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

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 2, 2026

NEW ISSUE - BOOK-ENTRY ONLY

RATING: Moody's: "Aa3" (Underlying)
(See "RATING" herein)

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.

$30,945,000*
Chambersburg Area School District
(Franklin County, Pennsylvania)
General Obligation Bonds, Series of 2026

Bonds Dated: Date of Delivery
Interest Due: March 1 and September 1

Principal Due: March 1(as shown on inside front cover)
First Interest Payment: March 1, 2027

The General Obligation Bonds, Series of 2026 (the "Bonds"), in the aggregate principal amount of $30,9045,000* will be issued in registered form in denominations of $5,000 or any integral multiple thereof, and 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, under its book-entry only system maintained 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. A purchaser of the Bonds 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 or transfer, exchange and payment as described herein. The principal of the Bonds will be paid to the registered owners or assigns, when due, upon presentation and surrender of the Bonds to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent, registrar and sinking fund depository, at its designated corporate trust office. Interest on the Bonds is payable on March 1 and September 1 of each year, until the principal sum thereof is paid. DTC Participants and Indirect Participants will be responsible for remitting interest and principal payments to Beneficial Owners of the Bonds.

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

The Bonds are subject to optional or mandatory redemption prior to maturity.

The Bonds are being issued to (a) undertake the acquisition, design, construction, furnishing and equipping of (i) renovations to Chambersburg Area Middle School South, (ii) a new intermediate school for grades four through six, and (iii) a new elementary school for grades kindergarten through third, and (b) pay the costs and expenses of issuing the Bonds.

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

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

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon for the School District by Saxton & Stump, LLC, of Lancaster, Pennsylvania, School District Solicitor and McNees Wallace & Nurick LLC, of Lancaster, Pennsylvania, will pass upon certain legal matters for the Underwriter as Limited Scope Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Municipal Advisor to the School District. It is expected that the Bonds will be available for delivery through DTC in New York, New York, on or about December __, 2026.

RAYMOND JAMES®

Dated:

*Estimated, subject to change.

$30,945,000*
Chambersburg Area School District
(Franklin County, Pennsylvania)
General Obligation Bonds, Series of 2026

Bonds Dated: Date of Delivery
Interest Due: March 1 and September 1

Principal Due: March 1
First Interest Payment: March 1, 2027

BOND MATURITY SCHEDULE:

Maturity Date (March 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	Initial Offering Prices	CUSIP[(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					

[(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

CHAMBERSBURG AREA SCHOOL DISTRICT

(Franklin County, Pennsylvania)

BOARD OF SCHOOL DIRECTORS

Mr. Ed Norcross	President
Mrs. Faye Gaugler	Vice President
Mrs. Tamera Stouffer	Secretary*
Mrs. Danette Nolt	Treasurer*
Dr. Sherian Diller	Member
Ms. Stephanie Gouss	Member
Mr. William Lennartz, Jr.	Member
Mr. Michael Hayduk	Member
Mr. Carl McKee	Member
Mr. Benjamin Raber	Member
Mr. Gary Piper	Member

*Non-Voting Member

SUPERINTENDENT
MR. CHRISTOPHER E. BIGGER

CHIEF FINANCIAL AND OPERATIONS OFFICER/BOARD SECRETARY
TAMERA STOUFFER

BOND COUNSEL
ECKERT SEAMANS CHERIN & MELLOTT, LLC
Harrisburg, Pennsylvania

SCHOOL DISTRICT SOLICITOR
SAXTON & STUMP, LLC
Lancaster, Pennsylvania

MUNICIPAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL
MCNEES WALLACE & NURICK LLC
Lancaster, Pennsylvania

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

SCHOOL DISTRICT ADDRESS
435 Stanley Avenue
Chambersburg, Pennsylvania 17201

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

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Preliminary Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the School District since the date of this Preliminary Official Statement.

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

The Underwriter may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trust(s)) and others at prices lower than the public offering prices stated on the inside front cover 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 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER SECURITIES REGULATOR. NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION OR ANY OTHER SECURITIES REGULATOR HAS PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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PRELIMINARY OFFICIAL STATEMENT

$30,945,000*
Chambersburg Area School District
(Franklin County, Pennsylvania)
General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by Chambersburg Area School District, located in Franklin County, Pennsylvania (the "School District"), in connection with the offering of $30,945,000* aggregate principal amount of its General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are being issued pursuant to, and are secured by, a Resolution of the Board of School Directors of the School District adopted on October 27, 2026 (the "Resolution"), and in accordance with the Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Debt Act"), of the Commonwealth of Pennsylvania (the "Commonwealth" or "State").

PURPOSE OF THE ISSUE

The Bonds are being issued to (a) undertake the acquisition, design, construction, furnishing and equipping of (i) renovations to Chambersburg Area Middle School South, (ii) a new intermediate school for grades four through six, and (iii) a new elementary school for grades kindergarten through third, and (b) pay the costs and expenses of issuing the Bonds.

Estimated Sources and Uses of Bond Proceeds*

Source of Funds	
Proceeds	
Net Original Issue Premium/(Discount)	
Total Source of Funds	
Use of Funds	
Deposit to Construction Fund	
Costs of Issuance[(1)]	
Total Use of Funds	

[(1)]Includes legal, municipal advisor, bond discount, printing, municipal bond rating, CUSIP, paying agent and miscellaneous costs.

*Estimated, subject to change

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of $5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of $30,945,000*, will be dated as of the date of original issuance and delivery thereof to the Underwriter (the "Date of Delivery"), and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on each of the Bonds will be payable on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is redeemable and is called for redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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

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

Interest on certificated Bonds will be payable to the registered owner of such 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 March 1, 2027, in which event such Bond shall bear interest from the Date of Delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15th) day (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 each 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 certificated Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of such Bond not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the person in whose name such Bond is registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under *"***BOOK-ENTRY ONLY SYSTEM***,"* a certificated Bond is transferable or exchangeable by the registered owner, thereof upon surrender of such Bond to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of certificated 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 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 such Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

The School District and the Paying Agent shall not be required (a) to register the transfer 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 maturity and interest rate.

Security

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

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption

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

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

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

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The $47.6 billion budget 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 million increase over the same appropriation for the 2024-25 fiscal year. The budget also increased the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget included $175 million in estimated savings for school districts through reforms to the existing cyber charter school law.

After approximately two weeks of delay, Governor Josh Shapiro signed the state's budget for the 2026-27 fiscal year on July 12, 2026. The $50.85 billion budget represents a 1.4% increase in spending over the prior fiscal year. The budget includes $8.3 billion for the basic education funding appropriation, which is a $50 million increase over the 2025-26 fiscal year appropriation, and $1.58 billion for the special

education appropriation, which is a $55 million increase over the same appropriation for the 2025-26 fiscal year. The budget also includes $75 million in annual savings from cyber charter funding reform, bringing total cyber charter savings to $250 million annually.

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

Act 85 of 2016

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

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

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

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

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

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

The necessary amounts shall be appropriated 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 Funds

A sinking fund for the payment of debt service on the Bonds, (the "Sinking Fund"), created under the Resolution shall be held 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 funds deposited therein will be invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by law, 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"). The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit bas 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 of any particular maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such maturity to be redeemed.

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

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

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

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

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

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE ORDINANCE 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.

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REDEMPTION OF BONDS

Optional Redemption

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

Mandatory Redemption

In the manner and upon the terms and conditions provided in the Resolution, the following Bonds are subject to mandatory redemption in direct order of maturity pursuant to operation of the Mandatory Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one-hundred percent (100%) of the principal amount thereof, together with accrued interest, on March 1 of the following years and in the following principal amounts:

Bonds stated to mature March 1, _____:

$

_____
*Final Term Maturity

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

Notice of Redemption

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

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

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the 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 thereto, except to receive payment of the principal thereof and accrued interest thereon to the date fixed for redemption.

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

Manner of Redemption

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

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

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

THE SCHOOL DISTRICT

Introduction

The School District occupies approximately 255 square miles in northeastern Franklin County. The School District is composed of the Borough of Chambersburg and Townships of Greene, Hamilton, Letterkenny and Lurgan as well as a portion of Guilford Township. The Borough of Chambersburg is the approximate geographic center of the School District, located approximately 50 miles southwest of Harrisburg, 75 miles northwest of Baltimore and midway between Philadelphia and Pittsburgh.

The School District is situated in the center of the Cumberland Valley, one the most fertile and highly productive agricultural areas in Franklin County. Chambersburg is the county seat of Franklin County and is a diversified industrial center.

Administration

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

School Facilities

The School District presently operates several schools, all as described in the following table:

TABLE 1
CHAMBERSBURG AREA SCHOOL DISTRICT
SCHOOL FACILITIES

Building	Original Construction Date	Addition/ Renovation Date	Grades	Rated Pupil Capacity[(1)]	2026-27 Enrollment
Elementary Schools:					
Andrew Buchanan Elementary	1981	2022	K–5, Special	300	240
Benjamin Chambers Elementary	2008	---	K–5, Special	600	556
Falling Spring Elementary	1966	2022	K–5, Special	300	255
Fayetteville Elementary	2007	---	K–5, Special	600	450
Grandview Elementary	1950	1963, 2008	K–5	300	237
Guilford Hills Elementary	1957	1963, 2022	K–5, Special	300	180
Hamilton Heights Elementary	1960	1999, 2005	K–5, Special	600	574
Lurgan Elementary	1954	1968, 2022	K–5, Special	300	120
Marion Elementary	2016	---	K–5	300	269
New Franklin Elementary	1950	1965, 2014	K–5, Special	300	216
Scotland Elementary	2004	---	K–5, Special	450	447
South Hamilton Elementary	1990	2018	K–5, Special	300	282
Thaddeus Stevens Elementary	1974	2023	K–5, Special	300	299
District Placed*			K-12	---	418
Secondary Schools:					
Chambersburg Area Middle School South	1972	---	6-8, Special	1,421	1,005
Chambersburg Area Middle School North	1958	1991, 2016	6-8, Special	1,349	1,033
Chambersburg Area Senior High School	1955	1961, 2008	9-12	2,774	2,198
Career Magnet School	2012	---	9-12	444	444

[(1)] Per the 2025 School District Wide Facility Study by Crabtree, Rohrbaugh & Associates.
*School District Students are housed in other facilities.
Source: School District officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next 5 years.

TABLE 2
CHAMBERSBURG AREA SCHOOL DISTRICT
ENROLLMENT TRENDS

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2022-23	4,109	5,194	9,303	2027-28	4,162	4,978	9,140
2023-24	4,121	5,180	9,301	2028-29	4,146	4,982	9,128
2024-25	4,307	5,136	9,443	2029-30	4,126	5,027	9,153
2025-26	4,294	5,141	9,435	2030-31	4,137	5,009	9,146
2026-27	4,125	5,126	9,251	2031-32	4,188	5,015	9,203

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 ("PDE"). An annual operating budget is prepared by the Superintendent and Chief Financial and Operations Officer and submitted to the School Board for approval prior to the beginning of the fiscal year.

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, loans receivable from other funds, and revenues receivable from other governmental units. The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. The firm of Smith Elliott Kearns & Company, LLC, Certified Public Accountants, Chambersburg, Pennsylvania, currently serves as the School District's auditor.

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

Budgeting Process in School Districts under the Taxpayer Relief Act

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

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

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

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

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

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

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4, which follow. Tables 5 show audited revenue and expenditures for the past four years, estimated 2025-26 and the 2026-27 budget. The budget for 2026-27 is projecting revenue of $218,486,161 and expenditures of $219,179,118, which included a budgetary reserve of $5,000,000.

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

ASSETS	**2021**	**2022**	**2023**	**2024**	**2025**
Cash and Cash Equivalents	$31,742,519	$22,684,439	$42,472,118	$51,330,972	$18,434,653
Investments	3,000,000	15,000,000	0	0	30,000,000
Taxes Receivable (Net)	8,355,606	8,045,132	9,684,661	10,648,144	11,521,228
Due from Other Funds	428,058	30,692	127,875	130,316	96,200
Due from Other Governments	6,471,602	10,362,796	11,770,303	8,227,707	6,014,313
Leases Receivable	0	79,309	16,655	0	0
Other Receivables (Include Bond Proceeds Receivable)	130,115	58,242	64,193	36,144	536,313
Inventories	129,657	112,812	83,808	63,450	68,561
Prepaid Expenses/Expenditures	134,411	170,428	4,278,007	3,032,428	2,737,206
Leases receivable - noncurrent	0	147,230	0	0	0
TOTAL ASSETS	$50,391,968	$56,691,080	$68,497,620	$73,469,161	$69,408,474
LIABILITIES					
Due to Other Funds	$0	$0	$671,713	$1,059	$4,425
Accounts Payable	1,325,618	4,609,060	5,205,850	1,840,446	1,471,483
Accrued Salaries and Benefits	14,611,439	15,706,690	14,021,740	14,381,609	14,677,955
Unearned Revenues	364,166	435,021	317,422	13,510	225,362
TOTAL LIABILITIES	$16,301,223	$20,750,771	$20,216,725	$16,236,624	$16,379,225
DEFERRED INFLOWS OF RESOURCES	$2,484,635	$3,990,502	$4,953,407	$4,634,063	$3,067,489
FUND EQUITIES					
Nonspendable Fund Balance	$264,068	$283,240	$4,361,815	$3,095,878	$2,805,767
Restricted Fund Balance	2,428,760	786,955	488,237	465,789	519,348
Committed Fund Balance	3,915,177	6,184,991	8,067,717	9,379,770	10,093,738
Assigned Fund Balance	24,998,105	24,694,621	30,409,719	39,657,037	36,542,907
Unassigned Fund Balance	0	0	0	0	0
TOTAL FUND EQUITIES	$31,606,110	$31,949,807	$43,327,488	$52,598,474	$49,961,760
TOTAL DEFERRED INFLOWS OF RESOURCES, LIABILITIES AND FUND EQUITIES	$50,391,968	$56,691,080	$68,497,620	$73,469,161	$69,408,474

*Totals may not add due to rounding.
Source: School District Annual Financial Reports.

TABLE 4
CHAMBERSBURG AREA SCHOOL DISTRICT
SUMMARY OF CHANGES IN FUND BALANCE*

	2022	2023	2024	2025	Estimated 2026[1]	Budgeted 2027[2]
Beginning Fund Balance	$31,606,110	$31,949,807	$43,327,488	$52,598,474	$49,961,760	$53,235,606
Revenues over (under) Expenditures	343,697	11,377,681	9,270,986	(2,636,714)	3,273,846	(692,957)
Ending Fund Balance	$31,949,807	$43,327,488	$52,598,474	$49,961,760	$53,235,606	$52,542,649

*Totals may not add due to rounding.
[1]Estimated, subject to change and final audit.
[2]Budgeted, as adopted June 2, 2026.
Source: School District Annual Financial Reports and Budget.

Revenue

The School District received an estimated $207,180,864 in revenue in 2025-26 and budgeted revenue of $218,486,161 in 2026-27. Local sources decreased as a share of total revenue in the past five years, from 61.2 percent in 2021-22 to an estimated 60.5 percent in 2025-26. Revenue from Commonwealth sources increased as a share of total revenue in the past five years, from 29.8 percent in 2021-22 to an estimated 36.9 percent in 2025-26. Federal and other sources increased from 0.4 percent of total revenue to an estimated 2.6 percent over this period.

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

REVENUE:	2022	2023	2024	2025	Estimated 2026[1]	Budgeted 2027[2]
Local Sources	$104,027,212	$108,966,974	$115,043,863	$120,861,992	$125,335,122	$128,571,760
State Sources	50,717,312	55,484,448	61,213,899	69,600,437	76,518,182	80,464,401
Federal Sources	14,439,248	19,855,859	14,568,771	6,987,945	5,305,955	4,450,000
Sale of Fixed Assets	8,000	588,754	7,738	19,200	21,605	0
Capital Projects Fund Transfers	0	0	0	0	0	0
Proceeds from Refunding of Bonds	0	0	0	0	0	0
Proceeds from Capital Lease	756,545	4,338,443	1,934,958	1,825,961	0	0
Bond Premiums	0	0	0	0	0	0
Budgetary Reserve	0	0	0	0	0	0
Other Financing	0	0	0	0	0	5,000,000
TOTAL REVENUE	$169,948,317	$189,234,478	$192,769,229	$199,295,535	$207,180,864	$218,486,161
	0					
EXPENDITURES:						
Instruction	$99,856,350	$104,986,056	$105,977,355	$113,859,145	$123,624,521	$129,819,611
Support Services	44,986,032	46,036,885	48,649,150	51,872,302	54,824,965	59,385,071
Operation of Non-Instructional Services	2,217,723	2,512,044	2,435,869	2,259,989	2,419,451	2,172,066
Facility Service and Improvements	6,747,705	11,467,952	4,466,467	810,249	1,047,560	150,000
Debt Service	10,591,967	12,371,917	13,933,661	2,664,854	11,557,551	12,037,378
Payment to Refund Bonds	0	0	0	0	0	0
Fund Transfers	5,204,843	481,943	8,035,741	30,465,710	10,300,000	10,614,992
Refund of Prior Year Receipts	0	0	0	0	132,970	0
Budgetary Reserve	0	0	0	0	0	5,000,000
TOTAL EXPENDITURES	$169,604,620	$177,856,797	$183,498,243	$201,932,249	$203,907,018	$219,179,118
REVENUES UNDER (OVER) EXPENDITURES	$343,697	$11,377,681	$9,270,986	($2,636,714)	$3,273,846	($692,957)

*Totals may not add due to rounding.
[1]Estimated, subject to change and final audit.
[2]Budgeted, as adopted June 3, 2025.
Source: School District Annual Financial Reports and Budget.

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), as amended, the School District is empowered by the School Code and other statutes to levy the following taxes:

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

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

   a. for minimum salaries and increments of the teaching and supervisory staff;
   b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
   c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
   d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.

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

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

The Taxpayer Relief Act (Act 1)

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

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

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

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

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

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

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

Fiscal Year	Index %
2022-23	4.5%
2023-24	5.4%
2024-25	7.0%
2025-26	5.3%
2026-27	4.6%

In accordance with Act 1, the School District put a referendum question on the ballot at the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an 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 approved by a majority of the voters at the primary election, and the earned income tax was increased by 0.7 percent.

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 year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 1. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 1 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 1, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Status of the Bonds Under Act 1

No exceptions to the Act 1 index and taxing limits are expected to apply to the Bonds.

Act 130 of 2008

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

The School District does not currently levy the occupation tax.

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

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Legislation Limiting Unassigned Fund Balances

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

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

*"Estimated ending unassigned fund balance" is defined in Act 2003-48 as that portion of the fund balance which is appropriable for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district's budget was adopted and held in the general fund accounts of the school district.

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

Tax Levy Trends

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

TABLE 6
CHAMBERSBURG AREA SCHOOL DISTRICT
TAX RATES

Fiscal Year	Real Estate (mills)	Real Estate Transfer (%)[1]	Wage and Income (%)[1]	Local Services ($)[1]
2022-23	122.4974	0.5	1.2	5.00
2023-24	127.3972	0.5	1.2	5.00
2024-25	132.4930	0.5	1.2	5.00
2025-26	136.4677	0.5	1.2	5.00
2026-27	139.8793	0.5	1.2	5.00

[1] School District's portion.
Source: School District budgets and School District officials.

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

	2022-23	2023-24	2024-25	2025-26	2026-27
School District	122.497	127.397	132.493	136.467	139.879
Municipalities within the School District	**2022**	**2023**	**2024**	**2025**	**2026**
Chambersburg Borough	31.000	32.50	32.50	35.5	35.5
Greene Township	0.000	0.000	0.000	0.000	0.000
Guilford Township (Portion)	0.000	0.000	0.000	0.000	0.000
Hamilton Township	0.400	0.400	0.400	0.400	0.400
Letterkenny Township	3.800	3.800	3.800	3.800	3.800
Lurgan Township	4.400	4.400	4.400	4.400	4.400
Franklin County	29.100	29.100	29.100	29.100	29.100

Source: School District Budgets and Franklin County.

Real Property Tax

The real property tax (excluding delinquent collections) produced an estimated $87,624,056 in 2025-26, approximately 42.3 percent of total revenue. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2.0 percent discount, and those who remit subsequent to 120 days after July 1 are assessed a 10.0 percent penalty.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide assessment in Franklin County was in 1961. The County changed the predetermined ratio from 40% to 100% effective in 2001.

TABLE 8
CHAMBERSBURG AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2021-22	$5,295,307,598	$738,322,960	13.94%
2022-23	5,721,080,820	744,681,310	13.02%
2023-24	5,837,979,417	757,837,210	12.98%
2024-25	6,446,570,903	771,290,030	11.96%
2025-26	6,593,926,128	784,942,190	11.90%
Compound Average Annual Percentage Change	6.92%	2.78%	

Source: Pennsylvania State Tax Equalization Board/Tax Equalization Division.

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TABLE 9
CHAMBERSBURG AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

	2024 Market Value	2024 Assessed Value	2025 Market Value	2025 Assessed Value
School District	$6,446,570,903	$771,290,030	$6,593,926,128	$784,942,190
Municipalities within the School District				
Chambersburg Borough	$1,814,905,134	$213,937,620	$1,843,783,373	$217,119,410
Greene Township	1,565,455,287	196,102,480	1,586,513,478	198,068,970
Guilford Township (Portion)	1,807,258,013	214,723,160	1,861,778,808	220,100,530
Hamilton Township	838,401,456	102,928,870	867,044,983	105,008,130
Letterkenny Township	213,866,679	23,121,500	222,857,493	23,829,250
Lurgan Township	206,684,334	20,476,400	211,947,994	20,815,900
Franklin County	$14,131,120,656	$1,639,362,400	$14,486,981,444	$1,669,211,720

Source: Pennsylvania State Tax Equalization Board/Tax Equalization Division.

TABLE 10
CHAMBERSBURG AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	2022	2023	2024	2024	2025
Residential	$483,291,660	$490,596,880	$497,018,510	$497,018,510	$503,378,550
Trailers	12,847,420	13,134,760	13,325,830	13,325,830	13,396,310
Seasonal	2,305,130	2,367,800	2,359,600	2,359,600	2,396,840
Lots	6,921,880	6,796,700	6,515,600	6,515,600	6,178,820
Industrial	16,535,020	16,871,270	16,748,450	16,748,450	16,721,790
Commercial	187,510,040	191,582,620	198,605,280	198,605,280	205,158,600
Agriculture	30,873,700	31,766,320	32,181,910	32,181,910	33,292,760
Land	4,396,460	4,720,860	4,534,850	4,534,850	4,418,520
Totals	$744,681,310	$757,837,210	$771,290,030	$771,290,030	$784,942,190

Source: Pennsylvania State Tax Equalization Board/Tax Equalization Division.

TABLE 11
CHAMBERSBURG AREA SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

School Year	Assessed Valuation	Mills	Gross Adjusted Levy	Current Collections Amount	Current Year Collections As a Percent	Total Collections Amount[(1)]	Total Collections As a Percent
2021-22	$740,500,000	118.9296	$77,310,865	$74,501,254	96.37%	$75,762,056	98.00%
2022-23	746,000,000	122.4974	78,894,406	76,379,377	96.81%	77,594,092	98.35%
2023-24	760,673,300	127.3972	82,958,527	80,329,960	96.83%	81,422,038	98.15%
2024-25	778,204,450	132.4930	86,777,802	84,023,651	96.83%	85,240,527	98.23%
2025-26	789,118,210	136.4677	89,913,913	87,624,056	97.45%	88,041,655	97.92%

(1) Includes delinquent real estate collection.

The ten largest real property taxpayers, together with their assessed values, are shown on Table 12. The aggregate assessed value of these ten taxpayers totals approximately 7.9 percent of total assessed value.

TABLE 12
CHAMBERSBURG AREA SCHOOL DISTRICT
TEN LARGEST TAXPAYERS

Owner	2026 Assessed Value
Menno-Haven	$12,755,150
Target Corporation	8,012,670
Martin's Famous Pastry Shoppe	6,358,010
Liberty Property Limited	5,041,990
Alleman Fee Owner LLC	4,910,190
Cabot III	4,495,500
Wellsapan Properties Inc	3,956,240
U & E Chambersburg LLC [(1)]	3,677,360
Ingram Book Group LLC	2,873,660
Wilsey/Holsum LLC	2,858,730
Total	$54,939,500

[(1)] Taxpayer initiated appeal
Source: School District officials.

Other Taxes

The School District collected an estimated $28,619,496 in other taxes in 2025-26. Among the taxes authorized by Act 511 and Act 1, the Real Estate Transfer Tax, Earned Income Tax, and Local Services Tax (formerly the Emergency & Municipal Services Tax) are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was $79,127,114.

Real Estate Transfer. A tax of one-half percent of the value of real estate transfers yielded an estimated $2,287,404 in 2025-26, or 1.1 percent of School District total revenue.

Earned Income Tax. A tax of 1.2 percent (0.5 percent under Act 511 and 0.7 percent under Act 1) is levied on the earned income of residents. In 2025-26 this tax yielded an estimated $26,063,474 or 12.6 percent of School District total revenue.

Local Services Tax (formerly the Emergency and Municipal Services Tax). The School District levies a Local Services Tax of $5.00 on each person employed within the School District. In 2025-26 this tax yielded an estimated $268,618 or less than one percent of School District revenues.

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COMMONWEALTH AID TO SCHOOL DISTRICTS

General

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

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 the 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") currently 44.05% or the wealth based Market Value Aid Ratio ("MVAR") currently 53.90%, whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District expects 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.

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

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

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

SCHOOL DISTRICT DEBT

Debt Statement

Table 13 shows the debt of the Chambersburg Area School District as of October 20, 2026, including the issuance of the Bonds.

TABLE 13
CHAMBERSBURG AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of October 20, 2026)*

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2026	30,705,000
General Obligation Bonds, Series of 2025	6,570,000
General Obligation Bonds, Series of 2023	9,535,000
General Obligation Bonds, Series of 2021	9,700,000
General Obligation Bonds, Series A of 2020	5,610,000
General Obligation Bonds, Series of 2020	9,965,000
General Obligation Bonds, Series A of 2019	9,965,000
General Obligation Bonds, Series of 2019	15,955,000
General Obligation Bonds, Series of 2018	22,310,000
General Obligation Bonds, Series of 2017	5,260,000
General Obligation Bonds, Series AA of 2015	10,850,000
General Obligation Bonds, Series A of 2015	10,575,000
General Obligation Bonds, Series AA of 2014	295,000
General Obligation Bonds, Series of 2013	290,000
General Obligation Note, Series of 2021[(1)]	3,591,273
TOTAL NONELECTORAL DEBT	$151,176,273
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT	$0
TOTAL DIRECT DEBT	$151,176,273

[(1)]School District's 42.44% pro rata share of the principal amount of $9,015,000 for the Franklin County Career and Technology Center Series of 2021.
*Includes the estimated principal amount of the Bonds described in this Preliminary Official Statement.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total $151,176,273*. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total $137,940,488*.

TABLE 14
CHAMBERSBURG AREA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of October 20, 2026)*

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid[(1)]
DIRECT DEBT		
Nonelectoral General Obligation Debt	$151,176,273	$137,940,488
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	$151,176,273	$137,940,488
OVERLAPPING DEBT		
Franklin County[(2)]	$46,299,097	$46,299,097
Municipal Debt	81,290,588	81,290,588
TOTAL OVERLAPPING DEBT	$127,589,685	$127,589,685
TOTAL DIRECT AND OVERLAPPING DEBT	$278,765,958	$265,530,173
DIRECT DEBT RATIOS		
Per Capita (2023)	$2,137.10	$1,949.99
Percent 2025-26 Assessed Value	19.26%	17.57%
Percent 2025-26 Market Value	2.29%	2.09%
DIRECT & OVERLAPPING DEBT RATIOS		
Per Capita (2023)	$3,940.77	$3,753.66
Percent 2025-26 Assessed Value	35.51%	33.83%
Percent 2025-26 Market Value	4.23%	4.03%

*Includes the estimated principal amount of the Bonds described in this Preliminary Official Statement.
[(1)]Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current MVAR. See "**COMMONWEALTH AID TO SCHOOL DISTRICTS**".
[(2)]Pro rata 45.5 percent share of $101,720,000 principal amount outstanding.

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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 2023-24	$178,633,193
Total Revenues for 2024-25	194,158,622
Total Revenues for 2025-26 (est.)	205,740,389
Total Revenues, Past Three Years	$578,532,204
Annual Arithmetic Average (Borrowing Base)	$192,844,068

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:

	Legal Limit	**Net Debt Outstanding***	**Remaining Borrowing Capacity**
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	$433,899,153	$151,176,273	$282,722,880

*Includes the estimated principal amount of the Bonds described herein; does reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth Aid.

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Debt Service Requirements

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

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

TABLE 15
CHAMBERSBURG AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

Year	Other Outstanding General Obligation Debt[1]	Series of 2026 Principal	Series of 2026 Interest	Series of 2026 Subtotal	Total Debt Service
2026-27	$12,037,377				
2027-28	12,128,759				
2028-29	12,130,140				
2029-30	12,082,227				
2030-31	12,194,315				
2031-32	12,327,465				
2032-33	12,360,352				
2033-34	12,446,571				
2034-35	12,156,365				
2035-36	12,156,853				
2036-37	10,569,803				
2037-38	1,682,015				
2038-39	1,683,720				
2039-40	1,688,010				
2040-41	1,159,723				
2041-42	1,154,823				
2042-43	1,153,248				
2043-44	1,154,728				
2044-45	1,154,000				
2045-46	1,155,500				
2046-47	1,154,750				
2047-48	1,156,750				
2048-49	1,156,250				
2049-50	463,250				
2050-51	467,250				
Total	$148,974,244				

*Totals may not add due to rounding.
[1] Does not include the School District's portion of the Franklin County Career and Technology Center 2021 Note.

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

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

2025-26 (est.) Commonwealth Aid Received	$	76,518,182
2025-26 (est.) Debt Service Requirements	$	11,557,551
Maximum Future Debt Service Requirements after Issuance of the Bonds	$	
Coverage of 2025-26 (est.) Debt Service Requirements		6.62 times
Coverage of Maximum Future Debt Service Requirements after Issuance of the Bonds		times

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

Future Financing

The School District anticipates issuing approximately $200 million of additional long-term (non-refunding) debt in the next 2 years.

LABOR RELATIONS

School District Employee Relations

The School District employs 1,271 employees, which includes 779 professionals, fully certified in their area of responsibility, and 533 support personnel. The teaching staff consists of 718 professionals.

Teachers in the School District are members of the Chambersburg Area Education Association ("CAEA"). The CAEA is the representative bargaining unit. The CAEA contract expires on June 30, 2029. Professional employees have a right to strike under Act No. 195 if bargaining and mediation do not result in agreement on a new contract. The School District experienced work stoppages in 1972 and 1980.

Custodial and maintenance personnel of the School District are members of AFSCME Local #2935, which is the representative bargaining unit. The AFSCME Local #2935 contract expires on June 30, 2030, and there have been no work stoppages under AFSCME Local #2935's representation.

Support personnel of the School District are members of the Chambersburg Area Education Support Personnel Association ("CAESPA"). The CAESPA contract expires on June 30, 2030.

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:

Fiscal Year		Gross Contribution
2022-23	$	21,908,219
2023-24	$	21,990,245
2024-25	$	22,677,158
2025-26 (estimated)	$	23,536,065
2026-27 (budgeted)	$	25,979,498

On June 30, 2025, the School District reported a liability of $172,693,495 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2024, the School District's proportion as 0.4126% which was an decrease of 0.0111% from its proportion measured as of June 30, 2023.

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

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The District's OPEB costs include benefits from both a Multiple Employer OPEB Plan as well as a Single Employer OPEB Plan.

The Multiple Employer OPEB Plan, known as the Health Insurance Premium Assistance Program, is provided by PSERS to all eligible retirees who qualify and elect to participate. At June 30, 2024, the District reported a liability of $7,322,564 for its proportionate share of the net OPEB liability. The School District recognized OPEB expense of $278,650 for June 30, 2025.

The Single Employer OPEB Plan, in accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until the age of 65. The District's total OPEB liability under the Single Employer OPEB Plan was $2,941,338, measured as of June 30, 2024. The District recognized OPEB expense of $102,442 for year ended June 30, 2025.

In June 2015, GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2017.

For further information on the effects of GASB Statement No.75, the School District's OPEB and other vested employee benefits, including valuation and sick pay, see "Appendix D – Audited Financial Statements".

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 Paying Agent, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District, 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.

LITIGATION

At the time of settlement, the President or Vice-President of the Board of School Directors of the School District will deliver a certificate dated as of the Date of Delivery of and payment for the Bonds, certifying that there is no litigation pending which challenges the validity or enforceability of the Bonds.

DEFAULTS AND REMEDIES

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

TAX MATTERS

Federal

Exclusion of Interest from Gross Income

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

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

Other Federal Tax Matters

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, property and casualty insurance companies, taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

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

Pennsylvania

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

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

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

Other

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

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

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 C.

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

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

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

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

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

The School District has previously entered into Continuing Disclosure Certificates 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 Ending	Filing Due Date	Filing Dates: Audit	Operating Data	Budget
6/30/2025	3/27/2026	3/9/2026	12/15/2025	12/15/2025
6/30/2024	3/27/2025	3/21/2025	12/11/2024	12/11/2024
6/30/2023	3/26/2024	12/11/2023[1]	12/11/2023	12/11/2023
6/30/2022	3/27/2023	12/12/2022[2]	12/12/2022	12/12/2022
6/30/2021	3/27/2022	2/23/2022	12/14/2021	12/14/2021

[1]The School District filed its unaudited financial report, along with a "Failure to Timely File Notice", The School District subsequently filed its audit, when it became available, to EMMA on 5/1/2024.

[2]The School District filed its unaudited financial report, along with a "Failure to Timely File Notice". The School District subsequently filed its audit, when it became available, to EMMA on 5/9/2023.

On August 1, 2024, Assured Guaranty Municipal Corp. ("AGM") merged with and into Assured Guaranty Inc. ("AG"), with AG as the surviving company (such transaction, the "Merger"). The School District filed an Event Notice to EMMA on October 23, 2025. Such Notice was not timely.

On July 1, 2025, the School District entered into a Lease Purchase Agreement between Dell Financial Services LLC, as lessor, and the School District, as lessee, in connection with the reimbursement for, and lease/purchase of, computer equipment. The School District filed an Event Notice to EMMA on August 18, 2025. Such Notice was not timely.

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

RATING

Moody's Investors Service has assigned an underlying rating of "Aa3" to this issue of Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings 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 the credit rating will be maintained for any given period of time, or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such credit rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

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

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

LEGAL OPINION

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

Neither the Bond Counsel nor the Solicitor has been engaged to verify, and has not independently verified, the accuracy, completeness or truthfulness of any statements, certifications or financial information set forth in this Preliminary Official Statement, or otherwise used in

connection with the offer and sale of the Bonds set forth in or delivered by the School District officials, except where specifically referred to. They express no opinion with respect to whether the School District in connection with the sale of the Bonds or preparation of this Preliminary Official Statement has made any untrue statement of a material fact necessary in order to make any statement made therein not misleading.

The various legal opinions to be delivered concurrently with the delivery of the Bonds express the professional judgement of the attorneys rendering the opinions as to the legal issues explicitly addressed therein. In rendering a legal opinion, the attorneys do not become an insurer or guarantor of that expression of professional judgement of the transaction opined upon, or the future performance of the parties to the transaction. Nor does rendering a legal opinion guarantee the outcome of any legal dispute that may arise out of the transaction.

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.

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

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

CHAMBERSBURG AREA SCHOOL DISTRICT
Franklin County, Pennsylvania

By:_____
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the Chambersburg Area School District

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Population

Table A-1 below shows recent population trends for the School District, Franklin County, and the Commonwealth of Pennsylvania. The School District's population increased from 66,240 to 69,010 between 2010 and 2020, an increase of 2,770 during this period. Table A-2 shows 2020 age composition in Franklin County and for the Commonwealth.

TABLE A-1

RECENT POPULATION TRENDS

Area	2010	2020	Compound Average Annual Percentage Change 2010-2020
School District	66,240	69,010	0.41%
Franklin County	129,313	155,950	1.89%
Pennsylvania	12,281,054	13,002,700	0.57%

Source: 2010 U.S. Bureau of the Census.

TABLE A-2

AGE COMPOSITION

	0-17 Years	18-64 Years	65+ Years
Franklin County	21.5%	58.0%	20.5%
Pennsylvania	20.2	60.2	19.6

Source: 2020 U.S. Bureau of the Census.

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Employment

Overall employment data are compiled for the Chambersburg-Waynesboro Metropolitan Statistical Area (the "MSA") (an area which includes the School District).

TABLE A-3

DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
CHAMBERSBURG-WAYNESBORO METROPOLITAN STATISTICAL AREA
(Franklin County)
Apr 2025
NONFARM JOBS – NOT SEASONALLY ADJUSTED

	Industry Employment				Net Change From:	
	Apr	Mar	Feb	Apr	Mar	Apr
Establishment Data	2025	2025	2025	2024	2025	2024
TOTAL NONFARM	**63,300**	63,100	62,700	61,500	200	1,800
TOTAL PRIVATE	**55,600**	55,300	54,900	53,800	300	1,800
GOODS-PRODUCING	**11,400**	11,400	11,300	11,500	0	-100
Mining, Logging, and Construction	**2,800**	2,800	2,700	2,700	0	100
Manufacturing	**8,600**	8,600	8,600	8,800	0	-200
SERVICE-PROVIDING	**51,900**	51,700	51,400	50,000	200	1,900
PRIVATE SERVICE-PROVIDING	**44,200**	43,900	43,600	42,300	300	1,900
Trade, Transportation and Utilities	**17,600**	17,500	17,600	17,100	100	500
Wholesale Trade	**1,500**	1,500	1,500	1,400	0	100
Retail Trade	**7,400**	7,300	7,300	7,400	100	0
Transportation, Warehousing, and Utilities	**8,700**	8,700	8,800	8,300	0	400
Professional and Business Services	**6,200**	6,100	6,100	5,600	100	600
Education and Health Services	**10,000**	10,000	9,900	9,800	0	200
Leisure and Hospitality	**4,700**	4,800	4,800	5,000	-100	-300
Government	**7,700**	7,800	7,800	7,700	-100	0
Federal Government	**2,100**	2,200	2,200	2,200	-100	-100
State Government	**900**	900	900	900	0	0
Local Government	**4,700**	4,700	4,700	4,600	0	100

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

Major Employers

Major employers located within Franklin County include:

Name
Wal-Mart Associates Inc
Federal Government
The Chambersburg Hospital
Target Corporation
Chambersburg Area School District
Manitowoc Crane Group
Ventura Foods LLC
Martin's Famous Pastry Shoppee Inc.
Ultra Beauty Distribution LLC
Waynesboro Area School District

Source: Quarterly Census of Employment and Wages – 1st Quarter of 2025.

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

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

	2021	2022	2023	2024	2025[(1)]	Compound Average Annual % Rate
Franklin County						
Civilian Labor Force (000)	77.6	77.9	77.2	77.2	77.2	-0.10%
Employment (000)	73.9	75.2	74.9	74.8	74.8	0.24%
Unemployment (000)	3.7	2.7	2.2	2.4	2.4	-8.29%
Unemployment Rate	4.8%	3.4%	2.9%	3.1%	3.1%	
Pennsylvania						
Civilian Labor Force (000)	6,432.0	6,465.0	6,518.0	6,577.0	6,536.0	0.32%
Employment (000)	6,054.0	6,202.0	6,296.0	6,337.0	6,306.0	0.82%
Unemployment (000)	378.0	263.0	223.0	239.0	230.0	-9.46%
Unemployment Rate	5.90%	4.10%	3.40%	3.60%	3.50%	

[(1)]As of April 2025.
Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Income

The data on Table A-5 shows trends in per capita income for the School District, Franklin County and the Commonwealth over the 2010-2020 period.

TABLE A-5
TRENDS IN PER CAPITA INCOME*

	2010	2020	Compound Average Annual Percentage Change 2010-2020
School District	$25,453	$34,855	2.90%
Franklin County.....	25,307	33,394	2.55%
Pennsylvania	27,049	37,725	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.
Source: U.S. Census Bureau, 2010-2020 census

Commercial Activity

Table A-6 represents retail sales estimates for Franklin County and for Pennsylvania.

TABLE A-6
TOTAL RETAIL SALES
(000)

	2020	2021	2022	2023	2024
Franklin County	$2,585,789	$2,447,447	$2,606,623	$2,861,654	$2,803,915
Pennsylvania	251,185,116	274,685,600	297,770,327	310,912,244	317,239,286

Source: The Nielsen Company.

Educational Institutions

Located within the School District is Wilson College, a private college of liberal arts and science. Also within a 70 mile radius of the School District are a number of institutions of higher learning, including Shippensburg University, Dickinson College, Dickinson School of Law of the Pennsylvania State University, Pennsylvania State University Mont Alto Campus, the Penn State University Milton S. Hershey Medical Center, the Harrisburg Area Community College, Messiah College and Widener Law School, all located in Pennsylvania, and Frostburg State University, Western Maryland University, Mount St. Mary's College of Maryland, Hood College, and Shepherd College which are located in Maryland and West Virginia.

Medical Facilities

Wellspan Chambersburg Hospital, located within the School District, is a 257-bed facility with a 24-hour emergency room, intensive care, special pediatric and coronary care units. Penn State-Hershey and John Hopkins Medical Centers are within 70 miles of the School District.

Transportation

A small general aviation utility airport facility owned by the Susquehanna Area Regional Airport Authority is located within the School District. School District residents are within commuting distance of the Harrisburg International Airport, Hagerstown Regional Airport, Dulles International and Baltimore-Washington International Airport, all of which are within 75 miles of the School District. Both Norfolk Southern and CSX railways serve commercial and industrial residents of the School District. For bus transportation, the Union Bus Terminal maintains a terminal within the Borough of Chambersburg and transportation is provided by Capitol Trailways. The School District lies at the intersection of U.S. Route 30, U.S. Route 11 and Interstate 81, and is served by five exits off Interstate 81.

APPENDIX B
Opinion of Bond Counsel

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ECKERT SEAMANS
ATTORNEYS AT LAW

Eckert Seamans Cherin & Mellott, LLC
213 Market Street
8th Floor
Harrisburg, PA 17101

TEL 717 237 6000
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[_____], 2026

Re: $[_____] Aggregate Principal Amount
Chambersburg Area School District
Franklin County, Pennsylvania
General Obligation Bonds, Series of 2026

To The Purchasers of the Within-Described Bonds:

We have served as bond counsel to Chambersburg Area School District, Franklin County, Pennsylvania (the "School District"), in connection with the issuance by the School District of its $[_____] aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds"), under the provisions of the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (the "Act"), and a resolution (the "Resolution") adopted on October 27, 2026, by the Board of School Directors of the School District (the "Board"). The Bonds are being issued to: (a) undertake the acquisition, design, construction, furnishing and equipping of (i) renovations to Chambersburg Area Middle School South, (ii) a new intermediate school for grades four through six, and (iii) a new elementary school for grades kindergarten through third; and (b) pay the costs and expenses of issuing the Bonds.

As Bond Counsel for the School District, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania (the "Commonwealth"); (b) the Act; (c) the relevant provisions of the Public School Code of 1949, as amended; (d) the Resolution and the Debt Statement of the School District filed with the Pennsylvania Department of Community and Economic Development (the "Department"); (e) the proceedings of the Board with respect to the authorization, issuance and sale of the Bonds; (f) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the issuance of the Bonds; and (g) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (the "Tax Compliance Certificate") of officials of the School District having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (the "Code"), an opinion of the Solicitor to the School District as to various matters, and the other documents, certifications and instruments listed in a closing index filed with the Paying Agent (hereinafter defined) on the date of original delivery of the Bonds. We also have examined a fully executed and authenticated Bond, or a true copy thereof, and assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We also have relied, in the opinion set forth below, upon the opinion of the Solicitor of the School District as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The School District is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds for the purposes therein set forth; the School District has properly authorized the issuance thereof; and the Department has duly approved such issuance.

2. The School District has established one or more sinking funds for the Bonds (collectively, the "Sinking Fund") with Manufacturers and Traders Trust Company, as paying agent, registrar and sinking fund depository (the "Paying Agent"), and has covenanted in the Resolution to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.

3. The School District has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the School District in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the places and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the School District has pledged, with respect to the Bonds, its full faith, credit and taxing power, within the limits established by law.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered, and are the legal, valid and binding general obligations of the School District, payable from the general revenues of the School District from whatever source derived, within the limits established by law, and are enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania

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

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

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

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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APPENDIX C
Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

Re: CHAMBERSBURG AREA SCHOOL DISTRICT,
Franklin County, Pennsylvania
$[_____] Aggregate Principal Amount
General Obligation Bonds, Series of 2026
Dated [_____], 2026

[_____], 2026

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Chambersburg Area School District, Franklin County, Pennsylvania (the "School District"), in connection with the issuance of its General Obligation Bonds, Series of 2026, dated [_____], 2026 (the "Bonds"). The Bonds are being issued pursuant to a resolution duly adopted by the Board of School Directors of the School District on October 27, 2026 (the "Resolution"). The School District makes the following certifications and representations as an inducement to the Participating Underwriter and others to purchase the Bonds:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the holders of the Bonds and in order to assist the Participating Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

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

"Annual Report" shall mean any Annual Report filed by the School District pursuant to, and as described in, Section 3 of this Disclosure Certificate.

"Bondholder" shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository, or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

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

"Commonwealth" shall mean the Commonwealth of Pennsylvania.

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

"Listed Events" shall mean any of the events listed in Section 5 of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"Official Statement" shall mean the final official statement relating to the Bonds prepared by or on behalf of the School District and distributed in connection with the offering and sale of the Bonds by the Participating Underwriter.

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

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SEC" shall mean the United States Securities and Exchange Commission.

SECTION 3. Filing of Annual Reports. The School District will file with the MSRB:

(a) *Financial Information*. Annually, within 270 days following the close of each of the School District's fiscal years, beginning with its fiscal year ending June 30, 2026, the following financial information and operating information for the School District:

(1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for Pennsylvania school districts, and audited in accordance with generally accepted auditing standards;

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

(3) the aggregate assessed value and aggregate market value of all taxable real estate for the new fiscal year;

(4) the taxes and millage rates imposed for the new fiscal year;

(5) the real property tax collection results for the most recent fiscal year, including (i) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (ii) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (iii) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (iv) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount; and

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

(b) *Audited Financial Statements*. If not submitted as part of the annual financial information of the School District in accordance with subparagraph (a) above, then when and if available, financial statements of the School District for the most recent fiscal year audited in accordance with generally accepted auditing standards. In the event audited financial statements are not available by the filing deadline, the School District will file to EMMA, if available, its State Form PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of the operating data requirements may be found contained within the School District's financial statements or budget filing and may not be filed explicitly by themselves.

Each Annual Report may be submitted as a single document or as separate documents comprising a package. Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities which have been filed with MSRB or with the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each other document so incorporated by reference.

SECTION 4. Notices of Late Filing of Annual Information. If the School District has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the School District will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the School District expects to file the Annual Report.

SECTION 5. Reporting of Listed Events. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the School District will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- principal and interest payment delinquencies;
- non-payment related defaults, if material;
- unscheduled draws on debt service reserves reflecting financial difficulties;
- unscheduled draws on credit enhancements reflecting financial difficulties;
- substitution of credit or liquidity providers, or their failure to perform;
- adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
- modifications to rights of holders of the Bonds, if material;
- bond calls, if material, and tender offers;
- defeasances;
- release, substitution, or sale of property securing repayment of the Bonds, if material;
- rating changes;
- bankruptcy, insolvency, receivership or similar event of the School District;
- the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District,

other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

- appointment of a successor or additional trustee, or the change of name of a trustee, if material;
- 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
- default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the School District, any of which reflect financial difficulties.

The School District may from time to time choose to provide notice of the occurrence of certain other events affecting the Bonds or the School District, 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 undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

SECTION 6. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using the MSRB's Electronic Municipal Market Access System ("EMMA") at http://emma.msrb.org.

SECTION 7. Dissemination Agent. The School District may, at any time and from time to time, appoint or engage another person (the "Dissemination Agent") to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 8. Termination of Disclosure Obligation. The School District's obligations under this Disclosure Certificate shall terminate upon the prior redemption or payment in full of all of the Bonds or if and when the School District no longer remains an "obligated person" with respect to the Bonds, within the meaning of the Rule.

SECTION 9. Certain Rights Reserved. The School District reserves the right to modify from time to time the specific types of information provided in accordance with Section 3(a) above or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or it operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order,

to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriter and Bondholders, and shall create no rights in any other person or entity.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors and attested by its Secretary all as of the date set forth above.

CHAMBERSBURG AREA SCHOOL DISTRICT,
Franklin County, Pennsylvania

By: _____
President of the Board of
School Directors

Attest:

By: _____
Secretary of the Board of
School Directors

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

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Audited Financial Statements

June 30, 2025

Chambersburg AREA SCHOOL DISTRICT

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chambersburg Area School District
Chambersburg, Pennsylvania

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinions

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

In our opinion, the 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 Chambersburg Area School District, as of June 30, 2025 , and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Change in Accounting Principle

As discussed in Notes 1 and 16 of the financial statements for the year ended June 30, 2025, the School District adopted new accounting guidance GASB 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 Chambersburg Area School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 10, the budgetary comparison schedule on page 62, and the schedules related to the pension and OPEB liabilities on pages 63 to 67 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 Chambersburg Area School District's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with 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 March 6, 2026, on our consideration of Chambersburg Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Chambersburg Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Chambersburg Area School District's internal control over financial reporting and compliance.

Smith Elliott Kearns & Company, LLC

Chambersburg, Pennsylvania
March 6, 2026

The *Management, Discussion, and Analysis* (MD&A) of the Chambersburg Area School District's (CASD) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2025. The MD&A is to provide reader friendly insight into management's analysis of the audit. This MD&A looks at the School District's financial performance as a whole, although readers should review the financial statements and related notes to augment their understanding of the School District's financial performance.

BACKGROUND

The School District's financial statements have been prepared in accordance with all GASB Accounting Standards. We comply with all effective GASB requirements and maintain a proactive implementation strategy for recently issued standards. This ensures that our financial reporting remains transparent and aligned with the latest evolving accounting practices as each new statement reaches its mandatory effective date.

The Statement of Net Position provides a consolidation of all governmental funds into one statement of activities with current and non-current assets, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources, and displays the total net position of all governmental funds properly reconciled. It also provides the same for those Business Activities run by the School District. In the Chambersburg Area School District, the cafeteria and enterprise activities are structured as business activities, subject to a business activity classification.

The Statement of Activities intends to display expenses net of program revenues and classifies revenues into the two general categories of program and general operating revenue. It identifies program revenue as charges, operating grants, capital grants, and then allocates them to particular expense categories where appropriate.

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position reconciles the Governmental Funds Balance Sheet to the Combined Balance Sheet for Governmental and Business Type Activities by outlining the accounting changes necessary to properly record consolidation of funds and present the entity-wide statements using the full accrual method of accounting.

The Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities reconciles the change in fund balances of the governmental funds to the change in net position of all governmental activities.

Funds utilized by the School District:

- Major governmental activities including:
  - General Fund
  - Capital Reserve Fund
  - Capital Projects Fund
- Other funds:
  - Special Revenue Fund
  - Debt Service Fund
  - Enterprise Funds, including Food Service Fund and CASHS School Store
  - Internal Service Fund - Medical Insurance
  - Private Purpose Trust funds
  - Custodial Fund – Student Activity accounts

FINANCIAL HIGHLIGHTS

Key financial highlights for the year ending June 30, 2025 are as follows:

- Total Net Position of Governmental Activities of $ (14,620,662).
  - Positive change of $ 17,054,129
- Total fund balance of all governmental funds equaled $ 81,667,159.
  - General Fund - $ 49,961,760
    - Nonspendable - $ 2,805,767
    - Restricted - $ 519,348
    - Committed – $ 10,093,738
    - Assigned – $ 36,542,907
    - Unassigned - $ 0
  - Capital Reserve Fund - $ 16,645,334
  - Capital Projects Fund - $ 7,960,587
  - Other Governmental Funds - $ 7,099,478
    - Special Revenue - $ 275,236
    - Debt Service - $ 6,824,242
- Revenues exceeded expenditures by $ 25,983,835 in the General Fund.
  - Revenue in excess of expectations:
    - Basic Education Funding - $1,716,941
    - Charter School Transition - $ 591,649
    - Special Education Funding - $ 762,502
    - Transportation Subsidy - $ 1,190,247
    - Rental Sinking Fund - $ 601,942
    - State Adequacy Funding - $ 5,064,644
  - Expenditures under expectations:
    - Bond Principal and Interest payments paid through Debt Service - $ 11,194,172
    - Employee attrition and vacancies in the Instructional Function - $ 4,233,684
    - Special Education Funding - $ 762,502
    - Transportation Subsidy - $ 1,190,247
    - Rental Sinking Fund - $ 601,942
    - State Adequacy Funding - $ 5,064,644

ANALYSIS OF OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE PAST FISCAL YEAR

Net Position - On June 30, 2025, the School District had total net position from governmental activities of $ (14,620,662), an increase of $ 17,054,129 in the fiscal year. Factors affecting the net position increase in the 2024-2025 year are:

- Total Governmental assets and deferred outflows of resources decreased by $ 5,382,430. This is primarily due to a decrease in deferred outflows of resources for pension liability.
- Other notable factors:
  - Outstanding debt decreased from $ 128,328,768 to $120,792,708 or $7,536,060. This was due to no new borrowings and scheduled debt payments.
  - Net pension liability decreased from $ 183,487,972 to $ 167,414,552 or $ 16,073,420.

Table 1 summarizes the assets, liabilities, and net position of the School District as of June 30, 2025 and 2024.

Table 1
Net Position As of June 30, 2025 - (Government-Wide)

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets	$ 103,367,922	$ 5,210,762	$ 108,578,684
Noncurrent Assets	184,951,506	282,490	185,233,996
Deferred Outflows of Resources	30,811,393	1,628,635	32,440,028
Total Assets and Deferred Outflows of Resources	$ 319,130,821	$ 7,121,887	$ 326,252,708
Liabilities and Deferred Inflows of Resources			
Current Liabilities	$ 29,365,884	$ 144,298	$ 29,510,182
Noncurrent Liabilities	293,199,049	5,679,999	298,879,048
Deferred Inflows of Resources	11,186,550	379,137	11,565,687
Total Liabilities and Deferred Inflows of Resources	$ 333,751,483	$ 6,203,434	$ 339,954,917
Net Position			
Net Investment in Capital Assets	$ 70,253,399	$ 282,490	$ 70,535,889
Restricted	11,942,619	-	11,942,619
Unrestricted	(96,816,680)	635,963	(96,180,717)
Total Net Position	$ (14,620,662)	$ 918,453	$ (13,702,209)

Net Position As of June 30, 2024 - (Government-Wide)

	Governmental Activities	Business-Type Activities	Total
Assets			
Current Assets	$ 95,269,861	$ 4,990,911	$ 100,260,772
Noncurrent Assets	190,754,298	334,026	191,088,324
Deferred Outflows of Resources	38,489,092	1,581,987	40,071,079
Total Assets and Deferred Outflows of Resources	$ 324,513,251	$ 6,906,924	$ 331,420,175
Liabilities and Deferred Inflows of Resources			
Current Liabilities	$ 30,203,612	$ 251,778	$ 30,455,390
Noncurrent Liabilities	318,791,665	5,426,661	324,218,326
Deferred Inflows of Resources	7,450,000	267,630	7,717,630
Total Liabilities and Deferred Inflows of Resources	$ 356,445,277	$ 5,946,069	$ 362,391,346
Net Position			
Net Investment in Capital Assets	$ 68,119,745	$ 334,026	$ 68,453,771
Restricted	11,647,324	-	11,647,324
Unrestricted	(111,699,095)	626,829	(111,072,266)
Total Net Position	$ (31,932,026)	$ 960,855	$ (30,971,171)

Table 2 summarizes the revenues, expenses, and changes in net position of the School District for the years ended June 30, 2025 and 2024.

Table 2
Changes in Net Position
For the Year Ended June 30, 2025
(Government-wide)

	Governmental Activities	Business-Type Activities	Total
Program Revenues			
Charges for Services	$ 867,787	$ 908,186	$ 1,775,973
Operating Grants and Contributions	42,851,460	6,654,139	49,505,599
Capital Grants and Contributions	1,410,682	-	1,410,682
General Revenues			
Taxes	112,828,237	-	112,828,237
Grants, Subsidies and Contributions	33,730,303	-	33,730,303
Investment Earnings	3,949,089	140,623	4,089,712
Other	524,173	-	524,173
Total Revenues	196,161,731	7,702,948	203,864,679
Program Expenses			
Instruction	122,050,972	-	122,050,972
Support Services			
Instructional Student Support	13,836,411	-	13,836,411
Administrative and Financial	13,072,939	-	13,072,939
Operation and Maintenance	14,028,266	-	14,028,266
Pupil Transportation	9,649,871	-	9,649,871
Community Services	131,142	-	131,142
Student Activities	2,168,819	-	2,168,819
Interest	4,169,182	-	4,169,182
Food Service	-	7,766,565	7,766,565
Other Services	-	1,096	1,096
Total Expenses	179,107,602	7,767,661	186,875,263
Change in Net Position	$ 17,054,129	$ (64,713)	$ 16,989,416

Table 2
Changes in Net Position
For the Year Ended June 30, 2024
(Government-wide)

	Governmental Activities	Business-Type Activities	Total
Program Revenues			
Charges for Services	$ 646,601	$ 1,192,394	$ 1,838,995
Operating Grants and Contributions	38,335,298	6,608,013	44,943,311
Capital Grants and Contributions	7,046,839	-	7,046,839
General Revenues			
Taxes	106,537,754	-	106,537,754
Grants, Subsidies and Contributions	31,928,314	-	31,928,314
Investment Earnings	4,357,458	126,066	4,483,524
Other	514,658	-	514,658
Total Revenues	189,366,922	7,926,473	197,293,395
Program Expenses			
Instruction	111,303,892	-	111,303,892
Support Services			
Instructional Student Support	13,944,304	-	13,944,304
Administrative and Financial	12,037,263	-	12,037,263
Operation and Maintenance	11,540,698	-	11,540,698
Pupil Transportation	8,950,260	-	8,950,260
Community Services	128,609	-	128,609
Student Activities	2,067,330	-	2,067,330
Interest	4,331,835	-	4,331,835
Food Service	-	7,191,464	7,191,464
Other Services	-	54,332	54,332
Total Expenses	164,304,191	7,245,796	171,549,987
Change in Net Position	$ 25,062,731	$ 680,677	$ 25,743,408

Balance Sheet/Fund Balances – Total fund balance of Governmental funds equaled $ 81,667,159 as of June 30, 2025. These balances consist of:

- Capital Reserve Fund - $ 16,645,334 – During the 2024-2025 school year, the General Fund transferred $ 6,117,000 to fund the Capital Reserve which will be used for small capital projects in the future.
- General Fund - Total fund balance equals $ 49,961,760 with all funds either Non-spendable, Restricted, Committed or Assigned.
- Capital Projects Fund – Total fund balance equals $ 7,960,587.
- Other Governmental Funds (Special Revenue and Debt Service Funds) – Total balance $ 7,099,478.

As of June 30, 2025, other funds existing:

- Enterprise Fund (Food Service) total net position of $ 842,064. Due to the requirement to report employee pension liability of $ 5,278,973, the total net position will fluctuate at each year end.
- Enterprise Fund (CASHS School Store) total net position of $ 57,459.
- Internal Service Fund (Medical Insurance Fund) total net position increased to $ 557,089.
- Custodial Fund (Student Activities) total net position of $ 334,604
- Private Purpose Trust (Scholarship Fund) total net position of $ 29,761.

Budgetary Variances

- Total General Fund Revenues exceed budget by $ 15,493,042 or approximately 8.5%.
  - Budgetary estimates contributing to the revenue variances include:
    - Local Sources were higher than budgeted by $ 2,034,870.
      - Local taxes exceeded budgetary projections by $796,328, primarily Earned Income Tax ($ 1,591,091), due to stable employment and low unemployment rates, as well as increasing wages.
      - Excess funds from the Earned Income Tax in the amount of $ 1,213,968, have been added to the Committed Fund Balance for future property tax relief.
      - Other local revenue consisting of Tuition from other LEA's, Rental of Facilities, and Student Technology fees contributed to the increase variance of $ 1,023,837.
    - State Sources were higher than budgeted by $ 10,950,963.
      - The Ready to Learn Adequacy funding variance in the amount of $ 5,064,644 was not budgeted as revenue as the state had not passed a budget as of the date of adoption of our 2025-2026 Fiscal year budget.
      - The transportation subsidy was higher than budget by $ 1,190,247. This was due to having a new agreement with our transportation contractors.
    - Federal Revenues are higher than budget by $ 2,507,209.
      - Final revenue was received for the ESSER's projects in the amount of $ 1,865,836.
      - We received the Title IV BSCG Competitive Grant with revenue in the current year of $ 603,118
- Total General Fund Expenditures were under budget by $ 10,816,372.
  - Budgetary estimates differed significantly in the following areas:
    - Debt service due to reclassifications of expenditures for Leases and SBITA's.
    - Debt service for payment of bonds was transferred to the Debt Service Fund. Payments of the principal and interest for the bonds was recorded in the Debt Service Fund.

Primary Capital Improvement Projects

Building Projects: Primary Capital Improvement projects funded through the Capital Reserve included:

1) Stadium lighting replacement and upgrades.
2) Partial roof restorations at Scotland and Fayetteville, expense offset through DCED grant.
3) Mechanical upgrade at Ben Chambers.

Other Capital improvements funded through the Bond 2023 included:

1) Boiler and Cooling towers repair and replacements at CASHS.

CURRENTLY KNOWN FACTS, DECISIONS OR CONDITIONS

There are several current conditions that may potentially impact the future finances of the Chambersburg Area School District.

As with all Pennsylvania school districts, the Chambersburg Area School District will see continuing increases to the Employer Contribution Rate for the Pennsylvania State Employee Retirement System (PSERS). The increase contribution requirement is a factor of the PSERS rates and the increasing cost of the School District payroll, which is forecasted to grow on average 4% each year over the next three years.

While the School District has made efforts over the last few collective bargaining agreements to increase wages to a competitive level, low unemployment rates and a shortage of several classes of employees, are still impacting CASD's ability to attract and retain employees. Additionally, contracted services costs due to inflation are anticipated to increase expenditures in future years.

Tax base continues to grow steadily at around 1.0% annum.

The School District ended the 2024-2025 school year with 9,320 students enrolled in our buildings and 1,265 in outside placements, cyber and home school. Cyber enrollments and the cost to the School District continued to growth during 2024-2025. The School District also saw increased enrollments of Special Education and English Language Learners during the 2024-2025 school year. The Penn Economy League (PEL) forecast reports anticipated level enrollment through 2031 growing 1%.

Another driving force of increased expenditures is the continued increase in HealthCare cost. Over the last few years, the School District has seen increased drug costs and several sock claims. The Administration has taken steps to control the increase cost through negotiations to plan changes and anticipates the impact of such changes to be seen in the 2026-2027 fiscal year.

Finally, the School District has been actively developing/implementing a multi-faucet plan to develop the School District into the Schools of Distinction by 2030. This plan includes increase instructional personnel, curricular resources and providing equity of our facilities through grade realignment. Realignment will be achieved through the anticipated building of a K-3 Elementary system, including a five(5)-deep Elementary building; a new 4-6 Intermediate school; and a new 7-8 middle school. The School District is planning for future debt service, by creating and super funding the Debt Service fund.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the School District's finances to show the Board's accountability for the money it receives. If you have any questions about this report or wish to request additional information, please contact Tamera Stouffer, Chief Financial and Operations Officer at the Chambersburg Area School District, 435 Stanley Avenue, Chambersburg, PA 17201 at (717) 709-4027.

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets			
Cash and cash equivalents	$ 34,398,526	$ 2,476,610	$ 36,875,136
Investments	48,000,000	1,500,000	49,500,000
Internal balances	91,775	(91,775)	-
Receivables			
Taxes, net	11,521,228	-	11,521,228
Intergovernmental	6,014,313	674,672	6,688,985
Leases	59,424	-	59,424
Other	476,889	68,007	544,896
Prepaid items	2,737,206	-	2,737,206
Inventories	68,561	583,248	651,809
Total current assets	103,367,922	5,210,762	108,578,684
Noncurrent Assets			
Prepaid bond insurance	14,369	-	14,369
Capital assets not being depreciated			
Land	6,872,414	-	6,872,414
Construction in progress	811,553	-	811,553
Capital assets net of accumulated depreciation			
Site improvements, net	2,087,855	-	2,087,855
Buildings, net	167,637,292	-	167,637,292
Equipment, furniture and fixtures, net	2,386,058	282,490	2,668,548
Right-to-use assets - equipment and sports fields, net	2,349,928	-	2,349,928
Right-to-use assets - IT subscriptions, net	2,792,037	-	2,792,037
Total noncurrent assets	184,951,506	282,490	185,233,996
Total assets	288,319,428	5,493,252	293,812,680
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows related to net pension liability	26,875,700	1,421,123	28,296,823
Deferred outflows related to OPEB liability	1,688,535	207,512	1,896,047
Deferred charge on bond refunding	2,247,158	-	2,247,158
Total deferred outflows of resources	30,811,393	1,628,635	32,440,028
Total assets and deferred outflow of resources	$ 319,130,821	$ 7,121,887	$ 326,252,708
LIABILITIES			
Current liabilities			
Accounts payable/accrued medical claims	$ 3,181,798	$ 133,871	$ 3,315,669
Accrued salaries and benefits/withholdings	14,677,955	-	14,677,955
Accrued interest	1,391,953	-	1,391,953
Unearned revenue	235,362	-	235,362
Portion due or payable within one year:			
General obligation bonds and notes payable	8,011,060	-	8,011,060
Leases	1,013,796	-	1,013,796
IT subscription liability	497,279	-	497,279
OPEB liability	135,053	3,918	138,971
Compensated absences	221,628	6,509	228,137
Total current liabilities	29,365,884	144,298	29,510,182
Noncurrent liabilities			
Portion due or payable after one year:			
General obligation bonds and notes payable	112,781,648	-	112,781,648
Leases	1,349,219	-	1,349,219
IT subscription liability	829,154	-	829,154
Net pension liability	167,414,522	5,278,973	172,693,495
OPEB liability	9,749,362	375,569	10,124,931
Compensated absences	1,075,144	25,457	1,100,601
Total noncurrent liabilities	293,199,049	5,679,999	298,879,048
Total liabilities	322,564,933	5,824,297	328,389,230
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	6,977,950	201,942	7,179,892
Deferred inflows related to OPEB liability	4,151,586	177,195	4,328,781
Deferred inflows related to leases	57,014	-	57,014
Total deferred inflows of resources	11,186,550	379,137	11,565,687
NET POSITION			
Net investment in capital assets	70,253,399	282,490	70,535,889
Restricted	11,942,619	-	11,942,619
Unrestricted	(96,816,680)	635,963	(96,180,717)
Total net position	(14,620,662)	918,453	(13,702,209)
Total liabilities, deferred inflows of resources, and net position	$ 319,130,821	$ 7,121,887	$ 326,252,708

CHAMBERSBURG AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental activities:							
Instruction	$ 122,050,972	$ 584,008	$ 26,944,899	$ -	$ (94,522,065)	$ -	$ (94,522,065)
Instructional student support	13,836,411	-	7,241,892	-	(6,594,519)	-	(6,594,519)
Administrative and financial support services	13,072,939	-	1,676,232	-	(11,396,707)	-	(11,396,707)
Operation and maintenance of plant services	14,028,266	178,444	1,863,943	-	(11,985,879)	-	(11,985,879)
Pupil transportation	9,649,871	-	4,840,171	-	(4,809,700)	-	(4,809,700)
Student activities	2,168,819	105,335	149,924	-	(1,913,560)	-	(1,913,560)
Community services	131,142	-	134,399	-	3,257	-	3,257
Interest related to long-term debt	4,169,182	-	-	1,410,682	(2,758,500)	-	(2,758,500)
Total governmental activities	179,107,602	867,787	42,851,460	1,410,682	(133,977,673)	-	(133,977,673)
Business-type activities:							
Food services	7,766,565	891,780	6,650,752	-	-	(224,033)	(224,033)
Other services	1,096	16,406	3,387	-	-	18,697	18,697
Total business-type activities	7,767,661	908,186	6,654,139	-	-	(205,336)	(205,336)
Total primary government	$ 186,875,263	$ 1,775,973	$ 49,505,599	$ 1,410,682	(133,977,673)	(205,336)	(134,183,009)
General revenues:							
Property taxes levied for general purposes, public utility realty tax, earned income tax					112,828,237	-	112,828,237
Grants, subsidies and contributions not restricted					33,730,303	-	33,730,303
Investment earnings					3,949,089	140,623	4,089,712
Gain (loss) on sale of capital assets					2,833	-	2,833
Miscellaneous income					521,340	-	521,340
Total general revenues					151,031,802	140,623	151,172,425
Change in net position					17,054,129	(64,713)	16,989,416
Net position - beginning, as previously reported					(31,932,026)	960,855	(30,971,171)
Restatement - change in accounting principle					257,235	22,311	279,546
Net position - beginning, as restated					(31,674,791)	983,166	(30,691,625)
Net position - ending					$ (14,620,662)	$ 918,453	$ (13,702,209)

CHAMBERSBURG AREA SCHOOL DISTRICT
Balance Sheet - Governmental Funds
June 30, 2025

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 18,434,653	$ 8,137,178	$ 2,743,038	$ 3,109,478	$ 32,424,347
Investments	30,000,000	-	14,000,000	4,000,000	48,000,000
Taxes receivable, net	11,521,228	-	-	-	11,521,228
Due from other funds	96,200	-	-	-	96,200
Receivable from other governments	6,014,313	-	-	-	6,014,313
Lease receivable	59,424	-	-	-	59,424
Other receivables	476,889	-	-	-	476,889
Prepaid expenditures	2,737,206	-	-	-	2,737,206
Inventories	68,561	-	-	-	68,561
Total assets	$ 69,408,474	$ 8,137,178	$ 16,743,038	$ 7,109,478	$ 101,398,168
LIABILITIES					
Accounts payable	$ 1,471,483	$ 176,591	$ 97,704	$ -	$ 1,745,778
Due to other funds	4,425	-	-	-	4,425
Unearned revenue	225,362	-	-	10,000	235,362
Accrued salaries and benefits/withholdings	14,677,955	-	-	-	14,677,955
Total liabilities	16,379,225	176,591	97,704	10,000	16,663,520
DEFERRED INFLOWS OF RESOURCES					
Unavailable tax revenue	3,010,475	-	-	-	3,010,475
Deferred inflows of resources related to leases	57,014	-	-	-	57,014
Total deferred inflows of resources	3,067,489	-	-	-	3,067,489
FUND BALANCES					
Nonspendable	2,805,767	-	-	-	2,805,767
Restricted	519,348	7,960,587	16,645,334	-	25,125,269
Committed	10,093,738	-	-	7,099,478	17,193,216
Assigned	36,542,907	-	-	-	36,542,907
Unassigned	-	-	-	-	-
Total fund balances	49,961,760	7,960,587	16,645,334	7,099,478	81,667,159
Total liabilities, deferred inflows of resources, and fund balances	$ 69,408,474	$ 8,137,178	$ 16,743,038	$ 7,109,478	$ 101,398,168

CHAMBERSBURG AREA SCHOOL DISTRICT
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2025

Total fund balances - governmental funds		$ 81,667,159
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.		
Cost of assets	294,909,418	
Accumulated depreciation	(109,972,281)	
		184,937,137
An internal service fund is used by management to pay for medical insurance costs. The portion of net position of the internal service fund related to the governmental funds are included in the governmental activities in the Statement of Net Position.		538,159
Certain receivables are not available to pay current period expenditures and therefore are reported as deferred inflows of resources in the fund financial statements, but are recognized as revenue in the Statement of Activities.		3,010,475
Prepaid bond insurance is reported as an expenditure in governmental funds when the debt is first issued. The Statement of Net Position reports prepaid bond insurance as an asset.		14,369
Long-term liabilities are not due and payable in the current period and are not included in the balance sheet of governmental funds, but are included in the governmental activities of the Statement of Net Position. Long-term liabilities and related deferred inflows and outflows of resources consist of:		
Bonds and notes payable, net of discount and premium	(120,792,708)	
Deferred charge on bond refunding	2,247,158	
Lease obligations	(2,363,015)	
IT subscription liability	(1,326,433)	
Accrued interest on bonds	(1,391,953)	
Compensated absences	(1,296,772)	
OPEB liability	(9,884,415)	
Deferred outflows related to OPEB liability	1,688,535	
Deferred inflows related to OPEB liability	(4,151,586)	
Net pension liability	(167,414,522)	
Deferred outflows related to net pension liability	26,875,700	
Deferred inflows related to net pension liability	(6,977,950)	
		(284,787,961)
Net position of governmental activities in the Statement of Net Position		$ (14,620,662)

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
Year Ended June 30, 2025

	General Fund	Capital Projects Fund	Capital Reserve Fund	Other Governmental Funds	Total Governmental Funds
REVENUES					
Local revenues					
Taxes	$ 114,721,574	$ -	$ -	$ -	$ 114,721,574
Investment earnings	2,659,100	409,327	433,931	331,185	3,833,543
Revenue from intermediate sources	2,055,605	-	-	-	2,055,605
Other	1,425,713	-	-	58,228	1,483,941
State sources	69,600,437	-	-	-	69,600,437
Federal sources	6,987,945	-	-	-	6,987,945
Total revenues	197,450,374	409,327	433,931	389,413	198,683,045
EXPENDITURES					
Instruction	113,859,145	-	-	-	113,859,145
Support services	51,872,302	-	-	-	51,872,302
Operation of noninstructional services	2,259,989	-	-	-	2,259,989
Facilities acquisition, construction and improvements	810,249	626,810	755,655	-	2,192,714
Debt service					
Principal	2,349,981	-	-	7,075,000	9,424,981
Interest	314,873	-	-	4,119,172	4,434,045
Total expenditures	171,466,539	626,810	755,655	11,194,172	184,043,176
Excess (deficiency) of revenues over expenditures	25,983,835	(217,483)	(321,724)	(10,804,759)	14,639,869
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of capital assets	19,200	-	-	-	19,200
Proceeds from issuance of leases and subscription-based IT arrangements	1,825,961	-	-	-	1,825,961
Transfers in(out)	(30,465,710)	38	6,117,000	17,698,672	(6,650,000)
Total other financing sources and uses	(28,620,549)	38	6,117,000	17,698,672	(4,804,839)
Net change in fund balances	(2,636,714)	(217,445)	5,795,276	6,893,913	9,835,030
Fund balances - beginning	52,598,474	8,178,032	10,850,058	205,565	71,832,129
Fund balances - ending	$ 49,961,760	$ 7,960,587	$ 16,645,334	$ 7,099,478	$ 81,667,159

CHAMBERSBURG AREA SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Year Ended June 30, 2025

Net change in fund balances - total governmental funds	$	9,835,030
Amounts reported for Governmental Activities in the Statement of Activities are different because:		
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which capital outlays ($ 3,675,438) differed from depreciation expense ($ 9,024,137) in the current period.		(5,348,699)
In the statement of activities, only the loss on the disposition of capital assets is reported, whereas in the governmental funds, the sale proceeds increase other financing sources. Thus, the change in net position differs from the changes in the fund balance by the undepreciated cost of the capital assets disposed of.		(16,367)
Revenue and expenses of the internal service fund are reported as proprietary activities in the fund financials, but a portion supports the governmental activities, and thus the net loss applicable to the governmental activities is:		761,589
Governmental funds do not present certain revenues unless they are "available" to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned. Because certain taxes and subsidies will not be collected for several months after the School District's year end, they are not considered as "available" revenues in the governmental funds. Unavailable revenues changed by this amount this year.		(1,622,146)
The issuance of long-term obligations (bonds, leases, subscription liabilities) provides current financial resources to governmental funds, while repayment of 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 prepaid bond insurance, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the statement of activities:		
Repayment of general obligation bonds and notes - principal		7,075,000
Issuance of lease obligations		(1,278,666)
Repayment of lease principal		1,096,685
Issuance of IT subscription		(547,295)
Repayment of IT subscription principal		1,253,296
Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds. This is the difference between the amount incurred and paid of:		
Accrued interest		62,049
Compensated absences		83,477
Bond issuance costs and bond loss		202,814
OPEB liability and related deferred outflows and inflows		123,130
Net pension liability and related deferred outflows and inflows		5,374,232
Change in net position of governmental activities	$	17,054,129

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Net Position - Proprietary Funds
June 30, 2025

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
ASSETS				
Current Assets				
Cash and cash equivalents	$ 2,374,367	$ 32,802	$ 2,407,169	$ 2,043,620
Investments	1,500,000	$ -	1,500,000	
Intergovernmental receivables	674,672	-	674,672	-
Due from other funds	4,425	-	4,425	-
Other receivables	68,007	-	68,007	-
Inventory	558,591	24,657	583,248	-
Total current assets	5,180,062	57,459	5,237,521	2,043,620
Noncurrent Assets				
Furniture and equipment	2,681,873	-	2,681,873	-
Accumulated depreciation	(2,399,383)	-	(2,399,383)	-
Total noncurrent assets	282,490	-	282,490	-
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to net pension liability	1,421,123	-	1,421,123	-
Deferred outflows related to OPEB liability	207,512	-	207,512	-
Total deferred outflows of resources	1,628,635	-	1,628,635	-
Total assets and deferred outflows of resources	$ 7,091,187	$ 57,459	$ 7,148,646	$ 2,043,620
LIABILITIES				
Current Liabilities				
Accounts payable/accrued medical claims	$ 83,360	$ -	$ 83,360	$ 1,486,531
Due to other funds	96,200	-	96,200	-
Compensated absences	6,509	-	6,509	-
OPEB liability	3,918	-	3,918	-
Total current liabilities	189,987	-	189,987	1,486,531
Noncurrent Liabilities				
Compensated absences	25,457	-	25,457	-
OPEB liability	375,569	-	375,569	-
Net pension liability	5,278,973	-	5,278,973	-
Total noncurrent liabilities	5,679,999	-	5,679,999	-
Total liabilities	5,869,986	-	5,869,986	1,486,531
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to net pension liability	201,942	-	201,942	-
Deferred inflows related to OPEB liability	177,195	-	177,195	-
Total deferred inflows of resources	379,137	-	379,137	-
NET POSITION				
Net investment in capital assets	282,490	-	282,490	-
Unrestricted	559,574	57,459	617,033	557,089
Total net position	842,064	57,459	899,523	557,089
Total liabilities, deferred inflows of resources, and net position	$ 7,091,187	$ 57,459	$ 7,148,646	$ 2,043,620
Net position above			$ 899,523	
Some amounts reported for business-type activities in the statement of net position are different because certain assets and liabilities of the medical insurance (internal service) fund are included with business-type activities.			18,930	
Net position of business-type activities			$ 918,453	

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position- Proprietary Funds
Year Ended June 30, 2025

	ENTERPRISE			INTERNAL SERVICE FUND
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
OPERATING REVENUES				
Charges for services/insurance premiums	$ 891,780	$ 19,793	$ 911,573	$ 19,684,693
OPERATING EXPENSES				
Food and milk purchases	2,842,202	-	2,842,202	-
Salaries	2,219,532	-	2,219,532	-
Employee benefits	2,195,522	-	2,195,522	-
Supplies and other	295,155	1,096	296,251	-
Depreciation	51,536	-	51,536	-
Repairs and maintenance	187,569	-	187,569	-
Insurance claims	-	-	-	23,711,313
Administrative fees and stop loss premiums	-	-	-	1,952,386
Total operating expenses	7,791,516	1,096	7,792,612	25,663,699
Operating income (loss)	(6,899,736)	18,697	(6,881,039)	(5,979,006)
NONOPERATING REVENUES (EXPENSES)				
Federal subsidies	5,781,601	-	5,781,601	-
State subsidies	869,151	-	869,151	-
Interest income	135,957	602	136,559	119,610
Total nonoperating revenue (expenses)	6,786,709	602	6,787,311	119,610
Transfers				
Transfers in	-	-	-	6,650,000
Change in net position	(113,027)	19,299	(93,728)	790,604
Total net position - beginning as previously reported	932,780	38,160	970,940	(233,515)
Restatement - change in accounting principle	22,311	-	22,311	-
Total net position - beginning, as restated	955,091	38,160	993,251	(233,515)
Total net position - ending	$ 842,064	$ 57,459	$ 899,523	$ 557,089
Change in net position above			$ (93,728)	
Some amounts reported for business-type activities in the statement of net position are different because a portion of the net change of the medical insurance (internal service) fund is reported with business-type activities.			29,015	
Change in net position of business-type activities			$ (64,713)	

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Cash Flows - Proprietary Funds
Year Ended June 30, 2025

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	Food Service Fund	Other Enterprise Fund	Total	Medical Insurance Fund
Cash flows from operating activities				
Cash received from sales/insurance premiums	$ 954,563	$ 19,793	$ 974,356	$ 19,716,462
Cash payments to suppliers for goods/services	(3,093,148)	(12,923)	(3,106,071)	-
Cash payments to and on behalf of employees	(4,795,485)	-	(4,795,485)	(26,503,714)
Net cash provided (used) by operating activities	(6,934,070)	6,870	(6,927,200)	(6,787,252)
Cash flows from noncapital financing activities				
Federal subsidies	5,344,633	-	5,344,633	-
State subsidies	869,151	-	869,151	-
Transfers from other funds	-	-	-	6,650,000
Net cash provided by noncapital financing activities	6,213,784	-	6,213,784	6,650,000
Cash flows from investing activities				
Purchase of investments	(1,500,000)	-	(1,500,000)	-
Earnings on investments	135,957	602	136,559	119,610
Net cash provided (used) by investing activities	(1,364,043)	602	136,559	119,610
Net increase (decrease) in cash and cash equivalents	(2,084,329)	7,472	(576,857)	(17,642)
Cash and cash equivalents - beginning	4,458,696	25,330	4,484,026	2,061,262
Cash and cash equivalents - ending	$ 2,374,367	$ 32,802	$ 2,407,169	$ 2,043,620
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Cash flows from operating activities				
Operating income (loss)	$ (6,899,736)	$ 18,697	$ (6,881,039)	$ (5,979,006)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Donated food used	467,155	-	467,155	-
Depreciation	51,536	-	51,536	-
(Increase) decrease in:				
Inventory	(193,208)	(11,827)	(205,035)	-
Accounts receivable	62,783	-	62,783	31,769
Due from other funds	(712,154)	-	(712,154)	-
Prepaid expense	-	-	-	151,664
Increase (decrease) in:				
Compensated absences	(7,791)	-	(7,791)	-
Net pension liability and related items	326,090	-	326,090	-
OPEB liability and related items	13,424	-	13,424	-
Unearned revenues	-	-	-	-
Accounts payable	(42,169)	-	(42,169)	(991,679)
Total adjustments	(34,334)	(11,827)	(46,161)	(808,246)
Net cash provided (used) by operating activities	$ (6,934,070)	$ 6,870	$ (6,927,200)	$ (6,787,252)

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Fiduciary Net Position
June 30, 2025

	Custodial Fund	Private Purpose Trust Fund
ASSETS		
Cash and cash equivalents	$ 334,604	$ 29,761
Total assets	334,604	29,761
NET POSITION		
Restricted for student activities	334,604	-
Held in trust for scholarships	-	29,761
Total net position	$ 334,604	$ 29,761

CHAMBERSBURG AREA SCHOOL DISTRICT
Statement of Changes in Fiduciary Net Position
Year Ended June 30, 2025

	Custodial Fund	Private Purpose Trust Fund
ADDITIONS		
Fundraisers	$ 175,815	$ -
Sales	78,253	-
Donations	67,063	-
Dues	7,072	-
Admission fees	28,976	-
Advertising	140	-
Charges for field trips	48,188	-
Interest income	6,673	808
Total additions	412,180	808
DEDUCTIONS		
Supplies	155,679	-
Purchased property and services	227,910	-
Scholarship	-	226
Total deductions	383,589	226
Change in net position	28,591	582
Net position - beginning	306,013	29,179
Net position - ending	$ 334,604	$ 29,761

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chambersburg Area School District (School District) operates a public school system which is geographically comprised of the Borough of Chambersburg and Townships of Greene, Guilford, Hamilton, Letterkenny, and Lurgan in Franklin County, Pennsylvania.

The School District consists of Chambersburg Area Senior High School; Chambersburg Career Magnet School; Chambersburg Area Middle School North; Chambersburg Area Middle School South; and the Andrew Buchanan, Benjamin Chambers, Falling Spring, Fayetteville, Grandview, Guilford Hills, Hamilton Heights, Lurgan, Marion, New Franklin, Scotland, South Hamilton, and Thaddeus Stevens Elementary Schools; as well as the School District Administration Office.

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

The financial statements of the School District include all funds, functions, and activities to which the Board of Directors has oversight responsibility. The financial statements presented do not include agencies which have been formed under applicable state laws or separate and distinct units of government apart from Chambersburg Area School District.

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 the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on this criterion, there are no organizations that are considered component units of the School District. The School District is not a component unit of any other entities.

Joint Ventures

The following joint ventures are not component units of Chambersburg Area School District and are not included in this report.

Franklin County Career and Technology Center - is a separate legal entity organized by six local school districts to provide services in Franklin County. Each of the participating school districts appoints members to serve on the joint operating committee. The number of members appointed is based on average daily membership and the operating agreement. Each school district has an ongoing financial responsibility to fund the Center's operations.

Franklin Learning Center - is a separate entity organized by five local school districts to provide special education services in Franklin County. Each of the participating school districts appoints members to serve on the joint operating committee. The number of members appointed is based on average daily membership by each school district. Each school district has an ongoing financial responsibility to fund the Center's operations.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reporting Entity (Continued)

Lincoln Intermediate Unit #12 - is a separate legal entity organized by constituent school districts in York, Adams, and Franklin counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the Intermediate Unit. The School District contracts with the Intermediate Unit primarily for special education services and training.

Complete financial statements for each of the entities described above can be obtained from each respective administrative office. The School District has no equity interest in any of the above joint ventures.

Fund Accounting

The School 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 School 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 School District are grouped into the categories of governmental, proprietary, and fiduciary.

1. Governmental Funds

Governmental Funds are those through which most governmental functions of the School District are financed. The measurement focus is on the flow of expendable resources, rather than on net earnings determination.

The School District reports the following major governmental funds:

a. General Fund

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

b. Capital Reserve Fund

This fund is authorized under Pennsylvania Local Government Unit Debt Act, 53 Pa. C. S., Section 8001 et seg., as amended, and accounts for monies transferred during any fiscal year from appropriations. These funds must be used for capital improvements.

c. Capital Projects Funds

Capital Projects Funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Accounting (Continued)

1. Governmental Funds (Continued)

The School District reports the following non-major governmental funds:

a. Special Revenue Fund

This fund is used to account for proceeds of naming rights contracts and sponsorships used to finance the development, operation, and administration used to operate extra/co-curricular programs as required by law or administrative regulation.

b. Debt Service Fund

This fund is used to account for the accumulation of resources for, and payment of, interest and principal on debt.

2. Proprietary Funds

Proprietary Funds are used to account for the School 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

This fund accounts for all revenues and expenses pertaining to 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 food, goods or services to the students on a continuing basis be financed or recovered primarily through user charges or cost reimbursement plans.

CASHS Enterprise Fund – Enterprise Fund - Non-Major Fund

This fund is used to account for the operations of the coffee cart and school store.

Medical Insurance Fund – Internal Service Fund

This fund is used to account for resources, derived primarily from premiums collected from other funds, for payment of medical insurance premiums.

3. 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 School 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 School 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. Student Activities are presented as Custodial Funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Government-wide Financial Statements - The statement of net position and the statement of activities display information about the School 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 School 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 School District and for each function or program of the School 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 School 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 School District.

Fund Financial Statements - Fund financial statements report detailed information about the School 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. Non-major 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.

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 School District finances and meets the cash flow needs of its proprietary activities.

Fiduciary funds are reported using the economic resources measurement focus.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 increase or decrease 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 school district expenditures is recognized when the related expenditures are incurred and the related revenue is available, which is generally 60 days; accordingly, when such funds are received, they are recorded as a liability 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 services, including charges for meals, insurance coverage, and the costs of food, salaries and benefits, depreciation, insurance premiums, and other expenses. Federal and State subsidies are considered non-operating revenues as no exchange transaction occurs.

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 expense 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. Governmental fund supplies inventories are capitalized at cost and expensed as used on the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

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 School District maintains a capitalization threshold of $ 10,000. The School 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. Interest incurred during the construction of capital assets is not capitalized.

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

	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site improvements	20 years	N/A
Buildings	50 years	N/A
Equipment, furniture, and fixtures	5 - 20 years	5 - 20 years
Right-to-use assets	2 – 7 years	N/A

Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has several items that qualify for reporting in this category, including the deferred charge on bond refunding and various amounts related to pension and OPEB liabilities. These amounts will be amortized in future periods. A deferred charge on bond refunding results from the difference in the carrying value of refunding debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. The OPEB and pension amounts deferred will be amortized as described in Note 11 and Note 13, respectively.

In addition to liabilities, the statement of net position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District's deferred inflows of resources consist of various amounts related to pension liabilities on the statement of net position, various amounts related to OPEB liabilities on the statement of net position, unavailable grant revenue and unavailable tax revenue on the balance sheet – governmental funds, and amounts related to leases on the statement of net position and balance sheet – governmental funds.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Activity/Internal Balances

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.

Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting.

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

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

2. 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.

3. Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Directors, which authorize the School District to make expenditures. Appropriations lapse at the end of the fiscal period.

4. 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. All transactions of the Capital Reserve Fund and Capital Project Fund are approved by the Board prior to commitment, thereby constructively achieving budgetary control.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

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

Cash, Cash Equivalents, and Investments

Cash and cash equivalents include all demand deposits, petty cash, savings, money market accounts, and certificates of deposit with an original maturity of three months or less. Investments include certificates of deposit with an original maturity of greater than three months. Investments are stated at market value. Accrued interest is included with other receivables on the statement of net position/balance sheet.

The School District invests in funds with the Pennsylvania Local Government Investments Trust (PLGIT). PLGIT operates and is authorized under the Intergovernmental Cooperation Act of 1972. Investments in these funds have daily liquidity and are valued at cost which equals market value.

These funds invest in federal securities backed by the full faith and credit of the United States Government, in agencies, instrumentalities and subdivisions of the Commonwealth of Pennsylvania and backed by the full faith and credit of the Commonwealth, and certificates of deposit which are insured by the Federal Insurance Corporation, or which are collateralized as provided by law of Act 72 of 1971.

Statement of Cash Flows

For purposes of the statement of cash flows, the proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Long-Term Obligations

In the government-wide 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. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts, deferred charge on bond refunding, as well as prepaid bond insurance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. The deferred charge on bond refunding is reported as deferred outflows of resources and amortized over the term of the related debt. 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 issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

Lessee: The School District is a lessee for a noncancellable lease of equipment and sports fields. The School District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. At the commencement of a lease, the School District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to leases include how the School District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The School District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and any purchase option price that the School District is reasonably certain to exercise.

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

Lessor: The School District is a lessor for a noncancellable lease of a farmland. The School District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

At the commencement of a lease, the School District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the School District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The School District uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The School District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subscription-Based Information Technology Arrangements

The School District is a lessee for various noncancellable arrangements for subscription-based information technology. The School District recognizes a subscription liability and an intangible right-to-use subscription assets (subscription asset) in the government-wide financial statements.

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

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

- The School District uses interest rates charged by the vendor as the discount rate. When the interest rate charged by the vendor is not provided, the School District generally uses its estimated incremental borrowing rate as the discount rate for subscriptions.
- The subscription term includes the noncancellable period of the subscription arrangement. Subscription payments include in the measurement of the subscription liability are composed of fixed payments and any renewal provisions that the School District is reasonably certain to exercise.

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

Retirement Plans

The School District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The School District accounts for the plan under the provisions of the GASB Standards, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, assets, and note disclosures.

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

Compensated Absences

The School District accounts for compensated absences in accordance with GASB standards which establishes a unified approach for recognizing and measuring leave benefits. During the year ended June 30, 2025, the School District adopted GASB 101, Compensated Absences. See Note 16 for further information related to this change in accounting principle.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences (Continued)

Under this guidance, a liability is recorded for leave that employees have earned but not yet used, provided the leave is expected to be paid or settled in the future. This includes vacation, sick leave, and other types of paid time off that accumulate and are attributable to services already rendered. The liability is recognized when it is more likely than not that the leave will be used for time off or otherwise compensated, either in cash or through noncash settlement. The measurement of the liability is based on the employee's pay rate as of the financial statement date, unless a different rate is specified in the leave arrangement. Additionally, salary-related payments that are directly and incrementally associated with leave payments – such as payroll taxes and certain pension contributions – are included in the liability. This approach ensures that the financial statements reflect the cost of compensated absences in the period in which the benefits are earned, providing a more accurate picture of the School District's financial obligations.

As part of the implementation, the School 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 School District's administrative practices and provides a more accurate reflection of the expected settlement value of compensated absences.

Liabilities for vested, unused vacation, sick pay, and personal leave are recorded in the proprietary funds and the government-wide financial statements and are expensed as incurred.

Payments for vacation, sick pay, and personal leave are expensed as paid in the governmental fund financial statements.

Other Postemployment Benefits Other Than Pensions

GASB establishes standards for the measurement, recognition, and display of other postemployment benefit expenditures and related liabilities, note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The School District's other postemployment benefits are accounted for in accordance with these standards.

The School District provides post-retirement benefits by permitting retired employees the ability to participate in the employee health plan at the same premium rate, albeit 100% paid by the retirees. Therefore, the School District is providing an implicit rate subsidy to its retirees. In addition, the current superintendent, associate superintendent, and Act 93 employees (administrators) may be eligible to receive a postemployment benefit based on years of service. These benefits are financed on a pay-as-you-go basis.

PSERS

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS and additions to/deductions from PSERS'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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position – Government-wide Financial Statements/Proprietary Funds

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This component of net position consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those capital assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds is not included in the calculation of net investment in capital assets. Rather, that portion of debt is included in the same net position component as the unspent proceeds. Deferred outflows of resources and deferred inflows of resources attributable to acquisition, construction, or improvement of assets or related debt also should be included in this component of net position.

Restricted: This component consists of net position consists of restricted assets and deferred outflows of resources reduced by liabilities and deferred inflows of resources related to those assets. These restrictions could include constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provision or enabling legislation.

As of June 30, 2025, restricted net position in governmental activities consists of the following:

Restricted for special education settlements	$ 283,011
Restricted for unspent donations and grants	236,337
Restricted for future capital projects	11,423,271
	$ 11,942,619

Unrestricted: This component consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance – Governmental Fund Financial Statements

Governmental funds classify fund balance based on the relative strength of the spending constraints placed on the purpose for which resources can be used. The classifications are as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact. This classification includes items such as prepaid amounts, inventories, and long-term amount of loans and notes receivable. This also includes the corpus (or principal) of permanent funds.

Restricted: This classification includes amounts where the constraints placed on the use of resources are either (1) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (2) imposed by law through constitutional provisions or enabling legislation. Enabling legislation authorizes the government to assess, levy, charge, or mandate payment and includes a legally enforceable requirement on the use of these funds.

Committed: This classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision–making authority. This formal action is in the form of a resolution which is made by the School Board. Once an amount is committed, it cannot be used for any other purpose unless changed by the same type of formal action used to initially constrain the funds.

Assigned: This classification includes spendable amounts that are reported in governmental funds other than the General Fund, that are neither restricted nor committed, and amounts in the General Fund that are intended to be used for a specific purpose. The intent of an assigned fund balance should be expressed by either the School Board or a subordinate high-level body, such as the finance committee, superintendent, or business manager that is authorized to assign amounts to be used for specific purposes. As detailed in its Fund Balance Policy, the School Board has authorized the business manager or finance committee to make assignments of fund balance. Thus, these assignments can be made or changed without formal action by the Board. The assignment of fund balance cannot result in a negative unassigned fund balance.

Unassigned: This classification represents the portion of spendable fund balance that has not been categorized as restricted, committed or assigned. The general fund is the only fund which would include a positive unassigned fund balance as all other fund types must categorize amounts within the other classifications. A negative unassigned fund balance may occur in any fund when there is an over expenditure of restricted or committed fund balance. In this case, any assigned fund balance (and unassigned fund balance in the general fund) would be eliminated prior to reporting a negative unassigned fund balance.

Minimum Fund Balance Policy

The School District strives to maintain an unassigned general fund balance of not less than four percent (4%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

The total fund balance, consisting of portions including committed, assigned, and unassigned, may exceed eight percent (8%) of budgeted expenditures.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Minimum Fund Balance Policy (Continued)

If the unassigned portion of the fund balance falls below the threshold of four percent (4%), the Board will pursue variations of increasing revenues and decreasing expenditures or a combination of both until four percent (4%) is attained. If the assigned and unassigned portions of the fund balance exceed eight percent (8%) of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for nonrecurring expenditures only.

Policy Regarding Order of Spending

When fund balance resources are available for a specific purpose in multiple classifications, the School District's policy is to use restricted resources first and then apply unrestricted resources in the following order: unassigned, assigned, and committed. Assigned or committed resources would only be used upon specific authorization by the School Board or the business manager in the case of assigned fund balance.

NOTE 2 CASH AND INVESTMENTS

Section 440.1 of the Pennsylvania School Code and Act 10 of 2016 define allowable investments for school districts, which are summarized as follows:

- U.S. Treasury Bills.
- Short term obligations of the U.S. Government and Federal agencies.
- Deposits in savings accounts or time deposits or share accounts of institutions insured by the Federal Deposit Insurance Corporation or the National Credit Union Share Insurance Fund 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 respective governmental entity.
- Shares of an investment company registered under the Investment Company Act of 1940.
- Obligations, participations or other instruments of any federal agency, instrumentality or United States 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 banker's acceptances do not exceed 180 days.
- Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The School District does not have a policy for custodial credit risk. As of June 30, 2025, the School District has a bank balance of $ 8,067,002. Of this balance, $ 250,000 is covered by FDIC insurance and the remaining balance of $ 7,817,002 is uninsured and collateralized by collateral held by the pledging bank's trust department, but not in the School District's name.

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

Based on the standards outlined in Act 72, the various banks utilized by the School District have pledged collateral on a pooled basis on behalf of the School District and all other governmental depositors in the respective financial institutions.

Investments

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

		Investment Maturities (in Years)			
	Fair Value	Less than One Year	One to Five Years	More than Five Years	S&P Global Ratings
External investment pool - PLGIT	$ 81,007,438	$ 81,007,438	$ -	$ -	AAAm

The investments in the external investment pool are considered cash equivalents for financial reporting purposes, with the exception of the Term investments, which are considered investments for financial reporting purposes.

Interest Rate Risk - Investments

The School 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 School 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.

Credit Risk – Investments

Included in cash and cash equivalents in the financial statements are pooled investments in the Pennsylvania Local Government Investment Trust (PLGIT) – Class, PLGIT – Prime, and PLGIT – Term. 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 School District's investments that have a credit quality rating are included in the table above.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Policies Followed at PLGIT

PLGIT is not registered with the Securities and Exchange Commission (SEC); however, PLGIT follows investment procedures similar to those followed by SEC registered money market funds. There is no regulatory oversight for the pools which are governed by the Board of Trustees. The School District's investments in PLGIT are valued at amortized cost, which approximates fair value and is determined by the pools' share price.

The School District has no limitations or restrictions on withdrawals on accounts held at PLGIT.

NOTE 3 TAXES

The School District collects property taxes, earned income taxes, and other taxes and fees primarily from taxpayers located in the Borough of Chambersburg and the Townships of Guilford, Greene, Hamilton, Letterkenny, and Lurgan in Franklin County, Pennsylvania.

Real estate taxes are considered fully collectible since liens can be filed on properties.

Property taxes are levied as of July 1 on assessed property values. The tax bills are mailed by the Tax Collectors on July 1 and are payable as follows:

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

After December 31, the bills are considered delinquent and turned over to the Franklin County Tax Claim Bureau for collection.

NOTE 4 TAXES RECEIVABLE AND RELATED DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS

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

Earned income	$ 8,552,643
Real estate	2,736,787
Local service	231,798
	11,521,228
Taxes collected within sixty days, recorded as revenues in governmental funds	(8,510,753)
Taxes estimated to be collected after sixty days, recorded as deferred inflows of resources in governmental funds	$ 3,010,475

NOTE 4 TAXES RECEIVABLE AND RELATED DEFERRED INFLOWS OF RESOURCES AND TAX ABATEMENTS (CONTINUED)

Tax Abatements

Keystone Opportunity Zone Program

The Keystone Opportunity Zone (KOZ) program allows eligible businesses to reduce their total tax liability through credits, waivers and broad-based tax abatements. Total real estate taxes are abated through simple reduction of their tax liability to zero with no changes to assessed values.

To be included in the KOZ program, property owners can apply through the online application process on the Pennsylvania Department of Community and Economic Development's website. The program develops a community's abandoned, unused, underutilized land and buildings into business districts and residential areas that present a well-rounded and well-balanced approach to community revitalization. Qualified businesses must (1) be located or partially located within a KOZ, (2) engaged in the active conduct of a trade or business, and (3) own or lease property in a zone from which the business actively conducts a trade, profession, or business in order to be eligible for this tax abatement program. All KOZ applicants must file an annual application to continue to be eligible for this tax abatement program. Any business which relocates outside of the zone within the first five years of locating in a zone may be required to refund all tax benefits received.

For the fiscal year ended June 30, 2025, total School District property taxes of $ 78,552 were abated under this program.

Local Economic Revitalization Tax Assistance Act

The Chambersburg Area School District enters into property tax abatement agreements with local businesses under the Local Economic Revitalization Tax Assistance Act. The Act authorizes specified local governments to provide tax exemption for new construction and improvements to industrial, commercial and other business properties located within certain designated areas. Under the Act, local governments may grant property tax abatements of up to 100 percent of a business' property tax bill, based on assessed value, for the purpose of attracting or retaining businesses within their jurisdiction.

For the fiscal year ended June 30, 2025 there were no School District property taxes abated under this program.

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS

Interfund receivables/payables consist of the following at June 30, 2025:

Funds	Interfund Receivable	Interfund Payable
General	$ 96,200	$ 4,425
Food Service	4,425	96,200
	$ 100,625	$ 100,625

The Food Service Fund owes the General Fund for various expenses paid by the General Fund on behalf of the Food Service Fund.

NOTE 5 INTERFUND RECEIVABLES AND PAYABLES AND TRANSFERS (CONTINUED)

Interfund transfers were as follows for the year ending June 30, 2025:

Funds	Transfers In	Transfers Out
General	$ -	$ 30,465,710
Capital Reserve	6,117,000	-
Capital Projects	38	-
Debt Service Fund	17,698,672	-
Medical Insurance fund	6,650,000	-
	$ 30,465,710	$ 30,465,710

The Board approved a transfer from the General Fund to the Capital Reserve Fund to fund future capital expenditures, a transfer from the General Fund to the Debt Service Fund for future debt service requirements, and a transfer from the General Fund to the Medical Insurance Fund for future insurance costs.

NOTE 6 RECEIVABLES AND DEFERRED INFLOWS

Intergovernmental receivables financial statements consist of the following as of June 30, 2025:

		Governmental Activities	Business-Type Activities
Local:	Non-resident tuition	$ 333,398	$ -
	Lincoln Intermediate Unit #12	83,350	-
	Charter school tuition reimbursement	60,986	-
State:	Social Security	953,064	-
	Retirement	4,052,456	-
	Pre K counts	148,500	-
	Meal reimbursements	-	51,361
Federal:	Grants	382,559	623,311
Total intergovernmental receivables		$ 6,014,313	$ 674,672

Leases Receivable and Deferred Inflows

The School District has entered into a lease as the lessor for the use of School District buildings. As of June 30, 2025, the value of the lease receivable is $ 59,424 with a related deferred inflow of $ 57,014. The lessee is required to make annual fixed payments of $ 60,200. The lease has an interest rate of 2.403% and the School District recognized lease revenue of $ 43,847 during the fiscal year and interest revenue of $ 1,303.

NOTE 7 CAPITAL ASSETS

Capital asset activity for the School District consists of the following as of and for the year ended June 30, 2025:

	Beginning Balance, as restated	Additions	Deductions	Ending Balance
Governmental Activities				
Cost:				
Assets not being depreciated:				
Land	$ 6,872,414	$ -	$ -	$ 6,872,414
Construction in process	1,711,807	1,383,040	(2,283,294)	811,553
Assets being depreciated:				
Site improvements	7,575,642	479,936	(25,180)	8,030,398
Buildings	253,781,384	2,023,494	-	255,804,878
Equipment, furniture, and fixtures	13,469,828	246,301	(531,318)	13,184,811
Right-to-use assets - equipment and sports fields	3,614,625	1,278,666	(49,116)	4,844,175
Right-to-use assets - IT subscriptions	4,813,894	547,295	-	5,361,189
Total cost	291,839,594	5,958,732	(2,888,908)	294,909,418
Less accumulated depreciation:				
Site improvements	(5,798,058)	(153,298)	8,813	(5,942,543)
Buildings	(81,804,478)	(6,363,108)	-	(88,167,586)
Equipment, furniture, and fixtures	(10,922,837)	(407,234)	531,318	(10,798,753)
Right-to-use assets - equipment and sports fields	(1,469,054)	(1,074,309)	49,116	(2,494,247)
Right-to-use assets - IT subscriptions	(1,542,964)	(1,026,188)	-	(2,569,152)
Total accumulated depreciation	(101,537,391)	(9,024,137)	589,247	(109,972,281)
Capital assets, net	$ 190,302,203	$ (3,065,405)	$ (2,299,661)	$ 184,937,137
Business-Type Activities				
Cost:				
Equipment, furniture and fixtures	$ 2,744,454	$ -	$ (62,581)	$ 2,681,873
Less accumulated depreciation	(2,410,428)	(51,536)	62,581	(2,399,383)
Capital assets, net	$ 334,026	$ (51,536)	$ -	$ 282,490

Depreciation expense for the year ended June 30, 2025 was charged to governmental functions as follows:

Instruction	$ 7,666,153
Instructional student support	186,540
Administrative and financial support services	631,013
Operation and maintenance of plant services	430,311
Pupil transportation	110,120
	$ 9,024,137

The construction in progress consists of the following:

Grandview projects	$ 137,443
Fayetteville projects	134,296
4-6 Grade project	466,523
Various projects	73,291
Total	$ 811,553

As of June 30, 2025, the School District had the following construction commitments, some of which were substantially completed and placed in service:

	Total Contracts	Total Costs Incurred	Total Costs To Be Incurred
Projects noted in construction in progress	$ 1,449,039	$ 811,553	$ 637,486

NOTE 8 ACCRUED SALARIES AND BENEFITS/WITHHOLDINGS

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

	General Fund
Accrued salaries	$ 5,363,231
Retirement	8,501,138
Social security	378,804
Other withholdings	434,782
	$ 14,677,955

NOTE 9 LONG-TERM LIABILITIES

	Beginning Balance, As Restated	Additions	Reductions	Ending Balance	Current Portion	Long-term Portion
Governmental Activities:						
Bonds:						
(A) Series of 2013	$ 300,000	$ -	$ (5,000)	$ 295,000	$ 5,000	$ 290,000
(B) Series of 2014 AA	305,000	-	(5,000)	300,000	5,000	295,000
(C) Series of 2015 A	22,695,000	-	(5,910,000)	16,785,000	6,210,000	10,575,000
(D) Series of 2015 AA	10,850,000	-	-	10,850,000	-	10,850,000
(E) Series of 2017	6,445,000	-	(585,000)	5,860,000	600,000	5,260,000
(F) Series of 2018	22,320,000	-	(5,000)	22,315,000	5,000	22,310,000
(G) Series of 2019	16,150,000	-	(30,000)	16,120,000	165,000	15,955,000
(H) Series of 2019 A	9,975,000	-	(5,000)	9,970,000	5,000	9,965,000
(I) Series of 2020	9,975,000	-	(5,000)	9,970,000	5,000	9,965,000
(J) Series of 2020 A	6,185,000	-	(280,000)	5,905,000	295,000	5,610,000
(K) Series of 2021	9,740,000	-	(20,000)	9,720,000	20,000	9,700,000
(M) Series of 2023	9,995,000	-	(225,000)	9,770,000	235,000	9,535,000
Unamortized bond premium/(discount)	3,393,768	-	(461,060)	2,932,708	461,060	2,471,648
Subtotal - bonds and direct borrowing	128,328,768	-	(7,536,060)	120,792,708	8,011,060	112,781,648
Compensated absences*						
Vacation leave *	-	13,237	-	13,237	6,619	6,618
Personal leave *	19,164	-	(16,534)	2,630	1,650	980
Sick leave *	1,361,085	-	(80,180)	1,280,905	213,359	1,067,546
Subtotal - compensated absences	1,380,249	13,237	(96,714)	1,296,772	221,628	1,075,144
Subscription liability	2,032,434	547,295	(1,253,296)	1,326,433	497,279	829,154
Lease obligations	2,181,034	1,278,666	(1,096,685)	2,363,015	1,013,796	1,349,219
Total long-term liabilities	$ 133,922,485	$ 1,839,198	$ (9,982,755)	$ 125,778,928	$ 9,743,763	$ 116,035,165
Business-Type Activities:						
Compensated absences*						
Vacation leave *	$ -	$ 184	$ -	$ 184	$ 123	$ 61
Personal leave *	1,863	-	(1,264)	599	461	138
Sick leave *	37,894	-	(6,711)	31,183	5,925	25,258
Total long-term liabilities	$ 39,757	$ 184	$ (7,975)	$ 31,966	$ 6,509	$ 25,457

* The change in the compensated absences liabilities are presented as net change.

(A) On June 3, 2013, the School District issued $ 9,925,000 of general obligation bonds – Series of 2013. The proceeds were used to refund the 2008 Series General Obligation bonds. The bonds are due in varying amounts on March 1, 2014 to 2034. The bonds bear interest at rates ranging from 1.25% to 3.50%.

(B) On December 11, 2014, the School District issued $ 9,995,000 of general obligation bonds – Series of 2014 AA. The proceeds were used to currently refund a portion of the Series of 2010 A general obligation bonds and pay the related costs of issuing the bonds. A portion of the bonds were refunded with the issuance of the Series of 2020 Bonds. The bonds are due in varying amounts on February 1, 2016 to 2037. The bonds bear interest at rates ranging from 3.00% to 3.50%.

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes (Continued)

(C) On May 13, 2015, the School District issued $ 41,125,000 of general obligation bonds – Series of 2015 A. The proceeds were used to currently refund the Series of 2005 A general obligation bonds, the Series of 2007 general obligation bonds, a portion of the Series of 2010 A general obligation bonds and pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2016 to 2033. The bonds bear interest at rates ranging from 2.00% to 5.00%.

(D) On May 13, 2015, the School District issued $ 10,850,000 of general obligation bonds – Series of 2015 AA. The proceeds were used for the acquisition, design, construction, furnishing, and equipping of a new elementary school (Marion), various capital projects for the School District's existing facilities, and to pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2030 to 2037. The bonds bear interest at rates ranging from 3.50% to 4.00%.

(E) On April 27, 2017, the School District issued $ 9,935,000 of general obligation bonds – Series of 2017. The proceeds will be used for the acquisition, design and construction, furnishing and equipping of various capital projects for the School District's existing facilities and pay the costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2017 to 2037. The bonds bear interest at rates ranging from 0.95% to 3.50%.

(F) On October 25, 2018, the School District issued $ 22,345,000 of general obligation bonds, Series of 2018. The proceeds were used to refund the School District's general obligation bonds Series of 2009 and Series of 2011 and also pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2020 to 2037. The bonds bear interest rates ranging from 3.00% to 4.00%.

(G) On July 11, 2019, the School District issued $ 16,175,000 of general obligation bonds, Series of 2019. The proceeds were used to currently refund the School District's general obligation bonds Series of 2013 A and 2014 A and pay the related costs of issuing the bonds. The bonds are due in varying amounts on September 1, 2019 to 2029. The bonds bear interest rates ranging from 2.00% to 4.00%.

(H) On December 3, 2019, the School District issued $ 9,995,000 of general obligation bonds, Series of 2019 A. The proceeds were used to currently refund the School District's general obligation bond Series of 2013 and pay the related costs of issuing the bonds. The bonds are due in varying amounts on January 15, 2020 to 2034. The bonds bear interest rates ranging from 2.00% to 3.00%.

(I) On February 27, 2020, the School District issued $ 9,995,000 of general obligation bonds, Series of 2020. The proceeds were used to refund a portion of the School District's general obligation bonds Series AA of 2014 and also pay the related costs of issuing the bonds. The bonds are due in varying amounts on January 15, 2021 to 2037. The bonds bear interest rates ranging from 2.00% to 3.00%.

(J) On February 25, 2020, the School District issued $ 7,210,000 of general obligation bonds, Series of 2020 A. The proceeds were used to for the acquisition, design, construction, furnishing and equipping of various capital projects for the School District's existing facilities and pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2021 to 2040. The bonds bear interest rates ranging from 4.00% to 5.00%.

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes (Continued)

(K) On June 15, 2021, the School District issued $ 9,815,000 of general obligation bonds, Series of 2021. The proceeds were used to currently refund the School District's general obligation bond Series of 2016 A and pay the related costs of issuing the bonds. The bonds are due in varying amounts on February 1, 2022 to 2037. The bonds bear interest at 2.00%.

(L) On April 1, 2021, the School District issued $ 9,108,000 of general obligation note, Series of 2021. The proceeds were used to currently refund the School District's general obligation bonds Series of 2012 and 2016 and pay the related costs of issuing the note. The note was due in varying amounts on September 1, 2021 to 2023. The note had interest of 0.695%. This note was paid in full during the current fiscal year.

(M) On October 24, 2023, the School District issued $ 9,995,000 of general obligation bonds, Series of 2023. The proceeds were used to fund the acquisition, design, construction, furnishing, and equipping of various capital projects of the School District, and to pay the related costs of issuing the bonds. The bonds are due in varying amounts on March 1, 2025 to 2049. The bonds bear interest rates ranging from 4.00% to 5.50%.

The School District's 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 School District's subsidies and pay any past due amounts directly or to the paying agent for payment to the bond holders. In addition, all bonds and notes are secured by general taxing and revenue of the School District.

Subsequent Event

On December 11, 2025, the School District issued $ 6,570,000 of general obligation bonds, Series of 2025. The proceeds were used to fund the acquisition, design, construction, furnishings and equipment of renovations to the Chambersburg Area Middle School South, new intermediate school for grades four through six, and a new elementary school for grades kindergarten through third, and to pay the costs of issuing the bonds.

Lease Obligations

The School District entered into various lease agreements with remaining terms between one and ten years for the use of copiers, computer equipment, and athletic fields. The School District is required to make fixed payments (monthly, quarterly, and annually) between $ 5,387 and $ 322,762. The leases have interest rates ranging from 0.23% and 9.14%. The associated right-to-use assets are disclosed in the Capital Asset footnote.

IT Subscription Liabilities

The School District entered into various subscription arrangements with remaining terms between one and three years for the exclusive use of subscription-based information technology. The School District is required to make annual fixed payments between $ 12,000 and $ 547,295. The agreements have interest rates ranging from 1.23% and 6.39%. The associated right-to-use assets are disclosed in the Capital Asset footnote.

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

IT Subscription Liabilities (Continued)

The annual debt requirements for future general obligation bonds, direct borrowings, leases, and subscription liabilities, as of June 30, 2025, are as follows:

	Bonds					
	Series of 2013		Series of 2014 AA		Series of 2015 A	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 5,000	$ 8,850	$ 5,000	$ 8,993	$ 6,210,000	$ 541,650
2027	5,000	8,700	5,000	8,850	4,750,000	355,350
2028	5,000	8,550	5,000	8,700	5,000	206,912
2029	5,000	8,400	5,000	8,550	5,000	206,750
2030	275,000	8,250	5,000	8,400	1,655,000	206,582
2031 - 2035	-	-	275,000	16,500	4,160,000	261,758
2036 - 2040	-	-	-	-	-	-
2041 - 2045	-	-	-	-	-	-
2046 - 2049	-	-	-	-	-	-
	$ 295,000	$ 42,750	$ 300,000	$ 59,993	$ 16,785,000	$ 1,779,002

	Bonds					
	Series of 2015 AA		Series of 2017		Series of 2018	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ -	$ 417,406	$ 600,000	$ 188,625	$ 5,000	$ 866,788
2027	-	417,406	620,000	173,625	5,000	866,631
2028	-	417,406	405,000	155,025	5,000	866,475
2029	-	417,406	410,000	142,875	5,000	866,319
2030	845,000	417,406	425,000	130,575	3,120,000	866,163
2031 - 2035	5,970,000	1,645,498	2,345,000	432,726	13,280,000	2,670,777
2036 - 2040	4,035,000	212,800	1,055,000	55,650	5,895,000	356,000
2041 - 2045	-	-	-	-	-	-
2046 - 2049	-	-	-	-	-	-
	$ 10,850,000	$ 3,945,328	$ 5,860,000	$ 1,279,101	$ 22,315,000	$ 7,359,153

	Bonds					
	Series of 2019		Series of 2019 A		Series of 2020	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 165,000	$ 644,800	$ 5,000	$ 229,225	$ 5,000	$ 213,219
2027	1,820,000	638,200	20,000	229,125	5,000	213,219
2028	6,925,000	565,400	70,000	228,725	5,000	213,019
2029	7,210,000	288,400	70,000	227,325	5,000	212,919
2030	-	-	1,640,000	225,838	5,000	212,819
2031 - 2035	-	-	8,165,000	483,057	5,495,000	971,895
2036 - 2040	-	-	-	-	4,450,000	150,750
2041 - 2045	-	-	-	-	-	-
2046 - 2049	-	-	-	-	-	-
	$ 16,120,000	$ 2,136,800	$ 9,970,000	$ 1,623,295	$ 9,970,000	$ 2,187,840

NOTE 9 LONG-TERM LIABILITIES (CONTINUED)

Bonds and Notes (Continued)

	Bonds					
	Series of 2020 A		Series of 2021		Series of 2023	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 295,000	$ 236,200	$ 20,000	$ 194,400	$ 235,000	$ 457,396
2027	305,000	224,400	20,000	194,000	245,000	444,472
2028	320,000	212,200	150,000	193,600	260,000	430,996
2029	335,000	199,400	155,000	190,600	275,000	416,696
2030	345,000	186,000	160,000	187,500	285,000	405,696
2031 - 2035	1,945,000	711,400	6,165,000	711,300	1,600,000	1,847,668
2036 - 2040	1,850,000	270,200	3,050,000	91,700	1,965,000	1,481,650
2041 - 2045	510,000	20,400	-	-	2,465,000	981,270
2046 - 2049	-	-	-	-	2,440,000	312,500
	$ 5,905,000	$ 2,060,200	$ 9,720,000	$ 1,763,100	$ 9,770,000	$ 6,778,344

	Lease Obligations		Subscription Liabilities		Totals	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	$ 1,013,796	$ 54,268	$ 497,279	$ 30,940	$ 9,061,075	$ 4,092,760
2027	691,812	32,198	409,717	19,715	8,901,529	3,825,891
2028	525,123	13,174	419,437	9,994	9,099,560	3,530,176
2029	32,383	662	-	-	8,512,383	3,186,302
2030	23,756	315	-	-	8,783,756	2,855,544
2031 - 2035	76,145	485	-	-	49,476,145	9,753,064
2036 - 2040	-	-	-	-	22,300,000	2,618,750
2041 - 2045	-	-	-	-	2,975,000	1,001,670
2046 - 2049	-	-	-	-	2,440,000	312,500
	$ 2,363,015	$ 101,102	$ 1,326,433	$ 60,649	$ 121,549,448	$ 31,176,657

NOTE 10 GOVERNMENTAL FUNDS – FUND BALANCE

The following table provides detail of the fund balance classifications which are aggregated on the governmental funds balance sheet:

	General Fund	Projects Fund	Reserve Fund	Governmental Funds	Governmental Funds
FUND BALANCES					
Nonspendable:					
Prepaid expenditures	$ 2,737,206	$ -	$ -	$ -	$ 2,737,206
Inventories	68,561	-	-	-	68,561
Total Nonspendable	2,805,767	-	-	-	2,805,767
Restricted for:					
Special education settlements	283,011	-	-	-	283,011
Unspent donations and grants	236,337	-	-	-	236,337
Future capital projects	-	7,960,587	16,645,334	-	24,605,921
Total Restricted	519,348	7,960,587	16,645,334	-	25,125,269
Committed for:					
Future property tax relief	10,093,738	-	-	-	10,093,738
Future debt service expenditures	-	-	-	6,824,242	6,824,242
Student athletic programs	-	-	-	275,236	275,236
Total Committed	10,093,738	-	-	7,099,478	17,193,216
Assigned for:					
Property tax assessment appeals	3,000,000	-	-	-	3,000,000
Special education contingency funds	2,000,000	-	-	-	2,000,000
Budgetary reserve	5,000,000	-	-	-	5,000,000
Charter schools	1,500,000	-	-	-	1,500,000
Future capital projects	390,000	-	-	-	390,000
Technology	2,952,552	-	-	-	2,952,552
Transportation shortfall	1,000,000	-	-	-	1,000,000
Food service outstanding bad debt	100,000	-	-	-	100,000
Health care transfer	4,043,318	-	-	-	4,043,318
Franklin County Career and Technology Center roof project	1,000,000	-	-	-	1,000,000
Franklin Learning Center capital needs	3,000,000	-	-	-	3,000,000
Debt service transfer	10,000,000	-	-	-	10,000,000
ELL program expansion	750,000	-	-	-	750,000
Educational blueprint	1,807,037	-	-	-	1,807,037
Total Assigned	36,542,907	-	-	-	36,542,907
Unassigned	-	-	-	-	-
Total fund balances	$ 49,961,760	$ 7,960,587	$ 16,645,334	$ 7,099,478	$ 81,667,159

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Plan Descriptions and Benefits Provided

School District Plan

The School District has a healthcare plan for retired employees, which is a single employer defined benefit healthcare plan administered by the School District. The plan provides medical and prescription drug coverage for both the retiree and spouse. The member is eligible until the employee reaches Medicare age. To continue coverage upon retirement, the retiree must reimburse the School District 100% of the School District's cost of coverage.

Retirees opting to participate are asked to pay a premium amount that is less than the School District's actual cost to provide health care coverage to retirees. The premium amount retirees pay is a blended rate for covering both active and retired Plan members. The fact that the blended rate that retirees pay is less than the cost of covering retired members and their beneficiaries results in what is known as an "implicit rate subsidy" by the School District, which gives rise to the benefit.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Plan Descriptions and Benefits Provided (Continued)

School District Plan (Continued)

In addition, Act 93 employees (administrators) may be eligible to receive a postemployment benefit based on years of service. These benefits are detailed as follows:

Act 93 Employees (Administrators)

For employees who were in the Act 93 group prior to July 1, 2006, they will maintain their paid health care privileges upon retirement, and access to health care will follow Act 93 requirements. Those employees who are eligible for medical benefits upon retirement, and who retire between the ages of 53 and 64, will receive medical benefits equal to those provided as follows: 100% coverage after 25 years of service, 75% coverage after 20 years of service, and 50% after 15 years of service. For employees joining this group on or after July 1, 2006, a payment of $ 2,500 per year will be contributed to a 403b or 457 account of the employee's choice, annually.

These employees may purchase coverage until Medicare age by paying the premium that is determined for COBRA.

The administrators have the option of waiving the above benefit and in lieu of receiving postemployment benefits, receive an annual amount paid into a 403b or 457b account maintained by the employee. Currently, 57 employees have elected to receive this benefit in lieu of the other postemployment benefits described above.

No assets are accumulated in a trust that meets the criteria of GASB standards.

PSERS

In addition to the other postemployment benefit detailed above, the Public School Employees' Retirement System (PSERS) also provides a health insurance premium assistance program for all eligible employees, which is a governmental cost-sharing multiple employer defined benefit plan. 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. Healthcare cost trends were applied to retirees receiving less than $ 1,200 in annual premium assistance. The annual premium assistance reimbursement for qualifying retirees is capped a maximum of $ 1,200. As of June 30, 2024, there were no assumed future benefit increases to participating eligible retirees or employer-sponsored health insurance program.

Retirees of the System can participate in the premium assistance program if they 1) have 24 ½ or more years of service, 2) are a disability retiree, 3) have 15 or more years of service and retired after reaching superannuation age, or 4) participate in the PSERS' health option program or employer-sponsored health insurance program.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

PSERS (Continued)

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.

Plan Membership

Membership in the School District's plan consisted of the following at July 1, 2024, the date of the latest actuarial valuation:

Active participants	1,183
Vested former participants	0
Retired participants	15
Total	1,198

Contributions

PSERS

The School 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 the employee contributions, is expected to finance the costs of benefits earned by employees during the year with an additional amount to finance the unfunded accrued liability. Contributions to the OPEB plan from the employer were $ 430,478 for the year ended June 30, 2025.

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

School District Plan

The School District's total OPEB liability was measured as of July1, 2024 based on an actuarial valuation as of July 1, 2024, which was based on census information as of March 2025, which is presumed to be representative of the population for the 2024-2025 year. The plan has no assets that are accumulated in a trust that meets the criteria established in GASB Statement No. 75. At June 30, 2025, the School District reported a total OPEB liability of $ 2,941,338.

For the year ended June 30, 2025, the School District recognized OPEB expense of $ 102,442.

PSERS

At June 30, 2025, the School District reported a liability of $ 7,322,564 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 School District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School District's proportion was 0.4122 percent, which was an increase of 0.0115 percent from its proportion measured as of June 30, 2023.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

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

PSERS (Continued)

For the year ended June 30, 2025, the School District recognized OPEB expense of $ 278,650.

The table below summarizes the combined OPEB liability and OPEB expense:

	Total OPEB/ Net OPEB Liability	OPEB Expense
School District Plan	$ 2,941,338	$ 102,442
PSERS	7,322,564	278,650
Total	$ 10,263,902	$ 381,092

Changes in the Total OPEB Liability

School District Plan

	Total OPEB Liability
Beginning Balance	$ 3,136,337
Changes for the year:	
Service cost	165,885
Interest	133,233
Difference between expected and actual experience	(5,104)
Changes in assumptions	(348,279)
Benefit payments	(140,734)
Net changes	(194,999)
Ending Balance	$ 2,941,338

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	School District Plan		PSERS		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 634,574	$ 28,000	$ 110,000	$ 28,000	$ 744,574
Changes in assumptions	501,583	1,990,389	446,000	1,118,000	947,583	3,108,389
Net difference between projected and actual investment earnings	-	-	8,000	-	8,000	-
Changes in proportions - plan	-	-	251,000	238,000	251,000	238,000
Changes in proportions - governmental activities/business-type activities	-	-	163,814	163,814	163,814	163,814
Difference between employer contributions and proportionate share of total contributions	-	-	6,853	74,004	6,853	74,004
Contributions subsequent to the measurement date	138,971	-	351,826	-	490,797	-
	$ 640,554	$ 2,624,963	$ 1,255,493	$ 1,703,818	$ 1,896,047	$ 4,328,781

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Changes in Total OPEB Liability (Continued)

The $ 490,797 reported as deferred outflows of resources related to OPEB liabilities resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	School District Plan	PSERS	Total
2026	$ (196,676)	$ (176,314)	$ (372,990)
2027	(196,676)	(230,399)	(427,075)
2028	(196,676)	(239,163)	(435,839)
2029	(196,676)	(82,243)	(278,919)
2030	(196,676)	(72,032)	(268,708)
Thereafter	(1,140,000)	-	(1,140,000)
Total	$ (2,123,380)	$ (800,151)	$ (2,923,531)

Actuarial Methods and Assumptions

School District Plan

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

PSERS

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

	School District Plan	PSERS
Actuarial Cost Method	Entry age normal	Entry age normal – level % of pay.
Investment Rate of Return	4.29% - S&P 20 year municipal bond rate as of July 1, 2024.	4.21% - S&P 20 year municipal bond rate as of June 30, 2024.
Salary	An assumption for salary increase is used for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.	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	PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.	Based on the blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjust to reflect PSERS' experience and project using a modified version of the MP-2020 Improvement Scale.
Percentage of Eligible Employees Electing Coverage in Plan	100% of employees who qualify for enhanced benefits and 40% of employees who qualify for Act 110/43 benefits are assumed to elect coverage.	Eligible retirees will elect to participate pre-age 65 at 50% and eligible retirees will elect to participate post-age 65 at 70%.
Health Care Cost Trend Rate	7.0% in 2024, with a 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.	Applied to retirees with less than $ 1,200 in premium assistance per year. Benefit is capped at $ 1,200 per year.
Per Capita Claims Cost	The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. The resulting costs are as follows: age 45-49, $ 7,766 for males and $ 11,216 for females; 50-54, $ 10,286 for males and $ 12,676 for females; 55-59, $ 12,528 for males and $ 13,264 for females; and 60-64, $ 16,348 for males and $ 15,237 for females.	N/A

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Actuarial Methods and Assumptions (Continued)

PSERS

Investment Return

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.

OPEB – Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100%	1.7%
	100%	

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.29% and 4.21% for the School District's Plan and PSERS, respectively. The School District Plan is not funded, therefore, the S&P 20-year municipal bond rate of 4.29% as of July 1, 2024 is the applicable discount rate. Under the PSERS 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 or the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB's plan 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.

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

The following presents the total and net OPEB liabilities of the School District, as well as what the School District's liabilities would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Sensitivity of the Total and Net OPEB Liability to Changes in the Discount Rate (Continued)

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
School District Plan - Total OPEB liability	$ 3,197,749	$ 2,941,338	$ 2,700,041

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
PSERS - School District's proportionate share of the net OPEB liability	$ 8,272,000	$ 7,322,564	$ 6,527,000

Sensitivity of the Total and Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

For the PSERS plan, healthcare cost trends were applied to retirees receiving less than $ 1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $ 1,200.

The following presents the total and net pension liabilities of the plan, as well as what the plans' total OPEB liability would be if it were calculated using the healthcare cost trend rate that are one percentage point lower or one percentage point higher than the current healthcare cost trend rate:

School District Plan

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
School District Plan - Total OPEB Liability	$ 2,589,161	$ 2,941,338	$ 3,358,113

PSERS

	1% Decrease	Healthcare Cost Trend Rate	1% Increase
PSERS - School District's proportionate share of the net OPEB liability	$ 7,322,000	$ 7,322,564	$ 7,323,000

OPEB Plan Fiduciary Net Position

PSERS

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Payables to the OPEB Plan

School District Plan

As of June 30, 2025, the School District had no amounts payable to the School District OPEB Plan.

PSERS

As of June 30, 2025, the School District had $ 157,986 included in accrued salaries and benefits/withholdings liability, of which $ 125,734 is for the contractually required contribution for the second quarter of 2025 and $ 32,251 is related to the accrued payroll liability for wages incurred as of June 30, 2025.

NOTE 12 AFFILIATES

As explained in Note 1, the School District is affiliated with Lincoln Intermediate Unit #12, Franklin County Career and Technology Center, and Franklin Learning Center. Payments to fund the operating costs (excluding debt payments below) for the year ended June 30, 2025 were as follows:

Lincoln Intermediate Unit #12	$ 5,807,840
Franklin County Career and Technology Center	2,187,244
Franklin Learning Center	631,544
	$ 8,626,628

During the year ended June 30, 2021, the Franklin County Career and Technology Center issued a note in the amount of $ 11,211,000 to refinance a previous bond that was issued to finance building additions and renovations. Each member district adopted resolutions approving the project and the related debt issues and is responsible for their individual share of the debt. Under the Articles of Agreement, each member district's share of debt payments is based on the district's ratio of market valuation of real estate to the total market valuation of real estate of all participating school districts. The Chambersburg Area School District's share of debt payments for 2024/2025 was $ 316,207, which are excluded from the operating costs above. Based on the latest market valuation available, Chambersburg Area School District's share is 41.50%, which represents $ 3,741,225 of the outstanding debt of the Tech Center as of June 30, 2025.

NOTE 13 PENSION PLAN

General Information About the Pension Plan

Plan Description

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

NOTE 13 PENSION PLAN (CONTINUED)

General Information About the Pension Plan (Continued)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 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 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined by 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 rights to benefits are vested after ten years of service. Act 5 of 2017 (Act 5) introduced a hybrid benefit plan 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).

Class T-G and Class T-H members qualify for a defined benefit normal retirement benefit must work until age 67 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 97 with a minimum 35 years of service.

Defined benefits for T-G and T-H are 1.25% or 1.00%, 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. A members' right to a defined benefit is vested in 10 years.

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 by the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefits the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

NOTE 13 PENSION PLAN (CONTINUED)

General Information About the 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 July22, 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	5.5% 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 School District's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll. This is 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 recognized as revenue by the defined benefit pension plan from the School District were $ 22,405,421 for the year ended June 30, 2025. In addition, the School District's contribution to the defined contribution plan was $ 327,908 for the year ended June 30, 2025.

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension and OPEB liabilities and related pension and OPEB expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2025, the School District recognized revenue of $ 12,671,928 as reimbursement for its current year pension and OPEB payments.

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

At June 30, 2025, the School District reported a liability of $ 172,693,495 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 School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the School District's proportion was 0.4126 percent, which was a decrease of 0.0111 percent from its proportion measured as of June 30, 2023.

NOTE 13 PENSION PLAN (CONTINUED)

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

For the year ended June 30, 2025, the School District recognized pension expense of $ 17,405,729.

At June 30, 2025, the School 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	$ -	$ 2,715,000
Changes in assumptions	-	-
Net difference between projected and actual investment earnings	2,859,000	-
Changes in proportions - plan	2,422,000	3,593,000
Changes in proportions - governmental activities/business-type activities	573,669	573,669
Difference between employer contributions and proportionate share of total contributions	41,568	298,223
Contributions subsequent to the measurement date	22,400,586	-
	$ 28,296,823	$ 7,179,892

The $ 22,400,586 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	$ (3,721,899)
2027	3,469,533
2028	(453,289)
2029	(578,000)
Total	$ (1,283,655)

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level percent of pay.
- Investment rate of 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 and 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 projecting using a modified version of the MP-2010 Improvement Scale.

NOTE 13 PENSION PLAN (CONTINUED)

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

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

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 expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

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

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

Discount Rate

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

NOTE 13 PENSION PLAN (CONTINUED)

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	$ 227,490,000	$ 172,693,495	$ 126,422,000

Pension 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.state.pa.us.

Payables to the Pension Plan

As of June 30, 2025, the School District had $ 8,341,117 included in accrued salaries and benefits/withholdings liability of which $ 6,639,970 is for the contractually required contribution for the second quarter of 2025 and $ 1,703,183 that is related to the accrued payroll liability for wages incurred as of June 30, 2025.

NOTE 14 CONTINGENCIES

The School 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 the School 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 School District. At June 30, 2025, the School District is involved in multiple real estate tax assessment appeals involving the valuation or claimed exemption of properties within the School District. The School District has assigned fund balance for one specific appeal but cannot predict the total impact at this time.

The School District typically is involved with various lawsuits in the normal course of operations. Management cannot predict the outcome of the lawsuits or estimate the amount of any loss that may result. Accordingly, no provision for any contingent liabilities that may result have been made in the financial statements. Management believes that losses resulting from these matters, if any, would be substantially covered under the School District's professional liability insurance policy and would not have a material effect on the financial position of the School District.

NOTE 14 CONTINGENCIES (CONTINUED)

The School 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 School 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 School 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.

NOTE 15 RISK MANAGEMENT

The School District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The School District has purchased commercial insurance to cover general liability, directors' and officers' liability, and unemployment compensation. For these insured programs there have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or three prior years.

Medical Insurance Fund

As of July 1, 2011, the School District implemented its own self-funded health care plan administered by Capital Blue Cross. This plan is a "cost plus" plan in which the School District pays Capital Blue Cross for actual claims and administering the plan. The School District has an internal service fund to account for the revenues and expense of the program. Transfers are made from the general fund and food service fund to the internal service fund based on actuarially determined rates. Other sources of revenue are proceeds from stop-loss insurance coverage, COBRA payments, and employee reimbursements (including retirees who elect to continue coverage). The School District maintains stop-loss coverage for claims greater than $ 250,000 individually.

The School District offers its employees a direct reimbursement for eye care and dental expenses. The School District has an agreement with a third-party administrator who determines the benefit amount to be paid. The maximum allowance is $ 1,000 for each individual covered for dental coverage. Coverage for eye care is based on allowances for different services (i.e. – exam, frames, lenses, etc.). Payment for these services is once every two years for adults and once a year for dependents up to age 19. There is no carryover for unused funds and the allowances run on a calendar year.

NOTE 15 RISK MANAGEMENT (CONTINUED)

Changes in the self-insured claims liability amounts (including stop loss premiums and administrative charges) for the year ended June 30 were as follows:

Year Ended June 30	Liability Beginning	Current Year Expense (including Changes in Estimate)	Payments	Liability Ending
2025	$ 2,478,210	$ 25,663,699	$ 26,655,378	$ 1,486,531
2024	2,275,920	20,172,226	19,969,936	2,478,210

The ending liability represents unpaid claims and the estimated amount of incurred but not reported (IBNR) claims as of June 30, 2025. All expenditures for the School District's risk management are recorded in the internal service fund, general fund or food service fund.

NOTE 16 RESTATEMENTS

During the year ended June 30, 2025, the District adopted GASB Standard No. 101, Compensated Absences. Implementation of the new standard changed the School District's compensated absence liability measurement related to their employee's accrued vacation, sick, and personal leave liability. Implementation of the new standard impacted the current and noncurrent compensated absences line item of the Government-wide and Proprietary fund statements of net position. This change also impacted the Instruction expense line item for governmental activities and the food service expenses for business-type activities on the government-wide statement of activities.

For Proprietary Fund statement of revenues, expenses, and changes in fund net position, it impacts the food service fund salary expense line item.

During the year ended June 30, 2025, the District had a restatement for a correction related to the leases in the prior year. This impacted the capital assets and lease liability line items for the governmental activities in the Government-wide statement of net position in the amount of $ 427,441. There was no impact to the net position for this correction.

	Governmental Activities	Business-Type Activities	Food Service Fund
Net position as of June 30, 2024, as originally stated	$ (31,932,026)	$ 960,855	$ 932,780
Restatement for change in accounting principle - GASB 101	257,235	22,311	22,311
Net position as of June 30, 2024, as restated	$ (31,674,791)	$ 983,166	$ 955,091

REQUIRED SUPPLEMENTARY INFORMATION

CHAMBERSBURG AREA SCHOOL DISTRICT
Budgetary Comparison Schedule – General Fund
Year Ended June 30, 2025

	BUDGET ORIGINAL/ FINAL	ACTUAL (BUDGETARY/ GAAP BASIS)	VARIANCE WITH FINAL BUDGET
REVENUES			
Local Sources			
Taxes	$ 113,925,246	$ 114,721,574	$ 796,328
Investment earnings	2,500,000	2,659,100	159,100
Federal revenue from intermediate sources	2,000,000	2,055,605	55,605
Other	401,876	1,425,713	1,023,837
State sources	58,649,474	69,600,437	10,950,963
Federal sources	4,480,736	6,987,945	2,507,209
Total revenues	181,957,332	197,450,374	15,493,042
EXPENDITURES			
Instruction	118,253,706	113,859,145	4,394,561
Support services	50,508,833	51,872,302	(1,363,469)
Operation of noninstructional services	2,100,353	2,259,989	(159,636)
Facilities acquisition, construction and improvements	-	810,249	(810,249)
Debt service			
Principal	7,075,000	2,349,981	4,725,019
Interest	4,345,019	314,873	4,030,146
Total expenditures	182,282,911	171,466,539	10,816,372
OTHER FINANCING SOURCES (USES)			
Proceeds from sale of capital assets	2,000	19,200	17,200
Proceeds from issuance of leases and subscription-based IT arrangements	-	1,825,961	1,825,961
Interfund transfers	(1,117,000)	(30,465,710)	(29,348,710)
Total other financing sources and (uses)	(1,115,000)	(28,620,549)	(27,505,549)
Net change in fund balances	$ (1,440,579)	$ (2,636,714)	$ (1,196,135)

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of School District's Proportionate Share of Net Pension Liability – Public School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net Pension Liability (Asset)	School District's Proportionate Share of the Net Pension Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total Pension Liability
2025	0.4126%	$ 172,693,495	$ 65,431,854	263.93%	64.63%
2024	0.4237%	188,488,792	62,977,693	299.29%	61.85%
2023	0.4213%	187,304,596	61,957,965	302.31%	61.34%
2022	0.4049%	166,238,700	57,450,972	289.36%	63.67%
2021	0.4024%	198,137,800	56,472,408	350.86%	54.32%
2020	0.4101%	191,855,475	56,555,660	339.23%	55.66%
2019	0.4031%	193,508,000	54,281,936	356.49%	54.00%
2018	0.4019%	198,491,999	53,502,339	371.00%	51.84%
2017	0.4189%	207,593,547	54,257,321	382.61%	50.14%
2016	0.4160%	173,954,281	51,673,821	336.64%	54.36%

NOTES

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

Changes in Actuarial Assumptions

The following actuarial assumptions were changed during the 2020-2021:

- Actuarial cost method – Entry Age Normal – level % of pay
- The investment return 7.00%, includes inflation of 2.50%
- Salary growth – effective average of 4.5% comprised of inflation of 2.50% and 2.00% for real wage growth for merit or seniority increases
- Mortality rates 50% PubT-2010 and 50% PUbG-2010 Retiree Tables for Males and Females. Adjusted to reflect PSERS' experience and projected using modified version of the MP-2020 Improvement Scale.

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of School District's Contributions – 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)	School District's Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2025	$ 22,405,421	$ 22,405,421	$ -	$ 64,384,999	34.80%
2024	22,545,269	22,545,269	-	65,431,854	34.46%
2023	22,179,642	22,179,642	-	62,977,693	35.22%
2022	20,722,770	20,722,770	-	61,957,965	33.45%
2021	19,229,445	19,229,445	-	57,450,972	33.47%
2020	18,755,093	18,755,093	-	56,472,408	33.21%
2019	18,379,550	18,379,550	-	56,555,660	32.50%
2018	17,149,602	17,149,602	-	54,281,936	31.59%
2017	15,411,152	15,411,152	-	53,502,339	28.80%
2016	13,346,121	13,346,121	-	54,257,321	24.60%

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios – School District Plan

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability								
Service cost	$ 165,885	$ 154,993	$ 349,725	$ 349,810	$ 249,676	$ 249,581	$ 317,071	$ 296,170
Interest	133,233	123,620	114,125	91,278	138,822	121,309	147,516	103,960
Differences between expected and actual experience	(5,104)	-	(599,283)	-	(87,943)	-	(204,870)	-
Changes in assumptions	(348,279)	38,855	(1,461,658)	(161,519)	558,546	(128,402)	(659,597)	283,954
Benefit payments	(140,734)	(154,869)	(185,336)	(176,725)	(191,378)	(170,389)	(180,076)	(151,811)
Net change in total OPEB liability	(194,999)	162,599	(1,782,427)	102,844	667,723	72,099	(579,956)	532,273
Total OPEB liability - beginning	3,136,337	2,973,738	4,756,165	4,653,321	3,985,598	3,913,499	4,493,455	3,961,182
Total OPEB liability - ending	$ 2,941,338	$ 3,136,337	$ 2,973,738	$ 4,756,165	$ 4,653,321	$ 3,985,598	$ 3,913,499	$ 4,493,455
Covered employee payroll	$ 71,518,860	N/A	$ 56,625,982	N/A	$ 58,071,045	N/A	$ 50,255,467	$ 47,608,687
Total OPEB liability as a percentage of covered employee payroll	4.11%	N/A	5.25%	N/A	8.01%	N/A	7.79%	9.44%

NOTES

This schedule will be expanded to show multi-year trends as additional information becomes available in the future.

The amounts presented for each fiscal year were determined as of the measurement period year end that was used for the fiscal year. For the School District plan, the measurement period is one year prior to the fiscal year end.

N/A – Information is unavailable.

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of School District's Proportionate Share of the Net OPEB Liability – Public School Employees' Retirement System

For the Fiscal Year Ended June 30	School District's Proportion of the Net OPEB Liability (Asset)	School District's Proportionate Share of the Net OPEB Liability (Asset)	School District's Covered Payroll - measurement period	School District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability
2025	0.4122%	$ 7,322,564	$ 65,431,854	11.19%	7.13%
2024	0.4237%	7,665,691	62,977,693	12.17%	7.22%
2023	0.4214%	7,757,009	61,957,965	12.52%	6.86%
2022	0.4053%	9,605,946	57,450,972	16.72%	5.30%
2021	0.4023%	8,692,484	56,472,408	15.39%	5.69%
2020	0.4101%	8,722,179	56,555,660	15.42%	5.56%
2019	0.4031%	8,404,000	54,281,936	15.48%	5.56%
2018	0.4190%	8,188,359	53,502,339	15.30%	5.47%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

The amounts presented for each fiscal year were determined as of the measurement period year-end that was used for the fiscal year. For PSERS, the measurement period year-end is one year prior to the fiscal year-end.

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of School District's OPEB Contributions – 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)	Covered Payroll - Fiscal Year	Contributions as a Percentage of Covered Employee Payroll
2025	$ 430,478	$ 430,478	$ -	$ 64,384,999	0.67%
2024	436,269	436,269	-	65,431,854	0.67%
2023	486,186	486,186	-	62,977,693	0.77%
2022	473,057	473,057	-	61,957,965	0.76%
2021	524,790	524,790	-	57,450,972	0.91%
2020	472,251	472,251	-	56,472,408	0.84%
2019	467,946	467,946	-	56,555,660	0.83%
2018	448,462	448,462	-	54,281,936	0.83%

NOTES

This schedule will be expanded to show 10 fiscal years once information becomes available in the future.

OTHER SUPPLEMENTARY INFORMATION

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Grantor Program Title	Source Code	Assistance Listing Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Payable) at July 1, 2024	Revenue Recognized	Expenditures Recognized	Receivable (Payable) at June 30, 2025	Total Passed-Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION											
Impact Aid	D	84.041	N/A	N/A	N/A	$ 510,144	$ -	$ 510,144	$ 510,144	$ -	$ -
Total direct funds						510,144	-	510,144	510,144	-	-
Passed through Pennsylvania Department of Education											
ESEA Title I	I	84.010	013-25-0076	July 17, 2024 - September 30, 2025	2,619,713	1,570,237	-	1,870,614	1,870,614	300,377	-
ESEA Title I	I	84.010	013-24-0076	July 24, 2023 - September 30, 2024	2,743,608	1,277,971	452,629	825,342	825,342	-	-
Total Title I Grants to Local Educational Agencies						2,848,208	452,629	2,695,956	2,695,956	300,377	-
ESEA Title II Part A	I	84.367	020-25-0076	July 17, 2024 - September 30, 2025	300,741	140,040	-	191,322	191,322	51,282	-
ESEA Title II Part A	I	84.367	020-24-0076	July 24, 2023 - September 30, 2024	332,054	155,699	(6,531)	162,230	162,230	-	-
ESEA Title II Part A	I	84.367	020-23-0076	July 18, 2022 - September 30, 2024	310,131	-	(1,851)	1,851	1,851	-	-
Total Improving Teacher Quality State Gramts						295,739	(8,382)	355,403	355,403	51,282	-
ESEA Title III	I	84.365	010-25-0076	July 17, 2024 - September 30, 2025	215,631	57,502	-	57,729	57,729	227	-
ESEA Title III	I	84.365	010-24-0076	July 24, 2023 - September 30, 2024	204,451	110,526	(2,971)	113,497	113,497	-	-
Total English Language Acquisition State Grants						168,028	(2,971)	171,226	171,226	227	-
ESEA Title IV	I	84.424	144-24-0076	July 17, 2024 - September 30, 2025	206,306	82,522	-	96,266	96,266	13,744	-
ESEA Title IV	I	84.424	144-24-0076	July 24, 2023 - September 30, 2024	205,733	110,779	13,074	97,705	97,705	-	-
ESEA Title IV	I	84.424	144-23-0076	July 18, 2022 - September 30, 2023	223,978	-	(96)	96	96	-	-
SCG Title IV BSCA	I	84.424	244-24-0076	May 10, 2024 - September 30, 2026	1,815,026	625,871	-	603,118	603,118	(22,753)	-
Total Student Support and Academic Enrichment Program						819,172	12,978	797,185	797,185	(9,009)	-
Education Stabilization Fund											
COVID-19 - ARP ESSER Homeless Children and Youth	I	84.425C	181-21-2074	July 1, 2021 - September 30, 2024	186,082	119,283	61,057	58,226	58,226	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund (ESSER III)	I	84.425U	223-21-0076	March 13, 2020 - September 30, 2024	22,607,027	2,055,185	1,050,765	1,004,420	1,004,420	-	-
COVID-19 - Elementary and Secondary School Emergency Relief Fund ARP ESSER 7% Set-Asides	I	84.425U	225-21-0076	March 13, 2020 - September 30, 2024	1,757,074	68,458	(41,104)	109,562	109,562	-	-
Total Education Stablization Fund						2,242,926	1,070,718	1,172,208	1,172,208	-	-
Passed through Lincoln Intermediate Unit											
Special Education Cluster (I.D.E.A.)											
I.D.E.A.	I	84.027	N/A	July 1, 2024 - June 30, 2025	2,031,226	2,031,226	-	2,031,226	2,031,226	-	-
I.D.E.A. - 619	I	84.173	N/A	July 1, 2024 - June 30, 2025	23,375	23,375	-	23,375	23,375	-	-
Total Lincoln Intermediate Unit						2,054,601	-	2,054,601	2,054,601	-	-
Passed through Intermediate Unit 1											
PaTTAN West - Developing Future Special Educators	I	84.027	N/A	July 1, 2024 - June 30, 2026	20,000	1,003	-	1,003	1,003	-	-
Total Intermediate Unit 1						1,003	-	1,003	1,003	-	-
Total Special Education Grants to States						2,032,229	-	2,032,229	2,032,229	-	-
Total Special Education Preschool Grants						23,375	-	23,375	23,375	-	-
Total Special Education Cluster						2,055,604	-	2,055,604	2,055,604	-	-
Special Education Grants to States											
Passed through Montgomery County Intermediate Unit 23											
PaTTAN - Path to Graduation	I	84.323A	N/A	July 1, 2022 - June 30, 2023	10,000	-	(2,060)	2,018	2,018	(42)	-
Total Montgomery County Intermediate Unit 23						-	(2,060)	2,018	2,018	(42)	-
Total U.S. Department of Education						**$ 8,939,821**	**$ 1,522,912**	**$ 7,759,744**	**$ 7,759,744**	**$ 342,835**	**$ 15,374,592**

CHAMBERSBURG AREA SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2025

Grantor Program Title	Source Code	Assistance Listing Number	Pass Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Receivable (Payable) at July 1, 2024	Revenue Recognized	Expenditures Recognized	Receivable (Payable) at June 30, 2025	Total Passed-Through to Subrecipients
U.S. DEPARTMENT OF TREASURY											
Passed through Pennsylvania Commission on Crime and Delinquency											
PCCD School Mental Health	I	21.027	2023-CM-01-41442	January 1, 2024 - December 31, 2025	217,792	$ 217,792	$ -	$ 15,227	$ 15,227	$ (202,565)	$ -
Total Coronavirus State and Local Fiscal Recovery Funds						217,792	-	15,227	15,227	(202,565)	-
Total U.S. Department of Treasury						**217,792**	**-**	**15,227**	**15,227**	**(202,565)**	**-**
U.S. DEPARTMENT OF AGRICULTURE											
Child Nutrition Cluster											
Passed through Pennsylvania Department of Education											
School Breakfast Program	I	10.553	N/A	July 1, 2024 - June 30, 2025	N/A	1,099,680	-	1,251,241	1,251,241	151,561	-
National School Lunch Program	I	10.555	N/A	July 1, 2024 - June 30, 2025	N/A	3,556,057	-	4,024,734	4,024,734	468,677	-
						3,556,057	-	4,024,734	4,024,734	468,677	-
National School Lunch Program	I	10.559	N/A	July 1, 2024 - June 30, 2025	N/A	21,653	-	21,653	21,653	-	-
National School Lunch Program	I	10.559	N/A	July 1, 2023 - June 30, 2024	N/A	20,891	20,891	-	-	-	-
Summer Food	I	10.559	N/A	July 1, 2024 - June 30, 2025	N/A	8,799	-	8,799	8,799	-	-
School Breakfast Program	I	10.559	N/A	July 1, 2023 - June 30, 2024	N/A	9,296	9,296	-	-	-	-
After School Snack	I	10.559	N/A	July 1, 2024 - June 30, 2025	N/A	26,050	-	29,122	29,122	3,072	-
Total Summer Food Service Program for Children						86,689	30,187	59,574	59,574	3,072	-
Passed through the Pennsylvania Department of Agriculture											
National School Lunch Program (commodities)	I (B)	10.555	N/A	July 1, 2024 - June 30, 2025	N/A	446,052	-	446,052	446,052	-	-
Total National School Lunch Program						4,002,109	-	4,470,786	4,470,786	468,677	-
Total Child Nutrition Cluster						5,188,478	30,187	5,781,601	5,781,601	623,310	-
Total U.S. Department of Agriculture						**5,188,478**	**30,187**	**5,781,601**	**5,781,601**	**623,310**	**-**
U.S. DEPARTMENT OF PUBLIC WELFARE											
Passed through Pennsylvania Department of Health and Human Services											
Medical Assistance	I	93.778	N/A	July 1, 2024 - June 30, 2025	N/A	43,137	-	60,065	60,065	16,928	-
Medical Assistance	I	93.778	N/A	July 1, 2023 - June 30, 2024	N/A	28,732	28,732	-	-	-	-
Total Medical Assistance Program						71,869	28,732	60,065	60,065	16,928	-
Total U.S. Department of Public Welfare						**71,869**	**28,732**	**60,065**	**60,065**	**16,928**	**-**
Total Expenditures of Federal Awards						**$ 14,417,960**	**$ 1,581,831**	**$ 13,616,637**	**$ 13,616,637**	**$ 780,508**	**$ 14,417,960**

NOTE 1 REFERENCES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

(D) Direct Funding

(I) Indirect Funding

(B) Based on USDA valuation

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The schedule of expenditures of federal awards is presented using the accrual basis of accounting, which conform to generally accepted governmental accounting principles. Expenditures are recognized in the accounting period in which the liability is incurred, if measurable. Revenues designated for payment of specific School District expenditures are recognized when the related expenditures are incurred. Any excess of revenues or expenditures at the fiscal year end is recorded as accounts payable or a receivable, respectively.

Indirect Cost Rate

The School District has elected to not use the 10% de minimis indirect cost rate for its federal programs.

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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
Chambersburg Area School District
Chambersburg, 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 Chambersburg Area School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Chambersburg Area School District's basic financial statements, and have issued our report thereon dated March 6, 2026.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

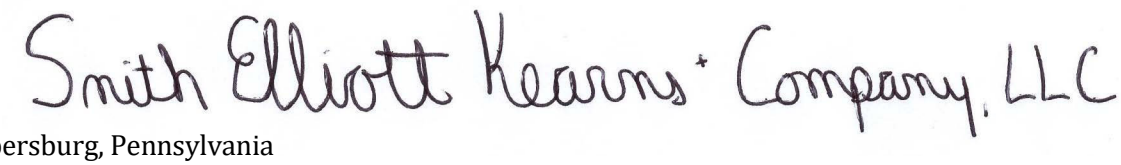
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

REPORT ON COMPLIANCE AND OTHER MATTERS

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

PURPOSE OF THIS REPORT

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



Chambersburg, Pennsylvania
March 6, 2026

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

Board of Directors
Chambersburg Area School District
Chambersburg, Pennsylvania

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Federal Program

We have audited Chambersburg Area School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Chambersburg Area School District's major federal programs for the year ended June 30, 2025. Chambersburg Area School 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, Chambersburg Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each 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; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management of Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Chambersburg Area School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *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 Chambersburg Area School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Chambersburg Area School District compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Chambersburg Area School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Chambersburg Area School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002. Our opinion on each major program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Chambersburg Area School District's responses to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Chambersburg Area School District's responses were not subjected to other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the responses.

Report on Internal Control Over Compliance

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

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

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be material weaknesses.

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

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

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

Smith Elliott Kearns & Company, LLC

Chambersburg, Pennsylvania
March 6, 2026

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	**Unmodified**	
Internal control over financial reporting:		
• Material weakness(es) identified?	☐ Yes	☒ No
• Significant deficiencies identified?	☐ Yes	☒ None Reported
Noncompliance material to financial statements noted?	☐ Yes	☒ No

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	☒ Yes	☐ No
• Significant deficiencies identified?	☐ Yes	☒ None Reported
Type of auditor's report issued on compliance for the major programs:	**Unmodified**	
• Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516?	☒ Yes	☐ No

Identification of the major programs:

Assistance Listing Number(s)	Name of Federal Program
84.010	ESEA Title I
84.424	ESEA Title IV
	Special Education Cluster:
84.027	IDEA
84.173	IDEA - 619

Dollar threshold used to distinguish between type A and type B programs	$ 750,000	
Auditee qualified as low-risk auditee?	☐ Yes	☒ No

Section II - Financial Statement Findings

A. Significant Deficiencies or Material Weaknesses in Internal Control

None noted

B. Compliance Findings

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

Section III - Federal Award Findings and Questioned Costs

Finding Reference:	**2025-001 – Procurement, Suspension and Debarment**
Federal Agency:	**U.S. Department of Education**
Federal Program:	**84.027 – IDEA**
Compliance Requirement:	**Procurement, Suspension and Debarment**
Type of Finding:	**Material Weakness in Internal Control Over Compliance and NonCompliance**
Criteria:	The School District is required to maintain and use documented procurement procedures for procurement transactions under federal awards, and those procedures must be consistent with state/local requirements and the federal procurement standards in 2 CFR 200.317-200.327. When a noncompetitive (sole source) procurement method is used, it must be supported by circumstances and documentation consistent with the Uniform Guidance procurement methods requirements in 2 CFR 200.320 (including maintaining sufficient documentation to support the selected procurement method in the procurement file).
Statement of Condition:	The School District procured IDEA services through the Lincoln Intermediate Unit using a noncompetitive (sole source) approach. The School District did not retain documentation in the procurement file to support the basis for noncompetitive procurement.
Statement of Cause:	The School District did not consistently follow documented procurement procedures for the IDEA program and the procedures.
Possible Asserted Effect:	Without documentation supporting the noncompetitive procurement method, the School District is not able to demonstrate compliance with federal procurement requirements applicable to IDEA.
Questioned Costs:	None noted.
Context:	One vendor was utilized and there was not appropriate documentation maintained of procurement regarding the services.

Repeat Finding: This is not a repeat finding.

Recommendation: We recommend that a process be implemented to review the services provided under the IDEA program to ensure procurement documentation is appropriately maintained.

Views of Responsible Officials and Planned Corrective Actions: The School District's practice has been to utilize all IDEA funding to support the education of IDEA-qualified students through the use of the Lincoln Intermediate Unit services conducted at the Franklin Learning Center (FLC). 100% of the IDEA funds are utilized to pay for a portion of the services provided by the FLC. The FLC is the only center operating in Franklin County.

To ensure compliance with this standard in the future, the Assistant to the Chief Financial and Operations Officer will provide the Director of Special Education and the Superintendent with the Sole Source Justification form by July 1st of each year. The Director of Special Education and the Superintendent will be responsible for completing the Sole Source Justification form and submitting a copy of the signed document to the Business Office. The Special Education Financial Secretary will attach the Sole Source Justification form to the purchase requisition for services from the Franklin Learning Center for the IDEA-qualified students.

Finding Reference: **2025-002 – Special Tests and Provisions**

Federal Agency: **U.S. Department of Education**

Federal Program: **84.010 – Title I**

Compliance Requirement: **Special Tests and Provisions**

Type of Finding: **Material Weakness in Internal Control Over Compliance and NonCompliance**

Criteria: The School District is required to maintain records that support the removal of a student from the adjusted cohort, such as documentation to transfer to another diploma granting program, emigration, consistent with federal reporting requirements.

Statement of Condition: We identified instances in which the School District had students removed from the adjusted cohort, but did not maintain sufficient written documentation to support the removal.

Statement of Cause: The School District did not have adequate procedures to ensure that the documentation supporting adjusted cohort removals was obtained, reviewed, and retained.

Possible Asserted Effect:	Without appropriate documentation supporting removal of students from the adjusted cohort, the School District is unable to demonstrate compliance with federal record keeping requirements.
Questioned Costs:	None noted.
Context:	A sample of 25 students that had withdrawn was selected and 3 student files were not able to be provided.
Repeat Finding:	This is not a repeat finding.
Recommendation:	We recommend that a process be implemented to ensure appropriate written documentation is maintained for all student withdrawals.
Views of Responsible Officials and Planned Corrective Actions:	Our previous withdrawal process involved keeping a paper copy of the documentation and adding a note in the Student Information System. However, this approach did not provide a designated, centralized location for storing the required records. To ensure compliance going forward, we have created a specific folder within our Student Information System for uploading and maintaining all withdrawal paperwork. All staff responsible for processing withdrawals have received instructions for this updated procedure via email, and the guidance has also been added to the Secretary's Manual.

Business Office
435 Stanley Avenue Chambersburg, PA 17201
(717) 261-9281 Fax (717) 261-3321

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Findings related to financial statements:

None

Findings related to federal awards:

None