0.0054 % from its proportion reported as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$127,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 15,000	\$ 58,000
Changes in assumptions	237,000	594,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportion	212,000	164,000
Contributions subsequent to the measurement date	232,000	-
	<u>\$ 700,000</u>	<u>\$ 816,000</u>

\$232,000 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows

Year ending June 30:	Amount
2026	\$ (101,000)
2027	(114,000)
2028	(95,000)
2029	(8,000)
2030	(30,000)
	<u>\$ (348,000)</u>

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Actuarial Assumptions

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

- Valuation Date - June 30, 2023
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%
- The discount rate used to measure the total OPEB liability increased from 4.13% as of June 30, 2023, to 4.21% as of June 30, 2024.

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

The following assumptions were used to determine the contribution rate:

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

Investments

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	1.7%
	<u>100.0%</u>	

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

Discount Rate

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

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 12. Other Post-Employment Benefits - PSERS Cost Sharing Plan (Continued)

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

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

	1% Decrease	3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	\$ 4,391,000	\$ 3,887,000	\$ 3,887,000	\$ 3,465,000

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

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

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 3,887,000	\$ 3,887,000	\$ 3,887,000

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.

Plan Payables

At June 30, 2025, the District reported a payable to PSERS of \$85,691, which represents the employer contributions owed to the OPEB plan.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 13. Commitments and Contingencies

The District is subject to real estate tax assessment appeals on an ongoing basis. If tax appeals are successful, the result is a loss of tax revenue to District. It is anticipated that any material loss of tax revenue on individual tax appeals will be offset with additional revenues from other properties or other sources of revenue and would not create a financial hardship to the District.

The District is involved with various potential lawsuits in the normal course of operations. In most cases, management cannot predict the outcome of the lawsuits or estimate the amounts of any loss that may result. Management believes that losses resulting from these matters, if any, would be substantially covered under the District's professional liability insurance policy and would not have a material effect on the financial position of the District.

The District participates in numerous state and federal programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at June 30, 2025, may be impaired. In the Opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying combined financial statements for such contingencies.

At June 30, 2025, the District was committed under various construction contracts totaling \$7,632,075. As of year-end, \$3,048,616 had been expended, leaving a remaining commitment of \$4,586,459. These contracts relate to ongoing capital projects including renovations to the new middle school design, Mooreland Elementary addition and renovation, various HVAC projects, stadium upgrades, high school elevator upgrade, art room casework, and Swartz vestibule entrance. The projects are expected to be completed by the June 2028.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Risk Management

Insurance

The District's risk management activities are recorded in the general, food service, and internal service funds and are related to administering employee life, health, and disability, property and liability, worker's compensation, and unemployment insurance programs. The District's risk management activities do not constitute a transfer of risk from the District. Settlement amounts have not exceeded insurance coverage for the current year or three prior years. Significant losses are covered by commercial insurance for all major programs except workers' compensation and health insurance.

On July 1, 1995, the District established the South Central Region School Employees Benefit and Welfare Trust (the Trust), a public entity risk pool, to provide its employees medical and dental insurance. The member Districts of the Trust elect trustees to manage it, but the risk is not shared among all members. At June 30, 2024, there were nine member Districts in the Trust. The District uses a "claim-based" funding plan for medical insurance. Under this plan, the District pays the Trust based on actual claims paid, or in essence, self-insures. The District utilizes an internal service fund to account for the revenues and expenses of the program.

Payments are made from the general fund and food service fund to the internal service fund based on an estimate of expected claims established by the insurance carrier at the beginning of the year. Premiums charged in excess of claims paid and administrative costs are deposited in a rate-stabilization fund for the District. Since the District is responsible for its own risk, additional assessments would be charged to make up any deficiencies in this fund related to the District; thus, this functions like a retrospectively rated program. The balance remaining in the rate-stabilization fund held by the Trust is considered a prepaid expense within the internal service fund. Provisions are in effect by the Trust to refund any excess monies should the District withdraw or the Trust be dissolved. The District has reinsurance for claims in excess of \$300,000 specific (per person). Financial statements of the Trust are provided to member Districts. District transactions with the Trust were as follows:

Changes in health insurance claims liability amounts (including stop loss premiums and administrative charges) for the years ended June 30 were as follows:

	2025	2024
Liability - Beginning of Year	\$ 782,058	\$ 643,771
Current Year Expense (including change in estimate)	9,280,230	8,011,179
Claim Payments	(9,231,366)	(7,872,892)
Liability - End of Year	<u>\$ 830,922</u>	<u>\$ 782,058</u>

The ending liability consists of incurred but not reported (IBNR) claims as of June 30, 2025. The IBNR was estimated based on actual claims incurred prior to June 30, 2025, but paid after year end. The ending liability above is netted with prepaid expenses within the Medical Insurance Fund.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Note 14. Risk Management (Continued)

Other Risks

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. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Funding Constraints

As of the date of issuance of these financial statements, the District is subject to external constraints that may create a risk of substantial impact on its financial position. During the fiscal year ended June 30, 2025, approximately 36% of the District's total General Fund revenues were derived from the Commonwealth of Pennsylvania and the Federal Government. The District is dependent on timely appropriations and disbursements from these governments to fund its operations and programs. The Commonwealth of Pennsylvania and Federal Government have experienced delays in the passage of their annual budgets, resulting in delays in the release of state and certain federal pass-through funds to local governments and agencies. Management continues to monitor the budget process at both the federal and state levels and will update its mitigation strategies as necessary.

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REQUIRED SUPPLEMENTARY INFORMATION

CARLISLE AREA SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION -
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
 BUDGET AND ACTUAL - GENERAL FUND

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources				
Taxes	\$ 67,509,620	\$ 67,509,620	\$ 70,387,108	\$ 2,877,488
Investment earnings	1,220,600	1,220,600	2,279,855	1,059,255
Revenues from intermediate sources	850,000	850,000	1,018,819	168,819
Other revenue	475,000	475,000	722,460	247,460
Total local sources	70,055,220	70,055,220	74,408,242	4,353,022
State sources	38,139,114	38,139,114	39,476,581	1,337,467
Federal sources	1,681,177	1,681,177	2,124,342	443,165
Total revenues	109,875,511	109,875,511	116,009,165	6,133,654
Expenditures				
Instruction				
Regular programs	41,718,386	41,713,540	40,750,317	963,223
Special programs	15,899,192	15,899,184	18,200,498	(2,301,314)
Vocational programs	2,328,791	2,324,789	2,614,301	(289,512)
Other instructional	5,679,526	5,679,520	6,868,212	(1,188,692)
Nonpublic school programs	-	-	35,789	(35,789)
Adult and higher education programs	217,263	217,263	217,263	-
Support services				
Pupil personnel services	5,227,108	5,223,589	5,390,373	(166,784)
Instructional staff services	3,312,832	3,321,820	3,515,194	(193,374)
Administrative services	5,321,674	5,311,659	5,436,739	(125,080)
Pupil health	1,635,002	1,634,645	1,675,922	(41,277)
Business	1,034,047	1,033,544	943,047	90,497
Operation and maintenance of plant services	8,236,747	8,232,244	8,019,656	212,588
Student transportation services	5,973,417	5,973,417	6,358,251	(384,834)
Central support services	3,310,442	3,329,290	3,444,442	(115,152)
Other support services	55,000	55,000	50,305	4,695
Operation of noninstructional services				
Student activities	1,881,062	1,880,985	1,917,143	(36,158)
Community services	300,000	300,000	573,695	(273,695)
Other noninstructional services	250	250	458	(208)
Facilities, acquisition, construction and improvement	-	-	515,344	(515,344)
Debt service				
Principal	6,475,000	6,475,000	6,663,348	(188,348)
Interest	831,275	831,275	832,748	(1,473)
Refund of prior years' receipts	-	-	11,403	(11,403)
Total expenditures	109,437,014	109,437,014	114,034,448	(4,597,434)
Excess of revenues over expenditures	438,497	438,497	1,974,717	1,536,220
Other Financing Sources (Uses)				
Interfund transfers	-	-	(2,245,833)	(2,245,833)
Insurance recoveries	-	-	250,798	250,798
Proceeds from SBITAs	-	-	326,042	326,042
Total other financing uses	-	-	(1,668,993)	(1,668,993)
Net changes in fund balance	\$ 438,497	\$ 438,497	305,724	\$ (132,773)
Fund Balances - July 1, 2024			35,293,844	
Fund Balances - June 30, 2025			<u>\$ 35,599,568</u>	

CARLISLE AREA SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	District's Proportion of the Net Pension Liability	District's Proportionate Share of the Net Pension Liability	District's Covered Payroll	District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.2185%	\$ 91,453,000	\$ 34,739,631	263.25%	64.63%
2024	0.2239%	\$ 99,605,000	\$ 34,348,553	289.98%	61.85%
2023	0.2154%	\$ 95,764,087	\$ 31,710,404	302.00%	61.34%
2022	0.2125%	\$ 87,245,551	\$ 30,109,690	289.76%	63.67%
2021	0.2058%	\$ 101,333,895	\$ 28,843,151	351.33%	54.32%
2020	0.2174%	\$ 101,705,390	\$ 29,977,178	339.28%	55.66%
2019	0.2187%	\$ 104,987,000	\$ 29,449,026	356.50%	54.00%
2018	0.2290%	\$ 110,086,755	\$ 29,693,080	370.75%	51.84%
2017	0.2660%	\$ 112,295,770	\$ 29,350,454	382.60%	50.14%
2016	0.2375%	\$ 102,873,859	\$ 30,552,732	336.71%	54.36%

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

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

CARLISLE AREA SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 12,221,816	\$ (12,221,816)	\$ -	\$ 36,730,990	33.27%
2024	\$ 11,714,617	\$ (11,714,617)	\$ -	\$ 35,011,894	33.46%
2023	\$ 11,632,650	\$ (11,632,650)	\$ -	\$ 34,345,322	33.87%
2022	\$ 10,671,897	\$ (10,671,897)	\$ -	\$ 31,710,404	33.65%
2021	\$ 10,066,418	\$ (10,066,418)	\$ -	\$ 30,109,690	33.43%
2020	\$ 9,602,447	\$ (9,602,447)	\$ -	\$ 28,843,151	33.29%
2019	\$ 9,751,389	\$ (9,751,389)	\$ -	\$ 29,977,178	32.53%
2018	\$ 9,298,886	\$ (9,298,886)	\$ -	\$ 29,449,026	31.58%
2017	\$ 8,579,295	\$ (8,579,295)	\$ -	\$ 29,693,080	28.89%
2016	\$ 7,244,887	\$ (7,244,887)	\$ -	\$ 29,350,454	24.68%

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

CARLISLE AREA SCHOOL DISTRICT

**REQUIRED SUPPLEMENTARY INFORMATION -
SCHEDULES OF CHANGES IN OPEB LIABILITY AND RELATED RATIOS -
DISTRICT'S SINGLE EMPLOYER PLAN**

For the Fiscal Year Ended June 30,

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	\$ 190,326	\$ 253,020	\$ 325,115	\$ 293,675	\$ 215,026	\$ 192,577	\$ 179,975	\$ 235,299
Interest	125,429	157,965	97,035	67,504	100,909	74,192	72,422	81,125
Differences between expected and actual experience	-	(642,313)	-	511,700	-	424,606	-	(1,130,457)
Changes in assumptions	(3,793)	(428,163)	(577,976)	(134,355)	375,682	(81,726)	786	74,450
Benefit payments	(128,188)	(135,551)	(139,271)	(147,994)	(139,830)	(93,348)	(85,881)	(224,300)
Net change in total OPEB liability	183,774	(795,042)	(295,097)	590,530	551,787	516,301	167,302	(963,883)
Total OPEB Liability - beginning	2,916,131	3,711,173	4,006,270	3,415,740	2,863,953	2,347,652	2,180,350	3,144,233
Total OPEB Liability - ending	\$ 3,099,905	\$ 2,916,131	\$ 3,711,173	\$ 4,006,270	\$ 3,415,740	\$ 2,863,953	\$ 2,347,652	\$ 2,180,350
Covered payroll	\$29,771,120	\$29,771,120	\$ 27,944,217	\$ 27,944,217	\$ 26,725,321	\$ 26,725,321	\$ 29,132,167	\$ 29,132,167
Net OPEB liability as a percentage of covered payroll	10.41%	9.80%	13.28%	14.34%	12.78%	10.72%	8.06%	7.48%

Notes to Schedule:

For the fiscal year ended June 30, 2025:

Changes in assumptions: The discount rate changed from 4.13% to 4.29%. The trend assumption was updated.

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

CARLISLE AREA SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	District's Proportion of the Net OPEB Liability	District's Proportionate Share of the Net OPEB Liability	District's Covered Payroll	District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.2188%	\$ 3,887,000	\$ 34,739,631	11.19%	7.13%
2024	0.2242%	\$ 4,056,000	\$ 34,348,553	11.81%	7.22%
2023	0.2157%	\$ 3,970,543	\$ 31,710,404	12.52%	6.86%
2022	0.2124%	\$ 5,034,056	\$ 30,109,690	16.72%	5.30%
2021	0.2057%	\$ 4,444,554	\$ 28,843,151	15.41%	5.69%
2020	0.2174%	\$ 4,623,755	\$ 29,977,178	15.42%	5.56%
2019	0.2187%	\$ 4,559,992	\$ 29,449,026	15.48%	5.56%
2018	0.2229%	\$ 4,541,391	\$ 29,693,080	15.29%	5.73%

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

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

CARLISLE AREA SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30	Contractually Required Contribution	Contributions in Relation to the Contractually Required Contribution	Contribution Deficiency (Excess)	District's Covered Payroll	Contributions as a Percentage of Covered Payroll
2025	\$ 231,432	\$ (231,432)	\$ -	\$ 36,730,990	0.63%
2024	\$ 224,741	\$ (224,741)	\$ -	\$ 35,011,894	0.64%
2023	\$ 255,185	\$ (255,185)	\$ -	\$ 34,345,322	0.74%
2022	\$ 251,677	\$ (251,677)	\$ -	\$ 31,710,404	0.79%
2021	\$ 245,921	\$ (245,921)	\$ -	\$ 30,109,690	0.82%
2020	\$ 241,520	\$ (241,520)	\$ -	\$ 28,843,151	0.84%
2019	\$ 250,347	\$ (250,347)	\$ -	\$ 29,977,178	0.84%
2018	\$ 243,636	\$ (243,636)	\$ -	\$ 29,449,026	0.83%

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

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SUPPLEMENTARY INFORMATION



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

Board of Directors
Carlisle Area School District
Carlisle, 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 Carlisle Area School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 23, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Camp Hill, Pennsylvania
December 23, 2025



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

Board of Directors
Carlisle Area School District
Carlisle, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

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

Camp Hill, Pennsylvania
December 23, 2025

CARLISLE AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I -- Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? Yes No
- Significant deficiencies identified? Yes None Reported

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

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

Identification of major programs:

Assistance Listing Number	Name of Federal Programs/Cluster
84.010	Title I - Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? Yes No

CARLISLE AREA SCHOOL DISTRICT
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2025

Section II -- Financial Statement Findings

A. Significant Deficiencies in Internal Control

There were no findings relating to the Financial Statement audit required to be reported.

B. Compliance Findings

There were no findings relating to the Financial Statement audit required to be reported.

Section III -- Federal Award Findings and Questioned Costs

A. Significant Deficiencies in Internal Control

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

B. Compliance Findings

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

CARLISLE AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2025

Grantor Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2025	Provided to Subrecipients
U.S. Department of Education										
Passed through the Pennsylvania Department of Education										
Title I - Grants to Local Educational Agencies	84.010	013-25-0063	7/1/24 - 9/30/25	\$ 1,281,581	\$ 1,007,754	\$ -	\$ 1,216,385	\$ 1,216,385	\$ 208,631	\$ -
Title I - Grants to Local Educational Agencies	84.010	013-24-0063	7/1/23 - 9/30/24	\$ 1,298,079	284,536	245,962	38,574	38,574	-	-
Title I - Grants to Local Educational Agencies	84.010	013-23-0063	7/1/22 - 9/30/23	\$ 1,045,113	223,934	223,934	-	-	-	-
					<u>1,516,224</u>	<u>469,896</u>	<u>1,254,959</u>	<u>1,254,959</u>	<u>208,631</u>	<u>-</u>
Career and Technical Education - Basic Grants to States (Perkins)	84.048	380-25-0065	7/1/24 - 9/30/25	\$ 89,628	89,628	-	89,628	89,628	-	-
Title II - Supporting Effective Instruction State Grants	84.367	020-25-0063	7/1/24 - 9/30/25	\$ 175,032	174,722	-	175,032	175,032	310	-
Title II - Supporting Effective Instruction State Grants	84.367	020-24-0063	7/1/23 - 9/30/24	\$ 178,361	1,500	1,500	-	-	-	-
					<u>176,222</u>	<u>1,500</u>	<u>175,032</u>	<u>175,032</u>	<u>310</u>	<u>-</u>
Title IV - Student Support and Academic Enrichment Program	84.424	144-25-0063	7/1/24 - 9/30/25	\$ 97,756	69,826	-	87,373	87,373	17,547	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-24-0063	7/1/23 - 9/30/24	\$ 81,817	29,220	24,660	4,560	4,560	-	-
Title IV - Student Support and Academic Enrichment Program	84.424	144-23-0063	7/1/22 - 9/30/23	\$ 83,132	3,940	3,940	-	-	-	-
					<u>102,986</u>	<u>28,600</u>	<u>91,933</u>	<u>91,933</u>	<u>17,547</u>	<u>-</u>
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	223-21-0063	3/13/20 - 9/30/24	\$ 6,867,458	998,903	657,736	341,167	341,167	-	-
COVID-19 - American Rescue Plan - Elementary & Secondary School Emergency Relief (ARP ESSER) Fund	84.425U	225-21-0063	7/1/21 - 9/30/24	\$ 533,755	48,522	20,803	27,719	27,719	-	-
					<u>1,047,425</u>	<u>678,539</u>	<u>368,886</u>	<u>368,886</u>	<u>-</u>	<u>-</u>
Total passed through the Pennsylvania Department of Education					<u>2,932,485</u>	<u>1,178,535</u>	<u>1,980,438</u>	<u>1,980,438</u>	<u>226,488</u>	<u>-</u>
Passed through the Capital Area Intermediate Unit										
Special Education - Grants to States (IDEA Part B)	84.027	N/A	7/1/24 - 9/30/25	\$ 939,851	695,406	-	939,851	939,851	244,445	-
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	7/1/24 - 6/30/25	\$ 6,160	6,160	-	6,160	6,160	-	-
Title III - English Language Acquisition State Grants	84.365	N/A	7/1/24 - 9/30/25	\$ 73,031	22,495	-	66,932	66,932	44,437	-
Total passed through the Capital Area Intermediate Unit					<u>724,061</u>	<u>-</u>	<u>1,012,943</u>	<u>1,012,943</u>	<u>288,882</u>	<u>-</u>
Passed through Lancaster -Lebanon Intermediate Unit										
Special Education - Grants to States (IDEA, Part B)	84.027	062-24-0033	7/1/23 - 9/30/24	\$ 50,000	41,569	41,569	5,304	5,304	5,304	-
Total U.S. Department of Education					<u>3,698,115</u>	<u>1,220,104</u>	<u>2,998,685</u>	<u>2,998,685</u>	<u>520,674</u>	<u>-</u>

(Continued)

CARLISLE AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

Year Ended June 30, 2025

Grantor Program Title	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period	Program or Annual Award	Total Received (Refunded) for the Year	Accrued or (Deferred) Revenue at July 1, 2024	Revenue Recognized	Expenditures Recognized	Accrued or (Deferred) Revenue at June 30, 2025	Provided to Subrecipients
U.S. Department of Treasury										
Passed through the Pennsylvania Commission on Crime and Delinquency										
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	2023-CM-01-43015	1/1/24 - 6/30/26	163933	103,662	-	143,904	143,904	40,242	-
Total U.S. Department of Treasury					103,662	-	143,904	143,904	40,242	-
U.S. Department of Agriculture										
Passed through the Pennsylvania Department of Education										
School Breakfast Program	10.553	N/A	7/1/24 - 6/30/25	N/A	660,832	-	660,832	660,832	-	-
School Breakfast Program	10.553	N/A	7/1/23 - 6/30/24	N/A	12,366	12,366	-	-	-	-
					<u>673,198</u>	<u>12,366</u>	<u>660,832</u>	<u>660,832</u>	<u>-</u>	<u>-</u>
National School Lunch Program	10.555	N/A	7/1/24 - 6/30/25	N/A	1,651,044	-	1,651,044	1,651,044	-	-
National School Lunch Program	10.555	N/A	7/1/23 - 6/30/24	N/A	21,722	21,722	-	-	-	-
					<u>1,672,766</u>	<u>21,722</u>	<u>1,651,044</u>	<u>1,651,044</u>	<u>-</u>	<u>-</u>
Total passed through the Pennsylvania Department of Education					<u>2,345,964</u>	<u>34,088</u>	<u>2,311,876</u>	<u>2,311,876</u>	<u>-</u>	<u>-</u>
Passed through the Pennsylvania Department of Agriculture										
National School Lunch Program - Food Donations	10.555	N/A	7/1/24 - 6/30/25	N/A	207,514	-	207,514	207,514	-	-
Total U.S. Department of Agriculture					2,553,478	34,088	2,519,390	2,519,390	-	-
Total Expenditures of Federal Awards					\$ 6,355,255	\$ 1,254,192	\$ 5,661,979	\$ 5,661,979	\$ 560,916	\$ -
Child Nutrition Cluster (Assistance Listing Numbers - 10.553 and 10.555)					\$ 2,553,478	\$ 34,088	\$ 2,519,390	\$ 2,519,390	\$ -	\$ -
Special Education Clust (Assistance Listing Numbers - 84.027 and 84.173)					\$ 743,135	\$ 41,569	\$ 951,315	\$ 951,315	\$ 249,749	\$ -
Education Stabilization Fund (Assistance Listing Number - 84.425)					\$ 1,047,425	\$ 678,539	\$ 368,886	\$ 368,886	\$ -	\$ -

See Notes to Schedule of Expenditures of Federal Awards.

CARLISLE AREA SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Note 2. Significant Accounting Policies

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

CARLISLE AREA SCHOOL DISTRICT

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

There were no prior year's audit findings.

**APPENDIX D –
Continuing Disclosure Certificate**

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CARLISLE AREA SCHOOL DISTRICT CUMBERLAND COUNTY, PENNSYLVANIA

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

CONTINUING DISCLOSURE AGREEMENT

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

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

Section 1. Undertaking to file current information with MSRB. The School District agrees, in accordance with the Rule, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") as designated by the Commission in accordance with the Rule, the following annual financial information and operating data commencing with the fiscal year ended June 30, 2026:

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

- (i) Combined balance sheet of all fund types and account groups; and
- (ii) Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and expendable trust funds.

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

(i) Tax Rates (Table 6) - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(ii) Real Property Assessment Data (Table 8) - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iii) Real Property Tax Collection Data (Table 11) - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) Ten Largest Real Property Taxpayers, 2025-26 (Table 12) - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

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

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

Section 3. Time period within which annual information must be filed. The annual information and operating data described above in Section 1 must be provided within 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026. Such information shall be made available, in addition to the MSRB, to the Paying Agent for the Bonds and to each holder of Bonds who makes request for such information. In the event that no such audited financial statement is available within 270 days of the close of the fiscal year, the School District shall provide an unaudited statement, and shall thereafter provide an audited financial statement for the same period as soon as available. Upon receipt of the audited financial statement, the School District will promptly file it.

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

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

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of any credit or liquidity providers, or their failure to perform;

- f. Adverse tax opinions, IRS notices or material events affecting the tax status of the Bonds;
- g. Modifications to rights of holders of the Bonds, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- k. Rating changes;

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

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

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

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

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

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

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

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

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

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

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

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

CARLISLE AREA SCHOOL DISTRICT

By: _____
(Vice) President

Attest: _____
Secretary

(SEAL)

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