PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2026

DAC Bond®

NEW ISSUE - BOOK ENTRY ONLY

Ratings: S&P: A (Stable Outlook) (Underlying)
S&P: AA (Stable Outlook) (AG Insured)
(*See* **"MISCELLANEOUS - Ratings"** *herein*)

*In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation. This opinion of Bond Counsel is subject to continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations thereunder. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from personal property taxes in Pennsylvania and the interest on the Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For further information concerning federal and state tax matters relating to the Bonds, see **"TAX EXEMPTION AND OTHER TAX MATTERS"** herein.*

$85,865,000*

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG

(Dauphin County, Pennsylvania)

General Obligation Bonds, Series of 2026

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

Interest Payable: June 1 and December 1
First Interest Payment: December 1, 2026
Form: DTC Book-Entry Only

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

General: The General Obligation Bonds, Series of 2026 (the "Bonds" or "2026 Bonds") in the aggregate principal amount of $85,865,000* are being issued by the School District of the City of Harrisburg (the "School District"), a public school district located in Dauphin County, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by Manufacturers and Traders Trust Company, as paying agent, directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See **"BOOK-ENTRY ONLY SYSTEM"** herein. Interest on the Bonds is payable initially on December 1, 2026, and thereafter, semiannually on June 1 and December 1 of each year.

Security: The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on May 27, 2025, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law (see **"SECURITY AND SOURCES OF PAYMENT FOR THE BONDS", APPENDIX A - "TAXING POWERS AND LIMITS"** and **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS" – "Taxpayer Relief Act (Act 1)"** herein).

Redemption: The Bonds are **not** subject to optional redemption prior to their stated maturity dates, as described herein.

Proceeds of the Bonds will be used to: (1) currently refund all of the School District's – State Public School Building Authority, School Revenue Bonds (The School District of the City of Harrisburg Project), Series B-2 of 2014, (2) currently refund all of the School District's – State Public School Building Authority, School Revenue Bonds (The School District of the City of Harrisburg Project), Series A of 2016; and (3) pay the related costs, including the costs of issuing the Bonds.

Bond Insurance: The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY INC.**

ASSURED GUARANTY®

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of McNees Wallace & Nurick LLC, Plymouth Meeting, Pennsylvania, Bond Counsel. Certain additional matters will be passed upon for the School District and by McNees Wallace & Nurick LLC, Plymouth Meeting, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter's counsel, Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about September 9, 2026.

RAYMOND JAMES®

*Preliminary, subject to change.

$85,865,000*

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG

(Dauphin County, Pennsylvania)

General Obligation Bonds, Series of 2026

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

Interest Payable: June 1 and December 1
First Interest Payment: December 1, 2026
Form: DTC Book-entry Only

BOND MATURITY SCHEDULE

(December 1) Year	Principal Amount	Interest Rate	Yield	Price	CUSIP Numbers [1]
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					

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

*Preliminary, subject to change.

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

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

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

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

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

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SUMMARY PAGE

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

Issuer	The School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District").
Bonds	The General Obligation Bonds, Series of 2026 in the principal amount of $85,865,000* (the "Bonds"), dated as of the date of delivery, maturing on December 1, ______ through December 1, ______. Interest on the Bonds shall be payable semiannually on June 1 and December 1. See **"DESCRIPTION OF THE BONDS"** herein.
Optional Redemption	Non-callable
Form	Book-Entry Only
Application of Proceeds	Proceeds of the Bonds will be used to: (1) currently refund all of the School District's – State Public School Building Authority, School Revenue Bonds (The School District of the City of Harrisburg Project), Series B-2 of 2014, (2) currently refund all of the School District's – State Public School Building Authority, School Revenue Bonds (The School District of the City of Harrisburg Project), Series A of 2016; and (3) pay the related costs, including the costs of issuing the Bonds.
Security	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
Rating	S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign its municipal Bond insured rating to this issue of Bonds with the understanding that upon issuance and delivery of the Bonds, a municipal Bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by AG. Currently, AG's financial strength is rated "AA" (stable outlook) by S&P. S&P has also assigned the School District an underlying rating of "A" (stable outlook). (See **"RATINGS"** herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the "Rule"). (See **"CONTINUING DISCLOSURE UNDERTAKING"** and "**APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE,** herein.)

*Preliminary, subject to change.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG

(Dauphin County, Pennsylvania)

1010 N. 7th Street
Harrisburg, Pennsylvania 17103

BOARD OF SCHOOL DIRECTORS

Roslyn Copeland	President
Autumn Anderson	Vice President
Brian Carter	Member
Annie Hughes	Member
Jaime Johnsen	Member
Doug Thompson Leader	Member
Terricia Radcliff	Member
Danielle Robinson	Member
Ellis Roy	Member

SCHOOL ADMINISTRATION

Dr. Benjamin Henry	Superintendent
Dr. Marcia Stokes	Chief Financial Officer
Dr. Lori Suski	Chief Recovery Officer, PA Dept. of Education ("PDE")

BOND COUNSEL

McNees Wallace & Nurick LLC
Plymouth Meeting, Pennsylvania

SOLICITOR

McNees Wallace & Nurick LLC
Plymouth Meeting, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

Eckert Seamans Cherin & Mellott, LLC
Harrisburg, Pennsylvania

PAYING AGENT

Manufacturers and Traders Trust Company
Harrisburg, Pennsylvania

OFFICIAL STATEMENT

$85,865,000*

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG

(Dauphin County, Pennsylvania)

General Obligation Bonds, Series of 2026

INTRODUCTION

This Official Statement is furnished by the School District of the City of Harrisburg (the "School District"), a public school district located in Dauphin County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2026 (the "Bonds") in the aggregate principal amount of $85,865,000*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on May 27, 2025 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of $5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on June 1 and December 1 of each year, commencing December 1, 2026. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Manufacturers and Traders Trust Company (the "Paying Agent"), serving as paying agent and sinking fund depositary, for transfer to DTC. When issued, the Bonds will be registered in the name of Cede & Co., as nominee for the Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See **"BOOK-ENTRY ONLY SYSTEM"** herein.

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

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

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to: (1) currently refund all of the School District's – State Public School Building Authority, School Revenue Bonds (The School District of the City of Harrisburg Project), Series B-2 of 2014 currently outstanding in the aggregate principal amount of $7,400,000 (the "2014 B-2 Bonds"), (2) currently refund all of the School District's – State Public School Building Authority, School Revenue Bonds (The School District of the City of Harrisburg Project), Series A of 2016 currently outstanding in the aggregate principal amount of $81,710,000 (the "2016A Bonds"); and (3) pay the related costs, including the costs of issuing the Bonds.

A portion of the proceeds of the Bonds, after paying issuance expenses, will be irrevocably deposited with Manufacturers and Traders Trust Company, the paying agent, to effectuate the current refunding of the 2014 B-2 Bonds which will be called for redemption on the date of delivery, on September 9, 2026.

A portion of the proceeds of the Bonds, after paying issuance expenses, will be irrevocably deposited into an escrow fund (the "Escrow Fund") maintained by Manufacturers and Traders Trust Company under the terms of an Escrow Trust Agreement (the "Escrow Agreement"), to be dated the date of delivery. The amount so deposited will be used to purchase direct obligations of the United States of America, State and Local Government Series (the "SLGS") which will mature and earn interest at such rates as will provide sufficient funds to pay all principal of and interest on the 2016A Bonds through December 1, 2026, when all of the refunded 2016A Bonds will be called for redemption.

*Preliminary, subject to change.

SOURCES AND USES OF FUNDS

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

(1) Includes legal fees, underwriter's discount, paying agent fees, rating fee, municipal bond insurance policy premium, escrow agent fee, CUSIP, printing and miscellaneous fees.

DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of $5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on December 1, 2026, and thereafter, semiannually on June 1 and December 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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

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

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding, December 1, 2026, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the last day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certificated Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Certificated Bonds

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

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

REDEMPTION OF BONDS

Optional Redemption

The Bonds are non-callable.

Mandatory Sinking Fund Redemptions

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

Year	**Amount**

Notice of Redemption

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

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

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

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

Manner of Redemption

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

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

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

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds of such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of $5,000 principal amount.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds $500 million, one certificate will be issued with respect to each $500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

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

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

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

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

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

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

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

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

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

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

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

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

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

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligation Pledge

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

Actions in the Event of Default on the Bonds

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

Sinking Fund

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

The Sinking Fund shall be held by the Sinking Fund Depositary and invested by the Sinking Fund Depositary in such securities as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District but subject to withdrawal or collection only by the Sinking Fund Depositary, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Funds.

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

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption Impasses

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

The Governor timely signed the state's 2021-22 fiscal year budget on June 30, 2021. That budget included an increase of $300 million for basic education, with $100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a $50 million increase, boosting that budget line to $1.24 billion, while preschool and Head Start programs received a $30 million increase, to $311.5 million. All told, funding for K-12 schools reached a then record high of $13.55 billion in the 2021-22 budget.

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

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

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

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

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

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

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

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

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

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

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

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

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

The necessary amounts shall be appropriated on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 of Act 85 of 2016 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in the format PDE directs, information pertaining to each eligible borrowing within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

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

SCHOOL DISTRICT GOVERNANCE AND CERTAIN LITIGATION

In December 2012, the Pennsylvania Department of Education designated the School District as one of several school districts in moderate financial recovery status, resulting in the development of a Financial Recovery Plan to support financial management, academics and student stability. The Pennsylvania Department of Education appointed a Chief Recovery Officer to develop and implement the recovery plan.

In June 2019, the Pennsylvania Department of Education petitioned the Dauphin County Court of Common Pleas and received approval for the School District to enter receivership with the goal of further supporting the financial management, academics and student stability of the School District. The Receiver is equivalent to the School Board of Directors and assumes responsibility for governance of the School District, while keeping the School Board informed and engaged. The Receiver is also responsible for the monitoring and implementation of the Amended Financial Recovery Plan, which was revised and updated by Dr. Janet Samuels, and approved on July 20, 2021. Dr. Lori Suski was appointed Receiver effective January 29, 2022 by the Dauphin County Court of Common Pleas.

On May 23, 2022, the Pennsylvania Department of Education petitioned the Dauphin County Court of Common Pleas to extend receivership for a period of three years and to reappoint Dr. Suski as Receiver.

On June 17, 2022, Judge William T. Tully signed a court order extending the receivership and reappointing Dr. Lori Suski as Receiver from June 17, 2022 - June 17, 2025.

Acting Secretary of Education Eric Hagarty appointed Dr. Travis Waters as the new Chief Recovery Officer effective August 29, 2022 - June 30, 2024.

Secretary of Education Dr. Khalid Mumin appointed Mrs. Yvonne Hollins as part-time Chief Recovery Officer effective July 1, 2024 - June 17, 2025.

On June 17, 2025, the School District became the first school district in the Commonwealth of Pennsylvania to exit receivership. The School District has now entered a five-year monitoring phase. Acting Secretary of Education Dr. Carrie Rowe appointed Dr. Lori Suski to serve as Chief Recovery Officer effective June 18, 2025 - June 30, 2026. Dr. Suski will monitor the School District's adherence to the Amended Recovery Plan initiatives and goals. Mrs. Yvonne Hollins will continue to serve the School District part-time as a consultant through Hollins-Sims Consultation.

Relationship to the City of Harrisburg

The City of Harrisburg (the "City") is a third-class city which serves as the state capital of the Commonwealth. Pursuant to the Municipalities Financial Recovery Act of July 10, 1987 ("Act 47"), a receiver (the "Receiver") was appointed by the Governor of the Commonwealth. The initial Receiver prepared a Recovery Plan for the City dated February 6, 2012 (the "City Recovery Plan") which recommended, among other things, a lease or sale of the parking assets owned and/or operated by the Harrisburg Parking Authority or the City (collectively, the "Parking System") and a sale of the Resource Recovery Facility in order to eliminate the debt and other obligations associated with the Resource Recovery Facility and to provide an ongoing source of revenue to the general fund of the City to address its long-standing structural deficit. The City Recovery Plan was confirmed by the Commonwealth Court on March 9, 2013. In December 2013, the transfer of the Parking System and the sale of the Resource Recovery Facility were completed. On January 14, 2014, the Office of the Receiver was ordered vacated by the Commonwealth Court and replaced by a coordinator to complete the fiscal plan.

The School District and the City of Harrisburg (the "City"), although coterminous geographically, are separate political subdivisions under the laws of the Commonwealth. ***The City has no control under the law over the School District and has no responsibility for obligations of the School District, and the School District has no control under the law over the City and no responsibility for the obligations of the City.***

School District is Not Authorized to File for Bankruptcy

School districts in Pennsylvania, including the School District, are not authorized under Pennsylvania law to file for bankruptcy under the United States Bankruptcy Code.

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Assured Guaranty Inc. ("AG") will issue its Municipal Bond Insurance Policy (the "Policy") for the Bonds. The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an appendix to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, Maryland, California, Connecticut or Florida insurance law.

Assured Guaranty Inc.

AG is a Maryland domiciled financial guaranty insurance company and an indirect subsidiary of Assured Guaranty Ltd. ("AGL" and together with its subsidiaries, "Assured Guaranty"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO." AGL, through its subsidiaries, provides credit enhancement products to the U.S. and non-U.S. public finance (including infrastructure) and structured finance markets, and participates in the asset management business through ownership interests in Sound Point Capital Management, LP and certain of its investment management affiliates, and in the annuity reinsurance business through Assured Life Reinsurance Ltd. Only AG is obligated to pay claims under the insurance policies AG has issued, and not AGL or any of its shareholders or other affiliates.

AG's financial strength is rated "AA" (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"), "AA+" (stable outlook) by Kroll Bond Rating Agency, Inc. ("KBRA") and "A1" (stable outlook) by Moody's Investors Service, Inc. ("Moody's"). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

On August 4, 2025, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 10, 2024, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

AG can give no assurance as to any further ratings action that S&P, Moody's and/or KBRA may take. For more information regarding AG's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2025.

Capitalization of AG

At March 31, 2026:

- The policyholders' surplus of AG was approximately $3,158 million.
- The contingency reserve of AG was approximately $1,539 million.
- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,402 million. Such amount includes (i) 100% of the net unearned premium reserve and net deferred ceding commission income of AG and (ii) the net unearned premium reserves and net deferred ceding commissions of AG's wholly owned subsidiary Assured Guaranty UK Limited ("AGUK"), and its 99.9999% owned subsidiary Assured Guaranty (Europe) SA ("AGE").

The policyholders' surplus, contingency reserve, and net unearned premium reserves and net deferred ceding commission income of AG were determined in accordance with statutory accounting principles. The net unearned premium reserves and net deferred ceding commissions of AGUK and AGE were determined in accordance with accounting principles generally accepted in the United States of America.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AG are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

(i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026); and

(ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026).

All information relating to AG included in, or as exhibits to, documents filed by AGL with the SEC pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, excluding Current Reports or portions thereof "furnished" under Item 2.02 or Item 7.01 of Form 8-K, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by reference are available over the internet at the SEC's website at http://www.sec.gov, at AGL's website at http://www.assuredguaranty.com, or will be provided upon request to Assured Guaranty Inc.: 1633 Broadway, New York, New York 10019, Attention: Communications Department (telephone (212) 974-0100)Except for the information referred to above, no information available on or through AGL's website shall be deemed to be part of or incorporated in this Official Statement.

Any information regarding AG included herein under the caption "BOND INSURANCE – Assured Guaranty Inc." or included in a document incorporated by reference herein (collectively, the "AG Information") shall be modified or superseded to the extent that any subsequently included AG Information (either directly or through incorporation by reference) modifies or supersedes such previously included AG Information. Any AG Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AG makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AG has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AG supplied by AG and presented under the heading "BOND INSURANCE".

BONDHOLDER CONSIDERATIONS

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

Bond Insurance Risk Factors

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

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

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

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

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

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

Ability to Raise Taxes

The Recovery Plan mandates the collection of additional real estate taxes through millage increases over the next several years. The Amended Recovery Plan provides the School District with the ability to reduce mandated future millage increases should the School District meet certain financial benchmarks. The Recovery Plan also Bonds the problems associated with the collection of real estate taxes in prior years. If the School District is unable to improve its collection rate, or if millage rates are not increased by the School District, or if increased millage rates result in a lower percentage of collection, this could adversely impact the School District's finances.

If the Commonwealth appropriation is insufficient to pay the entire debt service on the Bonds at any time, the School District will be required to provide funds sufficient to meet any shortfalls. The School District will rely upon available fund balances, which may not be sufficient at all times over the life of the Bonds to cover the shortfall due to insufficient Commonwealth funding. In this event, the School District may need to raise taxes, sell assets or secure emergency funding through borrowing, amongst other fiscal measures. A tax increase could result in an even higher level of delinquencies and, perhaps, lower percentage of collections. Timing delays of up to one year might occur before the new tax rate would result in additional collections.

Impact of Charter Schools

Students from the School District attend 14 charter schools and the Dauphin County Vocational Technical School. The Recovery Plan and the Amended Recovery Plan state that this trend must be reversed in order for the School District to continue to exist as a viable educational entity. Failure to reverse this trend will negatively impact the ability of the School District to balance its budget.

The School District has taken measures to mitigate the impact of charter schools including establishing a cyber charter school alternative for its students, which now educates approximately 357 students. Recently, one private cyber charter school within the School District closed. The School District believes that the impact of private charter schools is currently manageable. See Section ED2 l of the Amended Recovery Plan, included herein as Appendix F.

Dauphin County Technical School

The Dauphin County Technical School ("DCTS") provides technical and vocational education opportunities to School District students. DCTS is sponsored by six neighboring school districts. With the closure of the School District's John Harris campus, School District student enrollment in DCTS increased significantly. The School District pays a per student tuition to DCTS. In 2016, the School District approached the DCTS with a conceptual proposal to add the School District as one of the sponsoring school districts and has been accepted. The School District has completed the buy in payments and currently only pay an annual tuition, based on the 5-year average daily membership of Harrisburg students.

Adverse Legislative Changes

The School District has been adversely impacted by changes in Pennsylvania law and the inability of the Commonwealth to deal with the adequacy and equity of school funding in general. Changes in the way the Commonwealth reimburses school districts for the cost ofspecial education have shifted a substantial burden from the Commonwealth to the School District. Moreover, legislative changes have adversely impacted the School District pertaining to the manner in which "charter schools" are financed within the Commonwealth. The charter school law provides for the creation of schools outside the management and control of a school district, which provide education to students according to the schools' respective charters. The school district in which the charter school student lives is required to pay a per student amount to the charter school to provide for the education of the student. The school district pays the prescribed amount to the charter school, but cannot immediately recover the amount by an equivalent reduction in school district costs. Legislative action providing for charter schoolsubsidy in 2013 did not include authorization for appropriations to school districts in any future year. Accordingly, the School District will be required to continue to monitor the impact of local charter schools carefully and make appropriate adjustments to its budget. In addition, budgetary and other legislative changes may impact the level of reimbursement that the Commonwealth provides to the School District for capital projects or other purposes.

Other Potential Risk Factors Related to the Finances and Operations of the School District

In the future, the following factors, among others, may adversely affect the finances and operations of the School District to an extent that cannot be determined at this time.

1. Expenditures required to comply with special education or other instructional requirements including the settlement of claims related to special education litigation;

2. Expenditures to comply with any future Federal and/or Commonwealth mandates;

3. Unknown litigation, regulatory actions or other similar claims regarding the School District;

4. Changes in Commonwealth pension funding requirements with may affect the level of annual employer contributions required by the School District;

5. Increased competition from charter schools (including cyber charter schools) which may increase required payments from the School District for tuition or reduce levels of Commonwealth aid to the School District;

6. Adverse economic conditions which may impact real estate property values, non-property tax revenues and levels of tax delinquencies;

7. Changes in collective bargaining agreements which may affect the timing and extent to which the School District may beable to implement cost containment measures;

8. Adverse demographic, economic or financial developments affecting the City of Harrisburg or the County of Dauphin (i.e., overlapping tax jurisdictions), which may constrain the ability of the School District to raise tax revenues;

9. The recurrence of a Commonwealth budget impasse which could exacerbate or contribute to cash flow strains during the related budget year of the School District; and

10. Changes in public support for public education funding, in general, and funding for the School District, in particular, may impact the level of Commonwealth education aid received by the School District and/or constrain the ability of the School District to raise taxes.

Cybersecurity

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

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

Climate Change

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

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

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

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

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

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

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

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

The School District has previously entered into Continuing Disclosure Agreements ("CDA") 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**	**Audit**	**Operating Data**	**Budget**
6/30/2025	03/27/2026(1)	12/30/2025(3)	11/26/2025	03/10/2026
6/30/2024	03/27/2025(1)	12/31/2024(4)	12/13/2024	12/13/2024
6/30/2023	03/26/2024(1)	12/08/2023(5)	12/7/2023	02/12/2024
6/30/2022	03/27/2023(1)	12/16/2022(6)	12/13/2022	09/22/2022
6/30/2021	12/31/2021(2)	12/31/2021(7)	12/29/2021(8)	12/22/2021

(1) Represents the filing due date pursuant to the continuing disclosure undertakings of the School District related to its outstanding general obligation bonds.
(2) Represents the filing due date pursuant to the continuing disclosure undertaking of the School District related to the State Public School Building Authority's Federally Taxable Revenue Bonds, Series A of 2010.
(3) The audit was filed to EMMA, when it became available, on April 8, 2025.
(4) The audit was filed to EMMA, when it became available, on March 28, 2025.
(5) The audit was filed to EMMA, when it became available, on January 24, 2024.
(6) The audit was filed to EMMA, when it became available, on January 24, 2023.
(7) The audit was filed to EMMA, when it became available, on September 22, 2022.
(8) A portion of the School District's operating data "Coverage of Debt Service and Lease Rental Requirements by State Aid" was not represented in the same level of detail as presented in the related official statement. A corrected filing was posted to EMMA on December 20, 2022.

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements. The School District engaged the services of Digital Assurance Certification, LLC (DAC), as Dissemination Agent in order to assist the School District to facilitate future ongoing compliance with the School District's continuing disclosure undertakings in accordance with the Rule.

NO LITIGATION

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

TAX EXEMPTION AND OTHER TAX MATTERS

Certain Federal Income Tax Matters

On the date of delivery of the Bonds, McNees Wallace & Nurick LLC ("Bond Counsel") will issue an opinion to the effect that under existing statutes and court decisions as of the date of initial delivery of the Bonds, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of Bond Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District complies with all requirements of the Code. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income prospectively and/or retroactively to the date of issuance of the Bonds.

Notwithstanding the general exclusion of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in certain other federal income tax consequences to certain taxpayers, including, without limitation, certain foreign corporations doing business in the United States that are subject to the branch profits tax imposed by the Code, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion as to such other tax consequences, and prospective purchasers of the Bonds should consult their tax advisors as to all matters relating to the acquisition, ownership and disposition of the Bonds.

[The initial public offering price of the Bonds of certain maturities may be greater than the amount payable on such Bonds at maturity. Bond Counsel expresses no opinion herein with respect to the treatment of such excess of offering price over amounts payable at maturity ("original issue premium"). Investors should seek advice thereon from their own tax advisor.]

[The initial public offering price of the Bonds of certain maturities may be less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes "original issue discount." Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Bonds.]

Certain Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that, under the laws of the Commonwealth as enacted and construed as of the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws. Bond Counsel will express no other opinion regarding other tax consequences with respect to the Bonds, including whether or not interest on the Bonds is subject to taxation under the laws of any jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

LEGAL OPINIONS

The issuance of the Bonds is subject to the approving legal opinion of McNees Wallace & Nurick LLC, in Plymouth Meeting, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix C. Certain legal matters will be passed on for the School District by McNees Wallace & Nurick LLC, in Plymouth Meeting, Pennsylvania, Solicitor to the School District, and Eckert Seamans Cherin & Mellott, LLC, in Harrisburg, Pennsylvania, will pass upon certain legal matters as Limited Scope Underwriter's Counsel to the underwriter.

RATINGS

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") assigned their municipal Bond rating to this issue of Bonds with the understanding that upon delivery of the Bonds, a municipal Bond insurance policy insuring the payment when due of the principal of and interest on the Bonds will be issued by AG. Currently, AG's financial strength is rated "AA" (stable outlook) by S&P. S&P has also assigned the School District an underlying rating of "A" (stable outlook). This underlying rating may be changed, suspended or withdrawn as a result in, or unavailability of, information.

The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of the above 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.

PAYING AGENT

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

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

CERTAIN OTHER MATTERS

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

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

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

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
Dauphin County, Pennsylvania

By:
President, Board of School Directors

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APPENDIX A

SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

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DESCRIPTION OF THE SCHOOL DISTRICT

Introduction

The School District of the City of Harrisburg (the "School District") is located in Dauphin County and coterminous with the city of Harrisburg, encompassing approximately 11 square miles with a population of approximately 48,950 residents.

Administration

Under the Pennsylvania Public School Code of 1949, as amended (the "School Code"), school districts of the second class are to be governed by a board of school directors comprised of nine members elected for four-year terms. The School District is a school district of the second class and presently has such an elected board of school directors. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Chief Financial Officer is responsible for budget and financial operations. Both of these officials are selected by the School Board.

School Facilities

School	Original Construction Date	Additions/ Renovation Date	Grades	Building Capacity	2025-2026 Enrollment
Melrose Elementary	1961	2002	K-5	514	493
Ben Franklin Elementary	1961	2005	Pre-K/K-5	718	637
Downey Elementary	1953	2004	Pre-K/K-5	450	370
Foose Elementary	1953	2001/2005	K-5	616	552
Scott at Lincoln Elementary	1905	2003	K-5	421	471
Steele Elementary	1915	1960/1998/2024	K-5	387	361
Harrisburg High School:					
John Harris Campus	1926	2005/2007	9-12	1,452	1,263
Harrisburg High School:					
Sci-Tech Campus	1946	---	9-12	440	365
Camp Curtin Academy	1952	2005	6-8	1,040	796
Marshall Math Science Academy	1950	2002	6-8	560	494
Cougar Academy at Hamilton	1891	1954/1998	K-12	421	283
Rowland Academy	1942	1999	8	1,000	152
River Rock Academy			K-5		31
River Rock Middle			6-8		29
River Rock AEDY			9-12		18
River Rock FT ES			K-12		12

Source: School District Officials.

Pupil Enrollment

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

Year[(1)]	Elementary	Secondary	Total
2021-22	3,672	2,804	6,492
2022-23	3,590	2,801	6,408
2023-24	3,501	2,838	6,399
2024-25	3,630	2,889	6,583
2025-26 (Current)	3,512	2,843	6,423
2026-27 (Projected)	3,511	2,874	6,385

(1) Excludes students in full-time out-of-district special education, comprehensive AVTS's, charter schools, state-owned schools, consortium-operated alternative high schools, and juvenile correctional institutions.

Source: School District Officials.

SCHOOL DISTRICT FINANCES

Financial Reporting

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

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

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

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

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

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

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

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

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

Summary and Discussion of Financial Results

The below table presents a summary of the School District's General Fund Financial Condition for Fiscal Years ending June 30, 2021 through June 30, 2025. For more complete information, the individual financial statements and the 2026 Budget of the School District are available on the School District's website or may be reviewed at the School District's Business Office.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
General Fund Revenues, Expenditures and Fund Balances
(Fiscal Years Ending June 30)

	ACTUAL					Budgeted
	2021	**2022**	**2023**	**2024**	**2025**	**2026**
Revenues						
Local Sources	$59,791,264	$60,450,663	$62,269,762	$63,577,207	$65,103,357	$59,891,363
State Sources	81,597,077	91,419,530	105,867,275	111,981,916	131,342,572	143,370,880
Federal Sources	17,962,297	27,981,223	35,595,765	39,785,348	25,321,243	13,086,734
Total Revenues	$159,350,638	$179,851,416	$203,732,802	$215,344,471	$221,767,172	$216,348,977
Expenditures						
Instruction	$89,522,337	$95,487,582	$101,984,704	$107,755,227	$109,600,843	$118,332,279
Support Services	35,849,557	41,656,967	47,817,544	52,728,888	61,589,810	64,398,637
Operation of Non-Instructional Services	777,435	966,255	1,705,531	1,840,483	2,080,601	2,156,305
Facilities acquisition, construction and improvement services	1,270,873	1,973,667	11,504,965	21,417,558	11,871,697	250,000
Debt Service	0	63,508	19,277,134	19,326,517	19,145,610	19,248,149
Total Expenditures	$127,420,202	$140,147,979	$182,289,878	$203,068,673	$204,288,561	$204,385,370
Excess Expenditures Over (Under) Revenues	$31,930,436	$39,703,437	$21,442,924	$12,275,798	$17,478,611	$11,963,607
Other Financing Sources (Uses)						
Sale of Capital Assets	$0	$0	$0	$0	$1,200,000	$0
Operating Transfers In	0	0	0	143,051	0	0
Operating Transfers Out	($32,275,369)	(36,342,811)	(21,710,000)	(11,045,833)	(16,171,293)	(5,500,000)
Insurance Recoveries	0	0	0	0	0	0
Refund of prior year receipts (expenditures)	(271,468)	(606)	310,379	(81,990)	46,416	0
Budgetary Reserve	0	0	0	0	0	(6,463,607)
Total Other Financing Sources (Uses)	($32,546,837)	($36,343,417)	($21,399,621)	($10,984,772)	($14,924,877)	($11,963,607)
Excess of Revenues & Other Financing Sources Over (Under) Expenditures & Other Financing (Uses)	($616,401)	$3,360,020	$43,303	$1,291,026	$2,553,734	$0
Beginning Fund Balance	$21,809,610	$21,193,209	$24,553,229	$24,596,532	$25,887,558	
Fund Balance June 30	$21,193,209	$24,553,229	$24,596,532	$25,887,558	$28,441,292	

Source: School District Audits and Budget.

TAXING POWERS AND LIMITS

In General

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

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

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

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

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

    c) *to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the School District; and*

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

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

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

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

Taxpayer Relief Act (Act 1)

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

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

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act, Act 72 of 2004 ("Act 72"), or (ii) prior to June 27, 2006, in the case of a school district which had <u>not</u> elected to become subject to Act 72 (as in the case of the School District); (a) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (b) to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. To make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is great than the Index (as determined by PDE in accordance with the provisions of Act 1), subject to the limitation that the salary base used for calculating estimated payments is capped at the 2011-12 salary base level, per PDE Referendum Exception Guidelines."

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

"Index" is defined in Act 1 as follows:

INDEX

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

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

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

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

STATEWIDE AVERAGE WEEKLY WAGE

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

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

Fiscal Year	Index %
2025-26	6.1
2024-25	8.1
2023-24	6.2
2022-23	5.1
2021-22	4.5

Source: Pennsylvania Department of Education website.

In accordance with Act 1, a board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of an earned income tax ("EIT") or impose a personal income tax ("PIT") for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law. The referendum was not approved by a majority of the voters at the primary election.

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

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

Limitations on School District Fund Balance

Set forth below is a summary of relevant sections of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor intended to provide a legal interpretation of any provisions of Act 48. A prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.

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

Total Budgeted Expenditures:	Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures(1):
Less than or equal to $11,999,999	12.0%
Between $12,000,000 and $12,999,999	11.5%
Between 13,000,000 and $13,999,999	11.0%
Between $14,000,000 and $14,999,999	10.5%
Between $15,000,000 and $15,999,999	10.0%
Between $16,000,000 and $16,999,999	9.5%
Between $17,000,000 and $17,999,999	9.0%
Between $18,000,000 and $18,999,999	8.5%
Greater than or equal to $19,000,000	8.0%*

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

*Applicable to the School District

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

TAX REVENUES OF THE SCHOOL DISTRICT

Tax Levies

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

	Real Estates Tax (Mills)			
	School	City	County	Total
School District	30.780	30.970	9.193	70.943

	Real Estate Transfer	Earned Income	Wage and Income	Local Services	Occupation Flat Rate	Mercantile	Amusement
School District	0.5%	0.5%	0.5%	$5.00	$120	0.75 mills	0.5%

Source: Local Government Officials

Real Estate Tax Collection Record

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

Fiscal Year	Mills	Tax Levy	Current Year Collections(1)	% Collected (Current)	Prior Years' Collections	Total Collections(2)	% Collected (Total)
2020-21	29.78	$48,044,985	$39,387,815	81.98%	$5,785,138	$45,172,953	94.02%
2021-22	29.78	48,471,694	40,471,894	83.50%	6,159,383	46,631,277	96.20%
2022-23	30.78	46,501,343	40,370,488	86.82%	5,103,636	45,474,125	97.79%
2023-24	30.78	46,155,747	40,462,511	87.67%	5,594,385	46,056,896	99.79%
2024-25	30.78	45,409,311	40,147,708	88.41%	6,345,757	46,493,465	102.39%

(1)Flat billing, plus penalties, less discounts and exonerations.
(2)Beginning in 2008-2009 the amount of the Levy is reduced by the amount of the Homestead/Farmstead Exemptions. The adjusted levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth.
Source: School District Officials.

Trends in Market and Assessed Valuations

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

Tax Year	Market Value	Assessed Value	Ratio
2020-2021*	$1,632,371,402	$1,632,371,402	100.00%
2021-2022	3,102,306,634	1,624,244,311	52.36%
2022-2023	2,235,974,443	1,613,228,890	72.15%
2023-2024	2,311,303,393	1,607,818,162	69.56%
2024-2025	2,546,178,574	1,599,298,190	62.81%

*Based on County predetermined assessment ratio of 100% during county-wide re-assessment.
Source: Pennsylvania State Tax Equalization Board (STEB). Valuations are certified in June of following year.

Top Ten Real Estate Taxpayers

The following table represents the ten real estate taxpayers having the highest assessed values in the School District. These taxpayers represent approximately 11.00% of the School District's total most recent assessed value.

Taxpayer	Taxable Aggregate Assessed Valuation
CF Grocery Distribution	$29,030,400
Harristown Development Corporation	25,429,300
Dauphin Deposit Bank & Trust	18,911,600
Sage Market Square Plazza LP	18,199,800
PA National Mutual Casualty Insurance	17,402,100
2012 Harrisburg Investment LLC	16,066,500
Harrisburg Redevelopment Authority	14,362,600
Strawberry Square Associates	14,362,600
Redevelopment Authority & City	11,777,600
Icon Jupiter C1 NE/MW PA Harrisburg	11,017,200
Total	$176,559,700

Source: County Assessment Office

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COMMONWEALTH AID TO SCHOOL DISTRICTS

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

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 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 also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

Lack of Commonwealth Appropriations for Debt Service Reimbursement

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's MVAR is currently higher at 76.41%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to $2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year. On June 28, 2019, the Governor approved and signed House Bill 1615, known as Act 16 of 2019, that included a continuation of the moratorium on new PlanCon Part A submittals through the end of the 2019-20 fiscal year. Act 30 of 2020 extended the moratorium on new PlanCon Part A submittals through the end of the 2020-21 fiscal year. On June 30, 2021, the Governor approved and signed Senate Bill 381 known as School Code or Act 26 of 2021, which extended the moratorium on new PlanCon Part A submittals through the end of the 2021-2022 fiscal year.

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

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

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

DEBT STATEMENT AND DEBT LIMITS

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

DIRECT DEBT **NONELECTORAL DEBT*** ***Issue Type***	**Gross Outstanding**	**Project Reimbursable Percent (%)**	**Effective Reimbursement**	**State Share**	**Local Share**
General Obligation Bonds, Series of 2026	$85,865,000	20.54%	15.69%	$13,476,180	$72,388,820
General Obligation Bonds, Series of 2021	9,910,000	20.15%	15.40%	1,525,805	8,384,195
General Obligation Notes, Series C of 2020 (Federally Taxable)	35,075,000	17.04%	13.02%	4,566,858	30,508,142
General Obligation Notes, Series B of 2020	2,145,000	15.66%	11.97%	256,667	1,888,333
General Obligation Note, Series A of 2020	9,580,000	20.12%	15.37%	1,472,800	8,107,200
General Obligation Notes, Series B of 2017	13,430,000	20.01%	15.29%	2,053,399	11,376,601
General Obligation Notes, Series of 2010 (SPSBA) (QSCB)(Federally Taxable)	1,148,625	0.00%	0.00%	0	1,148,625
Total Principal of Nonelectoral Debt	$157,153,625			$23,351,707	$133,801,918
LEASE RENTAL DEBT					
Total Principal of Lease Rental Debt	$ 0				
TOTAL DIRECT DEBT	$157,153,625				
OVERLAPPING DEBT					
City of Harrisburg	$147,849,883				
Dauphin County	31,951,011				
Total Principal of Overlapping Debt	$179,800,894				
TOTAL DIRECT AND OVERLAPPING DEBT	$336,954,519				
DEBT RATIOS OF DIRECT DEBT					
Market Valuation of Real Estate	6.17%				
Assessed Valuation of Real Estate	9.83%				
Per Capita (2020 Population)	$3,125				
DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT					
Market Valuation of Real Estate	13.23%				
Assessed Valuation of Real Estate	21.07%				
Per Capita (2024 est. Population)	$6,701				

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

(2)School District's pro rata 9.84% share of the County's $324,634,387 principal amount outstanding.

*Excludes the 2014B-2 School Revenue Bonds and 2016A School Revenue Bonds being refunded herein.

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

FUTURE FINANCING

The School District does not anticipate issuing long-term debt over the next 1-3 years for its capital projects.

BORROWING CAPACITY
(Under Local Government Unit Debt Act)

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

	2022-23	2023-24	2024-25
Total General Fund Revenues	$ 203,732,802	$ 215,344,471	$ 221,767,172
Less: Required Deductions			
a. Rental and Sinking Fund Reimbursement	$ 2,195,501	$ 3,264,472	$ 2,366,241
b. Revenues for Self-Liquidating Debt	0	0	0
c. Refunds from Prior Year Expenditures	310,379	81,990	46,416
d. Grant and Gifts for Capital Projects	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries)	0	0	1,200,000
Total Deductions	$ 2,505,880	$ 3,346,462	$ 3,612,657
Total Net General Fund Revenues	$ 201,226,922	$ 211,998,009	$ 218,154,515
Total Net Revenues for Three Years		$ 631,379,446	
Borrowing Base - Average Net Revenues for Three-Year Period		$ 210,459,815	
Computation of Borrowing Capacity			
Debt Limitation - 225% OF Borrowing Base		$ 473,534,585	
Less: Net Non-Electoral and Lease Rental Debt		$ 157,153,625	
Current Non-Electoral and Lease Rental Borrowing Capacity		$ 316,380,960	

LABOR RELATIONS

Employees and Labor Contracts

There are presently 632 employees, including 523 professional employees (teachers, nurses and counselors). The professional employees are covered under a labor agreement with the Harrisburg Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract which was ratified on January 28, 2025 for a term of three years, retroactive to July 1, 2025 and expiring on June 30, 2028.

There are approximately 147 support staff covered under a labor agreement with the American Federation of State, County and Municipal Employees which renewed on July 1, 2025 for a one-year contract followed by another renewal for July 1, 2026 for a one-year contract. The administrative employees are covered by the ManagementCompensation Plan.

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 certified the employer rate, to be paid by the School District, of 33.59% for the 2026-27 fiscal year. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

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

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

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

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

Fiscal Year		Amount
2021-22		$15,256,797
2022-23		16,209,676
2023-24		16,351,909
2024-25		17,018,176
2025-26	(Budgeted)	21,262,087

On June 30, 2025, the School District reported a liability of $126,862,332 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the PSERS' one-year reported contributions. This method was changed beginning with the System's fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District's one-year reported covered payroll as it related to PSERS' total one-year report covered payroll. On June 30, 2025, the School District's reported proportion was 0.3031%, which was an increase of 0.0126% from its proportion reported as of June 30, 2024.

As of June 30, 2025, the PSERS plan was 64.8% funded, with an unfunded actuarial accrued liability of approximately $42.0 billion. PSERS' rate of return for fiscal year ended June 30, 2024 was 9.67%. The Fund had plan net assets of $83.7 billion at June 30, 2025. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Audit and PSERS

Other Post-Employment Benefits ("OPEB")

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

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

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APPENDIX B

LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION

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DEMOGRAPHIC AND STATISTICAL INFORMATION

Population

	2020	2024 (est.)
School District	50,099	50,287
Dauphin County	286,401	293,029
Pennsylvania	12,794,885	13,078,751

Source: U.S. Bureau of Census.

Age Composition
(2020 5-year estimates)

	Percent Under 18	Percent 65 and Over
Dauphin County	22.1	18.2
Pennsylvania	20.7	18.3

Source: U.S. Bureau of Census.

Income
(2020 5-year estimates)

	Median Household	Per Capita	Persons in Poverty
Dauphin County	66,480	36,600	11.8%
Pennsylvania	63,627	35,518	10.9

Source: U.S. Bureau of Census.

Housing Characteristics
(2020 5-year estimates)

	Total Housing Units	% Owner Occupied
Dauphin County	127,758	63.9
Pennsylvania	5,732,628	69.0

Source: U.S. Bureau of Census.

Medical facilities

Institution	Location
Helen M. Simpson Rehabilitation Hospital	Harrisburg
Milton S. Hershey Medical Center	Hershey
UPMC Pinnacle Hospitals	Harrisburg
Penn State Hershey Rehabilitation, LLC	Hummelstown
Pennsylvania Psychiatric Institute	Harrisburg
Select Medical at Polyclinic Medical Center	Harrisburg

Source: Pennsylvania Department of Health, Bureau of Health Statistics

Utilities

Verizon, PP&L Utilities, Amergen Energy Company, UGI Corporation and Pennsylvania American Water and United Water Company are the non-governmental utilities which provide services in the School District.

Higher Education

The County and surrounding area included within the Harrisburg-Carlisle Metropolitan Statistical Area ("MSA") have a number of institutions of higher learning including the Penn State College of Medicine, the Harrisburg Area Community College, Penn State Harrisburg, Dickinson College, Penn State Dickinson School of Law, Widener University School of Law, Messiah College, and the University Center at Harrisburg which consists of extension programs offered by a consortium of five institutions of higher learning including Temple University, Pennsylvania State University and the University of Pennsylvania.

The largest of these schools in terms of enrollment is the Harrisburg Area Community College ("HACC") which was the first comprehensive community college to be established in the Commonwealth and serves the MSA. Founded in 1964 and fully accredited, this two-year College occupies a campus of 157 acres. Since HACC's inception it has grown from a single campus into a multi-campus institution which enrolls nearly 15,000 credit students each semester, in campuses throughout the MSA including Harrisburg, Gettysburg, Lancaster, Lebanon and York.

The Penn State Harrisburg campus offers baccalaureate and graduate degree programs. Dickinson College, located in Carlisle, is the second oldest institution of higher learning in the Commonwealth. The Penn State Dickinson School of Law, also located in Carlisle, is the second oldest law school in the Commonwealth, having been founded in 1834. Messiah College is a liberal arts institution located in Grantham.

ECONOMIC INFORMATION

Ten Largest Employers in Dauphin County

Company
State Government
Milton S. Hershey Medical Center
Hershey Entertainment & Resorts Co.
United Parcel Service Inc.
The Hershey Company
UPMC Pinnacle Hospitals
Federal Government
Penn State Health
Pennsylvania State University
Milton Hershey School

Source: Center for Workforce Information and Analysis – Labor & Industry (L & I), 4th Quarter, 2025.

Total Civilian Labor Force, Employment, Unemployment and Labor Force, Unemployment Harrisburg-Carlisle MSA

					SEASONALLY ADJUSTED			
TIME PERIOD	CIVILIAN LABOR FORCE	EMPLOY-MENT	UNEMPLOY-MENT	RATE (%)	LABOR FORCE	EMPLOY-MENT	UNEMPLOY-MENT	RATE (%)
DAUPHIN COUNTY								
March 2026	312,200	300,800	11,400	3.7	314,400	302,500	12,000	3.8
February	309,000	296,500	12,500	4.0	314,300	302,200	12,100	3.8
January	310,000	298,300	11,700	3.8	314,500	302,400	12,100	3.9
March 2025	312,900	302,100	10,700	3.4	314,200	303,500	10,800	3.4

Classification of Employment by Industry

HARRISBURG-CARLISLE METROPOLITAN STATISTICAL AREA

(Cumberland, Dauphin, and Perry counties)

March 2026

NONFARM JOBS - NOT SEASONALLY ADJUSTED

ESTABLISHMENT DATA	Industry Employment Mar 2026	Feb 2026	Jan 2026	Mar 2025	Net Change From: Feb 2026	Mar 2025
TOTAL NONFARM	**361,000**	358,700	359,900	361,900	2,300	-900
TOTAL PRIVATE	**302,100**	299,900	302,200	302,900	2,200	-800
GOODS-PRODUCING	**32,700**	32,400	32,600	32,900	300	-200
Mining, Logging, and Construction	**13,000**	12,800	13,000	12,700	200	300
Manufacturing	**19,700**	19,600	19,600	20,200	100	-500
Durable Goods	**9,100**	9,100	9,100	9,300	0	-200
Non-Durable Goods	**10,600**	10,500	10,500	10,900	100	-300
SERVICE-PROVIDING	**328,300**	326,300	327,300	329,000	2,000	-700
PRIVATE SERVICE-PROVIDING	**269,400**	267,500	269,600	270,000	1,900	-600
Trade, Transportation, and Utilities	**77,600**	77,500	78,900	79,400	100	-1,800
Wholesale Trade	**12,500**	12,400	12,300	12,500	100	0
Retail Trade	**30,400**	30,200	30,600	30,800	200	-400
General merchandise retailers	**5,800**	5,800	6,000	5,500	0	300
Transportation, Warehousing, and Utilities	**34,700**	34,900	36,000	36,100	-200	-1,400
Transportation and Warehousing	**34,200**	34,400	35,500	35,600	-200	-1,400
Truck transportation	**7,400**	7,400	7,500	7,600	0	-200
Warehousing and storage	**16,400**	16,600	17,200	17,000	-200	-600
Information	**3,000**	3,100	3,100	3,200	-100	-200
Financial Activities	**19,600**	19,700	19,700	20,000	-100	-400
Professional and Business Services	**48,900**	48,300	48,700	49,300	600	-400
Professional and technical services	**20,900**	20,800	20,800	21,400	100	-500
Management of companies and enterprises	**9,800**	9,700	9,800	9,900	100	-100
Administrative and waste services	**18,200**	17,800	18,100	18,000	400	200
Education and Health Services	**75,900**	75,300	75,500	74,000	600	1,900
Educational services	**10,200**	10,100	9,700	9,800	100	400
Health care and social assistance	**65,700**	65,200	65,800	64,200	500	1,500
Hospitals	**20,500**	20,500	20,600	20,200	0	300
Leisure and Hospitality	**29,800**	28,800	29,000	29,200	1,000	600
Accommodation and food services	**22,400**	22,000	22,200	22,800	400	-400
Other Services	**14,600**	14,800	14,700	14,900	-200	-300
Government	**58,900**	58,800	57,700	59,000	100	-100
Federal Government	**7,000**	7,000	6,900	7,500	0	-500
State Government	**31,200**	31,100	30,600	31,100	100	100
Local Government	**20,700**	20,700	20,200	20,400	0	300
Local government educational services	**14,100**	14,100	13,700	13,900	0	200
Local government excluding educational services	**6,600**	6,600	6,500	6,500	0	100
Data benchmarked to March 2025	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry.

APPENDIX C

FORM OF OPINION OF BOND COUNSEL

APPENDIX B
PROPOSED FORM OF OPINION OF BOND COUNSEL

Below is the Proposed Form of Bond Counsel Opinion Expected to be Delivered in Connection with the Issuance of the Bonds

[_______________, 2026]

School District of the City of Harrisburg
Dauphin County, Pennsylvania

Re: School District of the City of Harrisburg, Dauphin County, Pennsylvania
[$__________] General Obligation Bonds, Series of 2026

We have acted as Bond Counsel to the School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District") in connection with the issuance of its [$__________] General Obligation Bonds, Series of 2026 (the "Bonds"), pursuant to the Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 *et seq.,* as amended (the "Act"), and pursuant to a resolution duly adopted by the Receiver of the School District on May 27, 2025 (the "Resolution").

The Bonds are being issued for the purpose of providing funds to finance: (i) the current refunding of all or a portion of the School District's State Public School Building Authority, School Revenue Bonds (the School District of the City of Harrisburg Project), Series B-2 of 2014; (ii) the current refunding of all or a portion of the School District's State Public School Building Authority, School Revenue Bonds (the School District of the City of Harrisburg Project), Series A of 2016; and (iii) paying the costs and expenses related to the issuance of and insuring the debt service on the Bonds.

The School District has covenanted in the Resolution (i) to include the amount of the debt service for the Bonds for each fiscal year in which the sums are payable in its budget for that year, (ii) to appropriate those 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 its sinking fund or any other of its revenues or funds the principal of, and the interest on, the Bonds at the dates and 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 in the Resolution has pledged its full faith, credit, and taxing power.

As Bond Counsel to the School District we have examined originals or certified copies of the transcript of the proceedings of the School District filed with and approved by the

Department of Community and Economic Development (the "Department") of the Commonwealth of Pennsylvania (the "Commonwealth"), the Resolution, the form of the Bonds, such constitutional and statutory provisions and such other certificates, instruments and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to the matters set forth herein.

In rendering this opinion, we have examined and relied upon (i) the opinion of counsel to the School District with respect, *inter alia*, to the due adoption by the School District of the Resolution in accordance with applicable laws, and (ii) the accuracy of the statements and representations and the performance by the School District of its covenants set forth in the Resolution and the School District's Tax and Non-Arbitrage Certificate delivered on this date in connection with the issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the School District contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that:

1. The School District is authorized under the provisions of the Constitution and laws of the Commonwealth to issue the Bonds for the purposes above set forth, and the School District has authorized the issuance thereof.

2. The Bonds are valid and binding general obligations of the School District payable from the revenues of the School District from whatever source derived, which revenues at the time of the issuance and sale of the Bonds include *ad valorem* taxes levied upon all the taxable property within the School District, within limitations provided by law.

3. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

4. Interest on the Bonds is excludable from gross income for federal income tax purposes under existing laws as enacted and construed on the date of initial delivery of the Bonds. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentences are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with all such requirements. Our opinion assumes compliance with such covenants, and we do not undertake to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, or other laws now or hereafter enacted by any state or the federal government affecting the enforcement of creditors' rights generally.

We have not been engaged to express and do not express any opinion herein with respect to the adequacy of the security for the Bonds or the sources of payment for the Bonds. We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. We express no opinion with respect to any matters not specifically set forth herein.

This opinion is rendered solely for the benefit of the addressee hereof in connection with the initial issuance of the Bonds. The addressee may not rely on this opinion letter for any other purpose. This opinion letter is limited to the matters set forth herein. This opinion is subject to future changes in applicable law, and we do not undertake any obligation to update any of the opinions expressed in this letter. No opinion may be inferred or implied beyond the matters expressly stated herein, and our opinions expressed herein must be read in conjunction with the assumptions, limitations, exceptions and qualifications set forth herein. The law covered by the opinions expressed herein is limited to the laws of the Commonwealth and the federal laws of the United States of America. Our engagement as Bond Counsel has concluded with the issuance of the Bonds.

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

SCHOOL DISTRICT OF THE CITY OF HARRISBURG
DAUPHIN COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2026

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District"), in connection with the issuance of its $_________ aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the School District, dated May 25, 2025 (the "Resolution"). The School District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

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 provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Bondholders" or "Holders" shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York ("DTC"), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the "Commission") or its staff, does not require this Disclosure Certificate to be for the benefit of such Beneficial Owners.

"Commission" shall mean the Securities and Exchange Commission.

"Dissemination Agent" shall mean any person or entity designated from time to time in writing by the School District and which has filed with the School District a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Certificate.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 13 hereof.

"Filing" shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Certificate made with each NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in such form acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Certificate.

"Financial Obligation" shall mean a (i) debt obligation; (ii) 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) guarantee of (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(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule. Currently, MSRB's address, phone number and fax number for purposes of the Rule are:

MSRB
1300 I Street, NW #1000
Washington, DC 20005
Phone: 202-838-1500
Fax: 202-898-1500

"NRMSIR" shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at www.sec.gov. **As of the date of this Disclosure Certificate, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 13 hereof.**

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

"Repository" shall mean each NRMSIR and the SID, if any.

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

"SID" shall mean any public or private state information depositary or entity designated by the Commonwealth of Pennsylvania as a state information depositary for the purpose of the Rule, if any. As of the date of this Disclosure Certificate, no SID has been designated.

SECTION 3. Provision of Annual Reports.

(a) The School District shall not later than 270 days after the end of each fiscal year of the School District, commencing with the fiscal year ending June 30, 2027, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In connection therewith, not later than fifteen (15) Business Days prior to said date, the School District shall provide the Annual Report to the Dissemination Agent (if one has been designated by the School District under this Disclosure Certificate). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be submitted separately from the remainder of the Annual Report when such audited financial statements are available. If the audited financial statements are not submitted as part of the Annual Filing to each Repository pursuant to this Section 3(a), the School District shall provide to each Repository such audited financial statements when they are available to the School District.

(b) If the School District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the School District shall send or cause the Dissemination Agent to send a notice to each NRMSIR and the SID in substantially the form attached as Exhibit A.

(c) The School District or the Dissemination Agent, if applicable, shall:

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

(ii) if a Dissemination Agent has been designated hereunder, file a report with the School District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(iii) The School District shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID.

(d) If the Dissemination Agent does not receive the Annual Report from the School District by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the School District with respect to the School District's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. <u>Content of Annual Reports.</u> The School District's Annual Report shall contain or incorporate by reference the following:

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

(ii) the annual budget or summary thereof for the most recent fiscal year;

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

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

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

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

SECTION 5. Reporting of Significant Events.

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

(i) Principal and interest payment delinquencies;

(ii) Nonpayment related defaults, if material;

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

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

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

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

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

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

(ix) Defeasances;

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

(xi) Rating changes;

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

(xiii) 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;

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

(xv) Failure to provide annual financial information as required;

(xvi) 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

(xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the School District, any of which reflect financial difficulties.

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

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

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

body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;"

SECTION 6. Termination of Reporting Obligation. The School District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

In the event that any person or entity subsequent to the execution hereof becomes an "obligated person," as such term is defined in the Rule, with respect to the Bonds, the School District covenants to use its best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Certificate to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The School District shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the School District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the School District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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

SECTION 12. Undertaking with Respect to Certain Procedures and Policies. The School District agrees to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single School District official will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate deputies and other School District employees with respect to the School District's continuing disclosure undertakings.

SECTION 13. EMMA. Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at http://www.emma.msrb.org, or any similar system that is acceptable to the Commission.

SECTION 14. Alternative Filing. Notwithstanding the other provisions of this Disclosure Certificate, any filing under this Disclosure Certificate, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Certificate).

SECTION 15. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Paying Agent, the Dissemination Agent (if any), the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[signature page follows]

[signature page to Continuing Disclosure Certificate
General Obligation Bonds, Series of 2026]

Attest:

SCHOOL DISTRICT OF THE CITY OF HARRISBURG
Dauphin County, PA

By:______________________________
Jatoya Drayton, Secretary
Board of School Directors

By:________________________________
Roslyn Copeland, President
Board of School Directors

Date: ________________, 2026

EXHIBIT A[1]

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	School District of the City of Harrisburg Dauphin County, Pennsylvania
Name of Bond Issue:	School District of the City of Harrisburg, Dauphin County, Pennsylvania $____________ aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds")
Date of Issuance:	______________, 2026

NOTICE IS HEREBY GIVEN that the School District of the City of Harrisburg, Dauphin County, Pennsylvania (the "School District"), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated _____________, 2026, executed by the School District. The School District anticipates that the Annual Report will be filed by __________________.

[1] The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.

SCHOOL DISTRICT OF THE CITY OF HARRISBURG, DAUPHIN COUNTY, PENNSYLVANIA [OR DISSEMINATION AGENT ON BEHALF OF THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG, DAUPHIN COUNTY, PENNSYLVANIA]

Dated:____________________ ________________________________

cc: Paying Agent

APPENDIX E

AUDITED FINANCIAL STATEMENTS

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
HARRISBURG, PENNSYLVANIA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
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YEAR ENDED JUNE 30, 2025

INDEPENDENT AUDITORS' REPORT

Board of School Directors
The School District of the City of Harrisburg
Harrisburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of The School District of the City of Harrisburg'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 School District of the City of Harrisburg's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit for the year ended June 30, 2025 was conducted for the purpose of forming opinions on the financial statements that collectively comprise The School District of the City of Harrisburg'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* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. for the year ended June 30, 2025 are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements for the year ended June 30, 2025 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole for the year ended June 30, 2025.

Report on Summarized Comparative Information

The School District of the City of Harrisburg's 2024 financial statements were audited by other auditors, and they expressed unmodified audit opinions on the respective financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information in their report dated March 28, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2024, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Board of School Directors
The School District of the City of Harrisburg

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 31, 2026, on our consideration of The School District of the City of Harrisburg's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of The School District of the City of Harrisburg's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The School District of the City of Harrisburg's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 31, 2026

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

DISTRICT PROFILE

The District consists of 11 schools – five elementary schools, three middle schools, two high schools, and an alternative education school for all grades, consisting of approximately 6,500 students. The District is a culturally diverse, urban school district in Dauphin County, Pennsylvania. The City of Harrisburg is home to approximately 50,000 people and the capital of the Commonwealth of Pennsylvania and is considered the metropolitan hub of south-central Pennsylvania. During 2024-2025, there were 767 employees including 459 professional employees (teachers, nurses, and counselors).

The mission of the School District of the City of Harrisburg is to provide a rigorous and relevant education to ALL students in a learning environment that fosters high expectations and data driven and standards aligned instruction provided by committed, highly qualified teachers. The District endeavors to provide a culturally responsive, safe, and positive school environment to enhance, empower and promote the value of lifelong learning for our students. Families and the Harrisburg community are active partners in the educational process.

FINANCIAL HIGHLIGHTS

- On a government-wide basis, including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows resulting in a deficit in total net position at the close of the 2024-2025 fiscal year of $10,213,786. During the 2024-2025 fiscal year, the District had an increase in total net position of $48,975,519. The net position of governmental activities increased by $48,134,465 and the net position of business-type activities increased by $841,054.

- The General Fund reported an increase in fund balance of $2,553,734, bringing the cumulative balance to $28,441,292 at the conclusion of the 2024-2025 fiscal year.

- At June 30, 2025, the General Fund fund balance includes $1,180,051 which is considered nonspendable, $500,000 committed for athletics and band reserve, $9,453,325 committed for enrollment stabilization, and unassigned amounts of $17,307,916 or 8.00% of the $216,348,977 2025-2026 amended General Fund expenditure budget. This approximates guidelines prescribed by the Pennsylvania Department of Education which allows a district to maintain an unassigned maximum General Fund fund balance of 8% of the following year's expenditures budget.

- Total General Fund revenues and other financing sources were $5,775,507 or 2.66% more than budgeted amounts and total General Fund expenditures and other financing uses were $3,221,773 or 1.48% more than budgeted amounts resulting in a net positive variance of $2,553,734.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

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

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

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

Governmental Activities

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

Business-Type Activities

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

The government-wide financial statements can be found on pages 19 and 20 of this report.

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

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

The governmental fund financial statements can be found on pages 21 through 24 of this report.

Proprietary Funds

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

The proprietary fund financial statements can be found on pages 25 through 27 of this report.

Fiduciary Funds

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

The fiduciary fund financial statements can be found on pages 29 and 30 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on pages 31 through 70 of this report.

Other Information

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

The required supplementary information can be found on pages 71 through 76 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted above, net position may serve over time as a useful indicator of the District's financial condition. At the close of the 2024-2025 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $10,213,786. The following table presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets						
Current and Other Assets	$ 139,647,481	$ 126,207,266	$ 205,076	$ (387,314)	$ 139,852,557	$ 125,819,952
Capital Assets, Net	192,218,441	185,643,804	191,149	218,034	192,409,590	185,861,838
Total Assets	331,865,922	311,851,070	396,225	(169,280)	332,262,147	311,681,790
Deferred Outflows of Resources	32,742,173	33,211,780	219,177	258,297	32,961,350	33,470,077
Liabilities						
Current Liabilities	25,573,597	32,470,811	221,153	149,554	25,794,750	32,620,365
Noncurrent Liabilities	333,485,892	351,417,498	1,156,368	1,477,410	334,642,260	352,894,908
Total Liabilities	359,059,489	383,888,309	1,377,521	1,626,964	360,437,010	385,515,273
Deferred Inflows of Resources	14,774,844	18,535,244	225,429	290,655	15,000,273	18,825,899
Net Position (Deficit)						
Net Investment in Capital Assets	(1,095,231)	(20,515,700)	191,149	218,034	(904,082)	(20,297,666)
Restricted	55,664,001	41,676,746	-	-	55,664,001	41,676,746
Unrestricted (Deficit)	(63,795,008)	(78,521,749)	(1,178,697)	(2,046,636)	(64,973,705)	(80,568,385)
Total Net Position (Deficit)	$ (9,226,238)	$ (57,360,703)	$ (987,548)	$ (1,828,602)	$ (10,213,786)	$ (59,189,305)

The District's total assets as of June 30, 2025 were $332,262,147 of which $95,080,248 or 28.62% consisted of unrestricted cash and investments and $192,409,590 or 57.91% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2025 were $359,715,711 of which $193,180,565 or 53.70% consisted of general obligation debt used to acquire and construct capital assets and $126,862,331 or 35.27% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of $64,973,705 at June 30, 2025. The District's unrestricted net position increased by $15,594,680 during 2024-2025 primarily due to the current year results of operations and the change in the net pension liability and the related deferred outflows and inflows of resources.

A portion of the District's net position reflects its restricted net position which totaled $55,664,001 as of June 30, 2025. All of the District's restricted net position related to amounts restricted for student activity, capital and debt service expenditures.

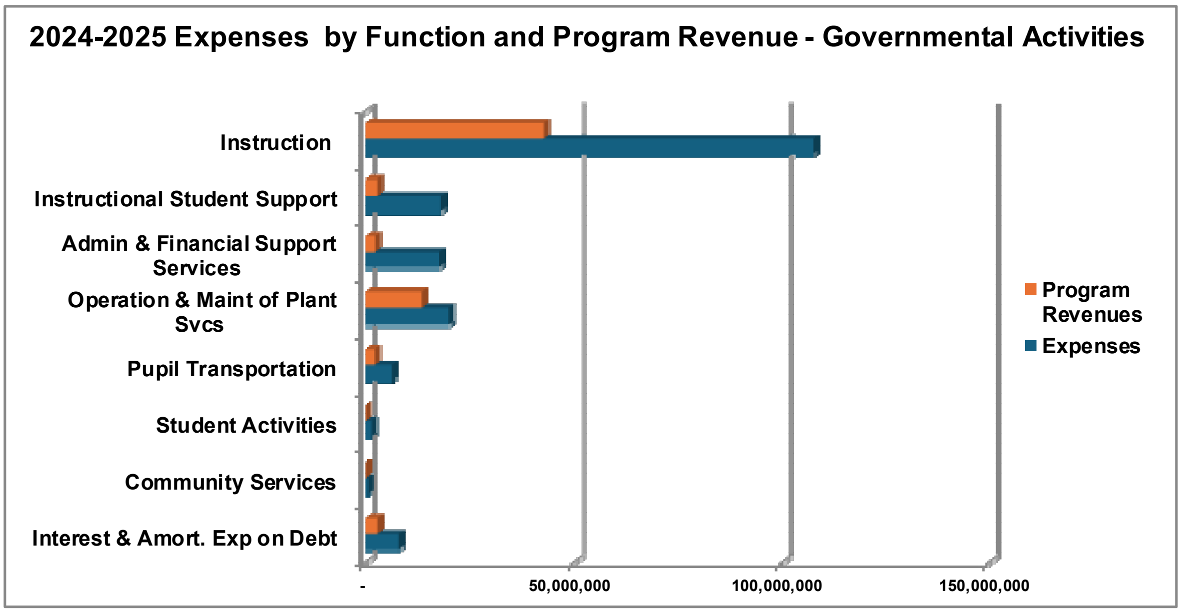
Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2025, the District's net investment in capital assets increased by $19,393,584 because the long-term debt used to acquire capital assets was being repaid faster than the capital assets were being depreciated and capital assets were acquired with other sources other than long-term debt.

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

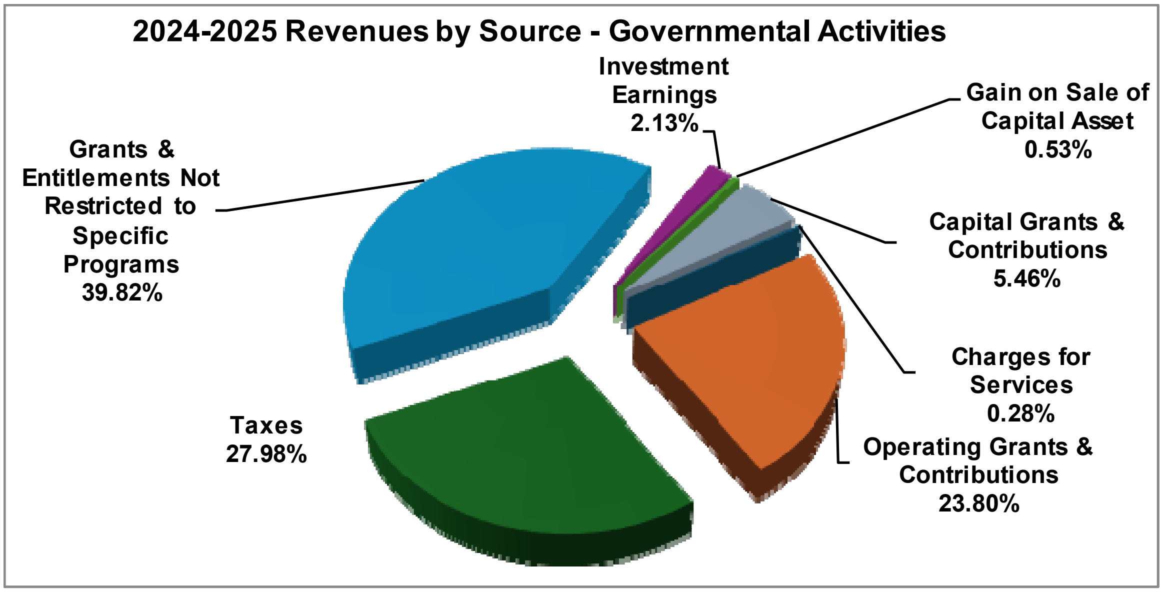
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for Services	$ 636,466	$ 208,027	$ 371,428	$ 370,569	$ 1,007,894	$ 578,596
Operating Grants and Contributions	54,057,992	49,279,564	6,054,375	5,908,742	60,112,367	55,188,306
Capital Grants and Contributions	12,400,566	18,582,635	-	-	12,400,566	18,582,635
General Revenues:						
Property Taxes Levied for General Purposes	49,758,659	48,250,428	-	-	49,758,659	48,250,428
Earned Income Taxes Levied for General Purposes	6,002,852	5,801,062	-	-	6,002,852	5,801,062
Other Taxes Levied for General Purposes	7,806,708	13,784,126	-	-	7,806,708	13,784,126
Grants and Entitlements Not Restricted to Specific Programs	90,451,992	84,794,909	-	-	90,451,992	84,794,909
Investment Earnings	4,839,345	5,176,472	106,010	69,396	4,945,355	5,245,868
Gain on Sale of Capital Assets	1,200,000	-	-	-	1,200,000	-
Total Revenues	227,154,580	225,877,223	6,531,813	6,348,707	233,686,393	232,225,930
Expenses						
Instruction	107,573,360	104,620,037	-	-	107,573,360	104,620,037
Instructional Student Support Services	17,967,893	13,913,375	-	-	17,967,893	13,913,375
Administrative and Financial Support Services	17,592,376	16,181,861	-	-	17,592,376	16,181,861
Operation and Maintenance of Plant Services	19,902,004	23,220,085	-	-	19,902,004	23,220,085
Pupil Transportation	6,067,522	5,280,895			6,067,522	5,280,895
Student Activities	1,524,937	1,324,747	-	-	1,524,937	1,324,747
Community Services	715,284	602,938	-	-	715,284	602,938
Interest and Amortization Expense Related to Noncurrent Liabilities	7,676,739	8,251,677	-	-	7,676,739	8,251,677
Food Service	-	-	5,690,759	5,359,190	5,690,759	5,359,190
Total Expenses	179,020,115	173,395,615	5,690,759	5,359,190	184,710,874	178,754,805
Change in Net Position (Deficit)	$ 48,134,465	$ 52,481,608	$ 841,054	$ 989,517	$ 48,975,519	$ 53,471,125

Overall, the District's financial position has been improving, but challenges such as increased medical costs and pension contributions, increases in special education costs, state-mandated programs and negotiated contracts have a potential to offset these gains in future fiscal years. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat these factors.

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



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



GOVERNMENTAL FUNDS

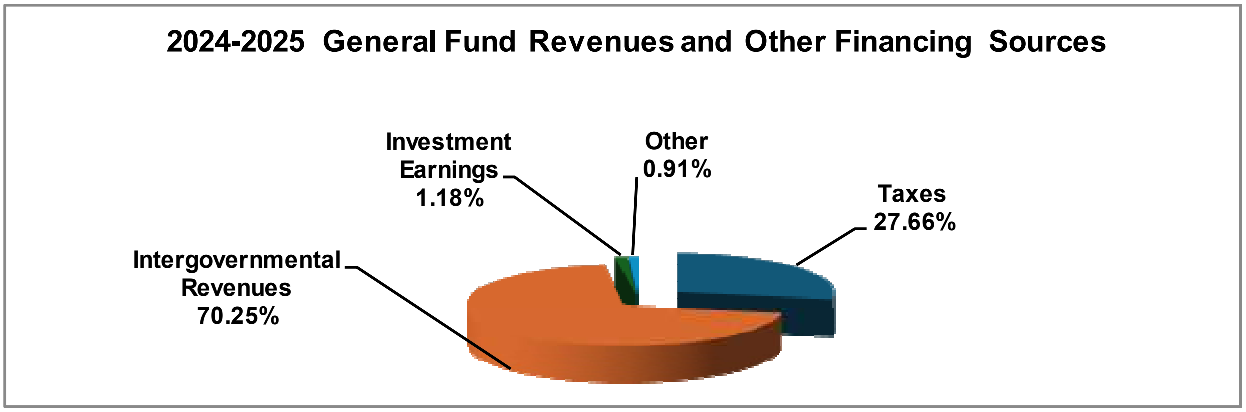
The governmental fund financial statements provide detailed information on the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2025, the District's governmental funds reported a combined fund balance of $84,105,293 which is an increase of $16,540,989 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2025 and 2024 and the total 2025 change in governmental fund balances.

	2025	2024	$ Change
General Fund	$ 28,441,292	$ 25,887,558	$ 2,553,734
Capital Projects Fund	47,755,283	34,575,758	13,179,525
Debt Services Fund	7,860,479	7,010,036	850,443
School Sponsored Activity Fund	48,239	90,952	(42,713)
Total	$ 84,105,293	$ 67,564,304	$ 16,540,989

GENERAL FUND

The General Fund is the District's primary operating fund. At the conclusion of the 2024-2025 fiscal year, the General Fund fund balance was $28,441,292 representing an increase of $2,553,734 in relation to the prior year. The increase in the District's General Fund fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2024-2025 fiscal year.

The District's reliance upon state and federal subsidies and grants is demonstrated by the graph below that indicates 70.25% of General Fund revenues are derived from intergovernmental revenues.

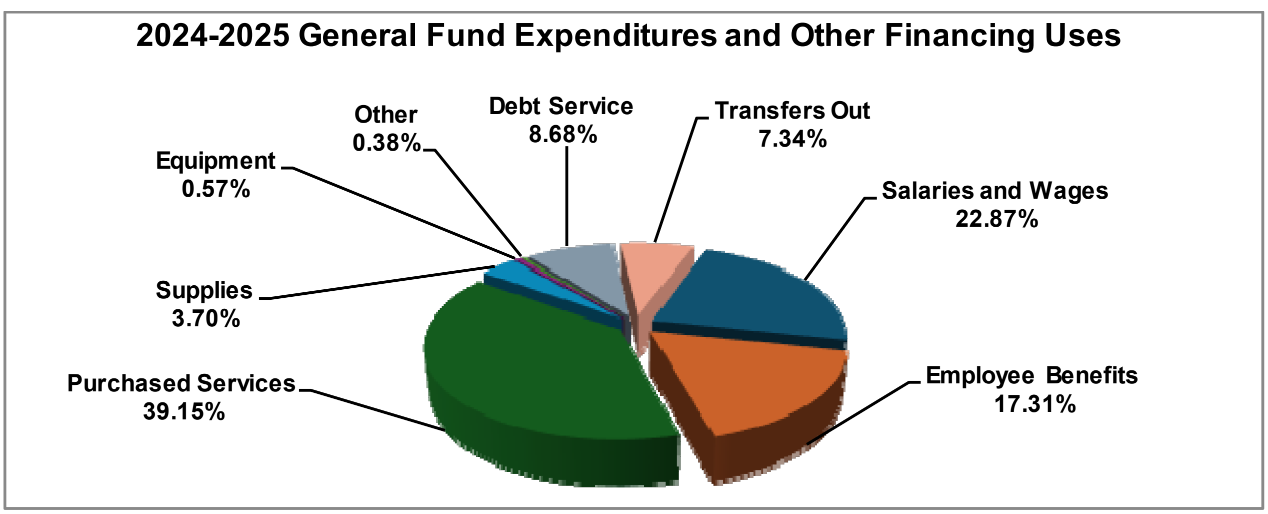


General Fund Revenues and Other Financing Sources

	2025	2024	$ Change	% Change
Tax Revenues	61,669,755	$ 59,838,893	$ 1,830,862	3.06 %
Intergovernmental Revenues	156,663,816	151,767,264	4,896,552	3.23
Investment Earnings	2,642,161	3,161,819	(519,658)	(16.44)
Other	2,037,856	576,495	1,461,361	253.49
Transfer In	-	143,051	(143,051)	(100.00)
Total	$ 223,013,588	$ 215,487,522	$ 7,526,066	3.49

Intergovernmental revenues increased by $4,896,552 or 3.26% primarily as a result of an increase in Ready to Learn adequacy funding, an increase in the basic education subsidy and an increase in the state retirement subsidy which increased commensurate with the increase in the employer retirement contributions.

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



General Fund Expenditures and Other Financing Uses

	2025	2024	$ Change	% Change
Salaries and Wages	50,411,836	$ 47,972,839	$ 2,438,997	5.08 %
Employee Benefits	38,162,204	32,188,048	5,974,156	18.56
Purchased Services	86,310,463	90,728,682	(4,418,219)	(4.87)
Supplies	8,166,862	11,448,881	(3,282,019)	(28.67)
Equipment	1,252,495	1,259,160	(6,665)	(0.53)
Other	839,091	226,536	612,555	270.40
Debt Service	19,145,610	19,326,517	(180,907)	(0.94)
Transfers Out	16,171,293	11,045,833	5,125,460	46.40
Total	$ 220,459,854	$ 214,196,496	$ 6,263,358	2.92 %

Salaries and Wages and Employee Benefits increased by a combined $8,413,153 or 10.50% primarily as a result of contracted salary increases with the respective employee groups and an increase in health insurance costs.

Transfers out in 2023-2024 and 2024-2025 represent funding for the Capital Projects Fund in order to address future capital needs and the continued funding of an Internal Service Fund to fund future self-insured medical, dental, prescription and vision insurance expenses.

CAPITAL PROJECTS FUND

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2024-2025, the fund balance in the Capital Projects Fund increased by $13,179,525 primarily due to transfers from the General Fund for future projects exceeding current year capital asset expenditures. The fund balance of $47,755,283 as of June 30, 2025 is restricted for future capital expenditures.

DEBT SERVICE FUND

The Debt Service Fund accounts for the interest and principal payments due on the District's outstanding general obligation debt. Transfers are made during the year from the General Fund to finance debt service payments as they become due.

Pursuant to a loan agreement with the State Public School Building Authority under its Qualified School Construction Bonds program, the District established a Debt Sinking Fund. The District is required to make deposits annually into the Debt Sinking Fund. The deposits and investment earnings on the deposits are available for payment of maturities under the loan agreement.

As of June 30, 2025, the fund balance in the Debt Service Fund was $7,860,479 and is restricted for future debt service expenditures.

GENERAL FUND BUDGET INFORMATION

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the Receiver for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

Total General Fund revenues and other financing sources were $5,775,507 or 2.66% more than budgeted amounts and total General Fund expenditures and other financing uses were $3,221,773 or 1.48% more than budgeted amounts resulting in a net positive variance of $2,553,734. Major budgetary highlights for 2024-2025 were as follows:

- Total local source revenues were $3,593,093 more than budgeted due to higher than anticipated property sales activity driving real estate transfer taxes and stronger than anticipated collections of delinquent real property tax and delinquent occupational taxes.

- Total federal source revenues were $3,275,584 more than budgeted amounts as a result of more than anticipated funding received through ARP ESSER grants which are received on a cost reimbursement model primarily due to anticipated capital projects that were delayed, which can be correlated to facilities acquisition, construction and improvement services expenditures more than budget in the amount of $3,667,188.

- Total expenditures for instruction and support services were $12,162,678 less than budget primarily due to staffing positions that were budgeted and remained vacant. For 2024-2025, 924 staffing positions were budgeted of which 738 were filled and 186 were vacant, which included 562 professional staff positions that were budgeted of which 482 were filled and 80 were vacant.

- Transfers out were $11,577,925 more than budget and represent transfers Capital Projects Fund.

BUSINESS-TYPE ACTIVITIES AND FOOD SERVICE FUND

During 2024-2025, the net position of the business-type activities and Food Service Fund increased by $841,054. As of June 30, 2025, the business-type activities and Food Service Fund had a deficit in net position of $987,548. The deficit in net position directly correlates to the Food Service Fund recording its proportion share of the net pension liability in the Pennsylvania State Employees' Retirement System (PSERS).

CAPITAL ASSETS

The District's net investment in capital asset for its governmental and business-type activities as of June 30, 2025 amounted to $192,409,590 net of accumulated depreciation. This investment in capital assets includes land, buildings and improvements, furniture and equipment and right-to-use leased equipment. The total increase in the District's investment in capital assets for the current fiscal year was $6,547,752 or 3.58%. The increase was the result of current year capital additions in excess of depreciation expense. Current year capital additions were $16,080,130 and depreciation expense was $9,532,378. Major capital additions for 2024-2025 included District-wide capital renovation projects including restorations at John Harris High School, generator replacements at several buildings, installation of electronic locks for improved safety and security, food service equipment upgrades, and exterior door replacement.

NONCURRENT LIABILITIES

At the end of the current fiscal year, the District had total general obligation debt of $193,180,565 consisting of $100,295,000 in bonds payable, $70,555,000 in notes payable and $8,800,000 in Qualified School Construction Bonds net of deferred credits of $13,530,565. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior obligation debt. The District's general obligation debt decreased by $12,709,754 or 6.17% during the current fiscal year.

The District maintains an A- (stable outlook) rating from Standard and Poor's for its general obligation debt.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. The current debt limitation for the District is $478,678,775 which exceeds the District's outstanding general obligation debt as of June 30, 2025.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $126,862,332 as of June 30, 2025. The District's net pension liability decreased by $2,370,602 or 1.83% during the fiscal year.

The District reports a liability for its other post-employment benefits (OPEB) related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled $12,848,401 as of June 30, 2025. The District's OPEB liability decreased by $533,194 or 3.98% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for compensated absences and right-to-use leases payable which totaled $1,750,962 as of June 30, 2025. These liabilities decreased by $2,629,098 or 60.02% during the fiscal year.

FACTORS BEARING ON THE DISTRICT'S FUTURE

- On December 12, 2012, the District was declared to be in a state of moderate distress under the Commonwealth of Pennsylvania's Act 141 of 2012. This designation required the appointment of a Chief Recovery Officer who was charged with developing a financial and academic recovery plan for the District. Subsequently, on June 17, 2019, the District was placed into receivership by the Pennsylvania Department of Education (the Receiver) for a term of three years. The Receiver assumed the powers and duties of the Chief Recovery Officer and responsibility for the governance of the District other than the setting of property taxes, which remains with the School Board. The Receivership was extended in June 2022 for a period of three years. The Receiver has transitioned from outsourced administrative functions provided through an agreement with the Montgomery County Intermediate Unit to a District administrative team. The Amended Recovery Plan is designed to guide the District in efforts designed to stabilize and rebuild the financial and human resources systems of the District, design and implement a K-12 academic plan, design a governance plan, hire key administrative positions, and eventually return the District to local control. In December 2023, an amendment to the Recovery Plan was approved by the Court. This amendment recognizes the improved financial position of the District and updates and clarifies goals of the Recovery Plan. On June 17, 2025, the District successfully exited Receivership, and the local school board regained local control. The District is the first and only District in the Commonwealth of Pennsylvania to exit Receivership. The District is currently in year one of a five-year monitoring phase by the Pennsylvania Department of Education.

- The District adopted a balanced 2025-2026 budget totaling $213,124,370and the real estate tax millage rate was increased to 31.40 mills in 2025-2026. The budget was subsequently amended upon receipt of the State's budget and totaled $216,348,977.

- The District received additional state revenue in 2024-2025 in the form of an adequacy supplement and tax equity supplement. This was the Commonwealth's response to the Fair Funding lawsuit in which Harrisburg School District was identified as one the Commonwealth's historically underfunded school districts as well as one having a high tax burden placed on District property owners. The Commonwealth of Pennsylvania provided for 59.25% of total revenue sources to fund costs supporting the District's educational programs during fiscal 2024-2025 while local sources of revenue, primarily property taxes, provide for 29.76%.

- In 2006, Act 1 was passed which repealed Act 72, which provides taxpayer relief through gambling revenues generated at the State level. The intent of this legislation is to provide a mechanism to relieve the burden of funding public education from property owners. This new legislation has put a "ceiling" on the percentage increase of local real estate taxes that can be levied year-to-year in order to balance the school district budget. Pennsylvania school districts are now required to either change their taxing strategies to make up for the shortfall of increases in real estate tax refunds or seek the taxpayers' approval through back-end referendum to increase taxes higher than the approved index. This law puts an already increased burden on the District's revenue stream in future years. This legislation introduced certain new requirements on school districts which include the following:

  - That in the event a school district wishes to increase the property tax millage rate by more than an index annually prescribed by the state (6.10% for the School District of the City of Harrisburg for 2025-2026), the school district must seek voter approval (known commonly as a "back-end referendum") prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.

  - Certain exceptions are provided under Act 1 that, if approved by the appropriate authority, may permit increases above the Act 1 index without the need for a back-end referendum. Typically, these exceptions relate to emergencies and cost increases in excess of the Act 1 index (e.g., retirement system contributions) over which the school district has no control.

  - Gaming revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteaders and farmsteaders. (Act 1 permitted gambling in Pennsylvania.)

- In November 2010 and, again, in 2017, received additional state revenue in 2024-2025 in the form of an adequacy supplement and tax equity supplement. This was the Commonwealth's response to the Fair Funding lawsuit in which Harrisburg School District was identified as one the Commonwealth's historically underfunded school districts as well as one having a high tax burden placed on District property owners. The Commonwealth of Pennsylvania provided for 59.25% of total revenue sources to fund costs supporting the District's educational programs during fiscal 2024-2025 while local sources of revenue, primarily property taxes, provide for 29.76%.

- Professional/instructional employees of the District are represented for purposes of collective bargaining by the Harrisburg Education Association (HEA), which is affiliated with the Pennsylvania State Education Association (PSEA). The current agreement will expire on June 30, 2028.

- Support staff (including custodians, food service workers, paraprofessionals, etc.) are represented for purposes of collective bargaining by the American Federation of State, County and Municipal Employees (AFSCME). The current agreement will expire on June 30, 2026.

- Non-represented employees are covered by compensation plans for all Act 93 employees. The compensation plan for Act 93 employees expires on June 30, 2026.

The Board approved a Five-Year Capital Plan, as well as a 2025-2026 Capital Budget. Since the District saw enrollment growth in the 2024-2025 school year, despite the Pennsylvania Economy League 10-year enrollment projections showing continued decline in enrollment, the District has approved The Pennsylvania Economy League to do an update to their 2022 enrollment study. The updated enrollment study continues to show a slight decline in student population over the next 10 year. The District has experienced significant growth in the number of students entering the district at kindergarten with identified special education needs, specifically autism support. The District will continue to evaluate capital needs, facility utilization, special education needs, and enrollment trends.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, School District of the City of Harrisburg, 1010 N 7th Street, Harrisburg, Pennsylvania 17102.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Governmental Activities	Business-Type Activities	Totals 2025	Totals 2024
ASSETS				
Current Assets:				
Cash	$ 39,407,707	$ 3,492,129	$ 42,899,836	$ 54,854,951
Investments	52,180,412	-	52,180,412	19,491,285
Taxes Receivable, Net	25,423,806	-	25,423,806	21,944,135
Due from Other Governments	10,672,669	210,466	10,883,135	22,276,690
Internal Balances	3,541,041	(3,541,041)	-	-
Other Receivables	70,353	22,338	92,691	120,079
Prepaid Expenses	-	-	-	1,251
Inventories	1,354	21,184	22,538	35,720
Total Current Assets	131,297,342	205,076	131,502,418	118,724,111
Noncurrent Assets:				
Restricted Assets:				
Cash Held by Fiscal Agent	434,419	-	434,419	5,415
Investments Held by Fiscal Agent	7,426,060	-	7,426,060	6,600,766
Prepaid Bond Insurance	489,660	-	489,660	489,660
Nondepreciable Capital Assets	2,217,328	-	2,217,328	3,100,204
Capital Assets, Net	190,001,113	191,149	190,192,262	182,761,634
Total Noncurrent Assets	200,568,580	191,149	200,759,729	192,957,679
Total Assets	331,865,922	396,225	332,262,147	311,681,790
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Amounts on Debt Refunding	7,464,993	-	7,464,993	8,828,273
Deferred Charges on Proportionate Share of Pension - PSERS	22,883,519	179,499	23,063,018	22,075,458
Deferred Charges OPEB - Single Employer	1,514,443	32,781	1,547,224	1,718,539
Deferred Charges on Proportionate Share of OPEB - PSERS	879,218	6,897	886,115	847,807
Total Deferred Outflows of Resources	32,742,173	219,177	32,961,350	33,470,077
LIABILITIES				
Current Liabilities:				
Accounts Payable	8,824,998	204,330	9,029,328	18,184,034
Accrued Salaries, Payroll Withholdings, and Benefits	15,212,866	16,823	15,229,689	13,734,189
Accrued Interest Payable	752,052	-	752,052	702,142
Grants Received in Advance	783,681	-	783,681	-
Total Current Liabilities	25,573,597	221,153	25,794,750	32,620,365
Noncurrent Liabilities:				
Due Within One Year	14,621,004	13,624	14,634,628	12,967,850
Due in More Than One Year	318,864,888	1,142,744	320,007,632	339,927,058
Total Noncurrent Liabilities	333,485,892	1,156,368	334,642,260	352,894,908
Total Liabilities	359,059,489	1,377,521	360,437,010	385,515,273
DEFERRED INFLOWS OF RESOURCES				
Deferred Changes on Proportionate Share of Pension - PSERS	5,190,287	40,713	5,231,000	8,473,001
Deferred Charges OPEB - Single Employer	8,153,780	173,493	8,327,273	8,516,897
Deferred Changes on Proportionate Share of OPEB - PSERS	1,430,777	11,223	1,442,000	1,836,001
Total Deferred Inflows of Resources	14,774,844	225,429	15,000,273	18,825,899
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	(1,095,231)	191,149	(904,082)	(20,297,666)
Restricted for Capital Projects	55,664,001	-	55,664,001	41,676,746
Unrestricted (Deficit)	(63,795,008)	(1,178,697)	(64,973,705)	(80,568,385)
Total Net Position (Deficit)	$ (9,226,238)	$ (987,548)	$ (10,213,786)	$ (59,189,305)

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

		Program Revenues			Net Revenue (Expense) and Changes in Net Position (Deficit)			
		Charges for	Operating Grants and	Capital Grants and	Governmental	Business-Type	Totals	
Functions/Programs	Expenses	Services	Contributions	Contributions	Activities	Activities	2025	2024
PRIMARY GOVERNMENT								
Governmental Activities:								
Instruction	$ 107,573,360	$ 211,038	$ 42,518,449	$ -	$ (64,843,873)	$ -	$ (64,843,873)	$ (65,531,884)
Instructional Student Support	17,967,893	-	2,948,933	-	(15,018,960)	-	(15,018,960)	(12,216,044)
Administrative and Financial Support Services	17,592,376	-	2,428,537	-	(15,163,839)	-	(15,163,839)	(14,389,354)
Operation and Maintenance of Plant Services	19,902,004	304,748	640,187	12,400,566	(6,556,503)	-	(6,556,503)	(3,642,486)
Pupil Transportation	6,067,522	-	2,313,279	-	(3,754,243)	-	(3,754,243)	(3,125,560)
Student Activities	1,524,937	120,680	85,634	-	(1,318,623)	-	(1,318,623)	(1,134,031)
Community Services	715,284	-	145,765	-	(569,519)	-	(569,519)	(502,535)
Interest and Amortization Expense Related to Noncurrent Liabilities	7,676,739	-	2,977,208	-	(4,699,531)	-	(4,699,531)	(4,783,495)
Total Governmental Activities	179,020,115	636,466	54,057,992	12,400,566	(111,925,091)	-	(111,925,091)	(105,325,389)
Business-Type Activities								
Food Service	5,690,759	371,428	6,054,375	-	-	735,044	735,044	920,121
Total Primary Government	$ 184,710,874	$ 1,007,894	$ 60,112,367	$ 12,400,566	(111,925,091)	735,044	(111,190,047)	(104,405,268)
GENERAL REVENUES								
Property Taxes Levied for General Purposes					49,758,659	-	49,758,659	48,250,428
Earned Income Taxes Levied for General Purposes					6,002,852	-	6,002,852	5,801,062
Other Taxes Levied for General Purposes					7,806,708	-	7,806,708	13,784,126
Grants and Entitlements Not Restricted to Specific Programs					90,451,992	-	90,451,992	84,794,909
Investment Earnings (Loss)					4,839,345	106,010	4,945,355	5,245,868
Gain on Sale of Capital Assets					1,200,000	-	1,200,000	-
Total General Revenues					160,059,556	106,010	160,165,566	157,876,393
CHANGES IN NET POSITION (DEFICIT)					48,134,465	841,054	48,975,519	53,471,125
Net Position (Deficit) - Beginning of Year					(57,360,703)	(1,828,602)	(59,189,305)	(112,660,430)
NET POSITION (DEFICIT) - END OF YEAR					$ (9,226,238)	$ (987,548)	$ (10,213,786)	$ (59,189,305)

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Major Funds			School Sponsored Activity Fund	Totals	
	General Fund	Capital Projects Fund	Debt Service Fund		2025	2024
ASSETS						
Cash	$ 3,501,109	$ 28,667,674	$ -	$ 69,547	$ 32,238,330	$ 47,327,765
Investments	52,180,412	-	-	-	52,180,412	19,491,285
Restricted Assets:						
Cash Held by Fiscal Agent	-	-	434,419	-	434,419	5,415
Investments Held by Fiscal Agent	-	-	7,426,060	-	7,426,060	6,600,766
Taxes Receivable, Net	25,423,806	-	-	-	25,423,806	21,944,135
Due from Other Funds	3,709,703	19,796,727	-	-	23,506,430	12,462,578
Due from Other Governments	10,672,669	-	-	-	10,672,669	21,924,113
Other Receivables	70,353	-	-	-	70,353	70,576
Prepaid Items	-	-	-	-	-	1,251
Inventories	1,354	-	-	-	1,354	4,591
Total Assets	$ 95,559,406	$ 48,464,401	$ 7,860,479	$ 69,547	$ 151,953,833	$ 129,832,475
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
LIABILITIES						
Accounts Payable	$ 8,038,539	$ 709,118	$ -	$ 21,308	$ 8,768,965	$ 17,073,228
Due to Other Funds	20,191,194	-	-	-	20,191,194	10,480,754
Accrued Salaries, Payroll Withholdings, and Benefits	15,212,866	-	-	-	15,212,866	13,720,819
Grants Received in Advance	783,681	-	-	-	783,681	-
Total Liabilities	44,226,280	709,118	-	21,308	44,956,706	41,274,801
DEFERRED INFLOWS OF RESOURCES						
Unavailable Revenues - Property Taxes	22,891,834	-	-	-	22,891,834	20,993,370
FUND BALANCES						
Nonspendable:						
Long-Term Receivables	1,178,697	-	-	-	1,178,697	2,046,636
Prepaid Items	-	-	-	-	-	1,251
Inventories	1,354	-	-	-	1,354	4,591
Restricted for:						
Capital Projects	-	47,755,283	-	-	47,755,283	34,575,758
Debt Service	-	-	7,860,479	-	7,860,479	7,010,036
Student Activities	-	-	-	48,239	48,239	90,952
Committed to:						
Athletics and Band Reserve	500,000	-	-	-	500,000	500,000
Enrollment Stabilization	9,453,325	-	-	-	9,453,325	5,953,325
Unassigned	17,307,916	-	-	-	17,307,916	17,381,755
Total Fund Balances	28,441,292	47,755,283	7,860,479	48,239	84,105,293	67,564,304
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 95,559,406	$ 48,464,401	$ 7,860,479	$ 69,547	$ 151,953,833	$ 129,832,475

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds	$ 84,105,293
Amounts reported for governmental activities in the statement of net position (deficit) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds balance sheet.	192,218,441
Prepaid bond insurance reported in the governmental activities is not a financial resource and, therefore, is not reported in the governmental funds.	489,660
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	7,464,993
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits are not reported as assets and liabilities in the governmental funds balance sheet.	10,502,336
The Internal Service Fund is used by management to charge the cost of health insurance premiums and claims to the General Fund. The assets and liabilities of the District's Internal Service Fund are included in the governmental activities on the government-wide statement of net position (deficit).	7,339,149
Some of the District's property taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the governmental funds balance sheet.	22,891,834
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	(333,485,892)
Accrued interest payable on long-term liabilities is included in the government-wide statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	(752,052)
Net Position of Governmental Activities as Reported on the Statement of Net Position	$ (9,226,238)

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Funds			School Sponsored Activity Fund	Totals	
	General Fund	Capital Projects Fund	Debt Service Fund		2025	2024
REVENUES						
Local Sources	$ 65,103,357	$ 1,340,781	$ 850,740	$ 97,722	$ 67,392,600	$ 66,113,236
State Sources	131,342,572	-	-	-	131,342,572	111,981,916
Federal Sources	25,321,243	-	-	-	25,321,243	39,785,348
Total Revenues	221,767,172	1,340,781	850,740	97,722	224,056,415	217,880,500
EXPENDITURES						
Current:						
Instruction	109,600,843	-	-	-	109,600,843	107,755,227
Support Services	61,589,810	155,498	297	-	61,745,605	52,728,888
Operation of Noninstructional Services	2,080,601	-	-	140,435	2,221,036	1,919,662
Facilities Acquisition, Construction, and, Improvement Services	11,871,697	4,203,280	-	-	16,074,977	33,805,922
Debt Service	19,145,610	-	-	-	19,145,610	19,326,818
Total Expenditures	204,288,561	4,358,778	297	140,435	208,788,071	215,536,517
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	17,478,611	(3,017,997)	850,443	(42,713)	15,268,344	2,343,983
OTHER FINANCING SOURCES (USES)						
Sale of and Compensation for Capital Assets	1,200,000	-	-	-	1,200,000	-
Refund of Prior Year (Receipts) Expenditures	46,416	-	-	-	46,416	(81,990)
Issuance of Right-to-Use Lease Agreement	-	26,229	-	-	26,229	-
Transfers In	-	16,171,293	-	-	16,171,293	9,188,884
Transfers Out	(16,171,293)	-	-	-	(16,171,293)	(11,188,884)
Total Other Financing Sources (Uses)	(14,924,877)	16,197,522	-	-	1,272,645	(2,081,990)
NET CHANGES IN FUND BALANCES	2,553,734	13,179,525	850,443	(42,713)	16,540,989	261,993
Fund Balances - Beginning of Year	25,887,558	34,575,758	7,010,036	90,952	67,564,304	67,302,311
FUND BALANCES - END OF YEAR	$ 28,441,292	$ 47,755,283	$ 7,860,479	$ 48,239	$ 84,105,293	$ 67,564,304

See accompanying Notes to Basic Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF ACTIVITIES

Net Change in Fund Balances - Governmental Funds		$ 16,540,989
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital Outlay Expenditures	$ 16,080,130	
Depreciation Expense	(9,505,493)	6,574,637
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount in the current period.		
Deferred Inflows of Resources June 30, 2024	(20,993,370)	
Deferred Inflows of Resources June 30, 2025	22,891,834	1,898,464
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of Bonds and Notes Payable	11,005,000	
Payment of Right-to-Use Lease Payable	162,307	
Issuance of Right-to-Use agreement	(26,229)	
Amortization of Discounts, Premiums, Deferred Amounts on Refunding, and Prepaid Bond Insurance	351,474	11,492,552
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures on governmental funds.		
Change in Net Pension Liability and Related Deferred Inflows and Outflows	6,353,607	
Current Year Change in Accrued Interest Payable	(49,910)	
Current Year Change in Compensated Absences	2,419,582	
Change in Net Postemployment Benefit (OPEB) Liability and Related Deferred Inflows and Outflows	956,658	9,679,937
The Internal Service Fund is used by management to charge the cost of health and prescription insurance premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported within the governmental activities.		1,947,886
Change in Net Position of Governmental Activities as Reported on the Statement of Activities		$ 48,134,465

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUNDS
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
ASSETS				
Current Assets:				
Cash	$ 3,492,129	$ 2,223,828	$ 7,169,377	$ 5,303,358
Due from Other Governments	210,466	352,577	-	-
Due from Other Funds	168,662	-	225,805	1,062,527
Other Receivables	22,338	49,503	31,243	256,734
Inventories	21,184	31,129	-	-
Total Current Assets	3,914,779	2,657,037	7,426,425	6,622,619
Noncurrent Assets:				
Capital Assets, Net	191,149	218,034	-	-
Total Assets	4,105,928	2,875,071	7,426,425	6,622,619
DEFERRED OUTFLOWS OF RESOURCES				
Deferred Charges on Proportionate Share of Pension - PSERS	179,499	209,076	-	-
Deferred Charges OPEB - Single Employer	32,781	41,191	-	-
Deferred Charges on Proportionate Share of OPEB - PSERS	6,897	8,030	-	-
Total Deferred Outflows of Resources	219,177	258,297	-	-
LIABILITIES				
Current Liabilities:				
Accounts Payable	204,330	136,184	87,276	1,231,356
Accrued Salaries and Benefits	16,823	13,370	-	-
Unearned Revenue	-	-	-	-
Due to Other Funds	3,709,703	3,044,351	-	-
Total Current Liabilities	3,930,856	3,193,905	87,276	1,231,356
Noncurrent Liabilities:				
Current Portion of Noncurrent Liabilities Compensated Absences	13,624	87,062	-	-
Net Pension Liability - PSERS	987,364	1,223,962	-	-
OPEB Liability - Single Employer	113,335	116,420	-	-
Net OPEB Liability - PSERS	42,045	49,966	-	-
Total Noncurrent Liabilities	1,156,368	1,477,410	-	-
Total Liabilities	5,087,224	4,671,315	87,276	1,231,356
DEFERRED INFLOWS OF RESOURCES				
Deferred Credits on Proportionate Share of Pension - PSERS	40,713	80,248	-	-
Deferred Credits OPEB - Single Employer	173,493	193,018	-	-
Deferred Credits on Proportionate Share of OPEB - PSERS	11,223	17,389	-	-
Total Deferred Inflows of Resources	225,429	290,655	-	-
NET POSITION (DEFICIT)				
Net Investment in Capital Assets	191,149	218,034	-	-
Unrestricted	(1,178,697)	(2,046,636)	7,339,149	4,773,856
Total Net Position (Deficit)	$ (987,548)	$ (1,828,602)	$ 7,339,149	$ 4,773,856

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
OPERATING REVENUES				
Charges for Services	$ 371,428	$ 370,569	$ 16,233,354	$ 13,865,581
OPERATING EXPENSES				
Salaries and Wages	311,188	420,324	-	-
Employee Benefits	11,917	42,246	14,259,041	15,823,744
Purchased Property Services	66,443	68,214	-	-
Other Purchased Services	4,477,996	3,990,768	169,540	-
Supplies	796,280	801,563	-	-
Depreciation	26,885	36,075	-	-
Other Operating Expenses	50	-	-	-
Total Operating Expenses	5,690,759	5,359,190	14,428,581	15,823,744
OPERATING LOSS	(5,319,331)	(4,988,621)	1,804,773	(1,958,163)
NONOPERATING REVENUES				
Earnings on Investments	106,010	69,396	143,113	79,195
Contributions and Donations from Private Sources	-	-	-	-
State Sources	281,631	307,117	-	-
Federal Sources	5,772,744	5,601,625	-	-
Total Nonoperating Revenues	6,160,385	5,978,138	143,113	79,195
CHANGE IN NET POSITION BEFORE TRANSFERS	841,054	989,517	1,947,886	(1,878,968)
TRANSFERS				
Transfers In	-	-	-	2,000,000
CHANGE IN NET POSITION (DEFICIT)	841,054	989,517	1,947,886	121,032
Net Position (Deficit) - Beginning of Year	(1,828,602)	(2,818,119)	5,391,263	4,652,824
NET POSITION (DEFICIT) - END OF YEAR	$ (987,548)	$ (1,828,602)	$ 7,339,149	$ 4,773,856

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash Received from Charges for Services	$ 398,593	$ 363,361	$ 17,070,076	$ 17,679,018
Cash Payments to Employees for Services	(666,800)	(910,077)	(15,177,630)	(13,206,648)
Cash Payments to Supplies for Goods and Services	(4,180,186)	(3,402,293)	(169,540)	-
Net Cash Provided (Used) by Operating Activities	(4,448,393)	(3,949,009)	1,722,906	4,472,370
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
State Sources	482,332	151,108	-	-
Federal Sources	5,128,352	4,989,369	-	-
Net Cash Provided by Noncapital Financing Activities	5,610,684	5,140,477	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition of Capital Assets	-	(79,221)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES				
Earnings on Investments	106,010	69,396	143,113	79,195
NET CHANGE IN CASH	1,268,301	1,181,643	1,866,019	4,551,565
Cash - Beginning of Year	2,223,828	1,042,185	5,303,358	751,793
CASH - END OF YEAR	$ 3,492,129	$ 2,223,828	$ 7,169,377	$ 5,303,358

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Major Fund			
	Food Service Fund		Internal Service Fund	
	2025	2024	2025	2024
RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating Loss	$ (5,319,331)	$ (4,988,621)	$ 1,804,773	$ (1,958,163)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:				
Depreciation	26,885	36,075	-	-
Donated Commodities Used	585,802	598,697	-	-
(Increase) Decrease in Assets and Deferred Outflows of Resources:				
Inventories	9,945	(4,588)	-	-
Other Receivables	27,165	(7,208)	225,491	1,678,185
Due from Other Funds	-	146,344	836,722	3,813,437
Deferred Outflows of Resources	39,120	11,978	-	-
Increase (Decrease) in Liabilities and Deferred Inflows of Resources:				
Accounts Payable	68,146	(74,421)	(1,144,080)	321,504
Accrued Salaries and Benefits	3,453	(86,085)	-	-
Due to Other Funds	496,690	753,149	-	-
Compensated Absences	(73,438)	33,932	-	-
Net Pension Liability - PSERS	(236,598)	(296,251)	-	-
Net OPEB Liability - Single Employer and PSERS	(11,006)	- (8,433)	-	-
Deferred Inflows of Resources	(65,226)	(63,577)	-	-
Net Cash Provided (Used) by Operating Activities	$ (4,448,393)	$ (3,949,009)	$ 1,722,906	$ 3,854,963
SUPPLEMENTAL DISCLOSURE OF NONCASH NONCAPITAL FINANCING ACTIVITY				
USDA Donated Commodities	$ 585,802	$ 598,697	$ -	$ -

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF NET POSITION
FIDUCIARY FUND
JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION AS OF JUNE 30, 2024)

	Custodial	
	2025	2024
ASSETS		
Cash	$ 99,104	$ 93,107
Accounts Receivable	-	500
Total Assets	99,104	93,607
LIABILITIES		
Accounts Payable	-	-
NET POSITION		
Net position Held for Scholarships	$ 99,104	$ 93,607

See accompanying Notes to Basic Financial Statements.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUND
YEAR ENDED JUNE 30, 2025
(WITH SUMMARIZED FINANCIAL INFORMATION FOR THE YEAR ENDED JUNE 30, 2024)

	Custodial	
	2025	2024
ADDITIONS		
Local Contributions	$ 12,430	$ 12,978
DEDUCTIONS		
Scholarships, Awards, and Fees Paid	6,933	10,092
CHANGE IN NET POSITION	5,497	2,886
Net Position - Beginning of Year	93,607	90,721
NET POSITION - END OF YEAR	$ 99,104	$ 93,607

See accompanying Notes to Basic Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The School District of the City of Harrisburg (the District) operates five elementary schools, three middle schools, two high schools, and an alternative education school for all grades to provide education and related services to the residents of City of Harrisburg. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government (the School Board).

On December 12, 2012, the District was declared to be in a state of moderate distress under the Commonwealth of Pennsylvania’s Act 141 of 2012. This designation required the appointment of a Chief Recovery Officer who was charged with developing a financial and academic recovery plan for the District. Subsequently, on June 17, 2019, the District was placed into receivership (the Receiver) for a term of three years and was extended in June 2022 for an additional three years. The Receiver assumed the powers and duties of the Chief Recovery Officer and responsibility for the governance of the District other than the setting of property taxes, which remains with the School Board. On June 17, 2025, the District exited Receivership, and the local school board regained local control.

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

GASB has established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. The District is considered to be an independent reporting entity and has no component units.

Basis of Presentation

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Government-Wide Financial Statements

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

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three categories.

Net Investment in Capital Assets – This category consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets.

Restricted Net Position – The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position that does not meet the definition of "net investment in capital assets" or "restricted net position."

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Government-Wide Financial Statements (Continued)

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

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

Fund Financial Statements

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

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

General Fund

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Fund Financial Statements (Continued)

Capital Projects Fund

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

Debt Service Fund

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term principal, interest and other related costs.

The District also reports the following nonmajor governmental fund:

School Sponsored Activity Fund

The School Sponsored Activity Fund accounts for funds held on behalf of the students of the District.

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Deferred inflows of resources is reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current period. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned. Other receipts are recorded as revenue when received in cash because they are generally not measurable until actually received.

Expenditure Recognition

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds

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

Food Service Fund

The Food Service Fund, a major fund, accounts for the revenues and costs of providing meals to students during the school year.

Internal Service Fund

The Internal Service Fund is used to account for the District's self-funded medical, dental, prescription, and vision plans.

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

Fiduciary Funds

Fiduciary funds reporting focuses on net assets and changes in net assets and are accounted for using the economic resources measurement focus and the accrual basis of accounting. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The custodial fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

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

Fair Value Measurements of Assets and Liabilities

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

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

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

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

Interfund Receivables and Payables

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes

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

July 1 – August 31	-	Discount Period, 2% of Gross Levy
September 1 – October 31	-	Face Period
November 1 – January 15	-	Penalty Period, 10% of Gross Levy
January 15	-	Lien Date

The County Board of Assessments determines assessed valuations of property, and the taxes are billed and collected by the Treasurer of the City of Harrisburg. The tax on real estate for public school purposes for fiscal 2024-2025 was 31.400 mills ($31.40 for $1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Taxes receivable are shown net of allowance for doubtful accounts of $2,754,619, which is estimated based on historical trend information.

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

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

The discount (2%) is not applicable to installment payments; however, the penalty (10%) will be added if second and third installments are paid subsequent to the due dates.

Prepaid Items and Inventories

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

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

Capital Assets

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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

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

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

Buildings and Improvements	15 to 30 Years
Land Improvements	10 to 20 Years
Furniture and Equipment	5 to 10 Years
Vehicles	5 Years

Leases and Subscriptions

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

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

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

The lease or subscription term includes the noncancellable period of the lease or subscription. Lease and subscription payments included in the measurement of the lease or subscription liability is comprised of fixed payments.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of Long-Lived Assets

The District evaluates prominent events or changes in circumstances affecting capital assets to determine whether impairment of a capital asset has occurred. A capital asset is generally considered impaired if both (a) the decline in service utility of the capital asset is large in magnitude and (b) the event or change in circumstances is outside the normal life cycle of the capital asset. If a capital asset is considered to be impaired, the amount of impairment is measured by the method that most reflects the decline in service utility of the capital asset at the lower of carrying value or fair value for impaired capital assets that will no longer be used by the District. No impairment losses were recognized in the year ended June 30, 2025.

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for compensated absences reported in the government-wide and proprietary fund statements consists of leave that has not been used that is attributable to services already rendered, accumulates and is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability also includes amounts for leave that has been used for time off but has not yet been paid in cash or settled through noncash means and certain other types of leave

Long-Term Obligations

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pension

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

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

Other Post Employment Benefit Plan (OPEB)

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

<u>PSERS OPEB Plan</u>
For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Deferred Outflows of Resources

In addition to assets and liabilities, the statement of net position includes separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements represent an addition to or consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) or inflow of resources (revenue) until then. The District has various items that are reported in these categories.

The first deferred outflow is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The second deferred outflow of resources relates to certain changes to the net pension and OPEB liabilities which are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred outflows of resources in the statement of net position. In the statement of net position, a deferred inflow of resources is recorded for differences related to changes in the net pension and OPEB liabilities which will be amortized over future periods. See Notes 9 and 10 for further analysis of deferred outflows and inflows of resources related to the net pension and OPEB liabilities.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition with resources that have been received, but not yet earned. At the end of the current fiscal year, deferred inflows of resources reported in the general fund resulted from delinquent property taxes receivable.

Fund Equity

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

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

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

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

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

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

The District strives to maintain a General Fund unassigned fund balance of not less than 5% and not more than 8% of the following year's expenditure budget in accordance with guidelines prescribed by the Pennsylvania Department of Education.

Comparative Data

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

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Pronouncements

Effective July 1, 2024, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences* and GASB Statement No. 102, *Certain Risk Disclosures*.

The objective of GASB Statement No. 101 is to update the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. GASB Statement No. 101 will require that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The implementation of GASB Statement No. 101 decreased liabilities and expenses in the entity-wide financial statements of the District for the year ended June 30, 2025.

The objective of GASB Statement No. 102 is to improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to substantial impact. As a result, users have better information with which to understand and anticipate certain risks to a government's financial condition. The Implementation of GASB Statement No. 102 had no impact on the financial statements of the District for the year ended June 30, 2025.

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District for the year ended June 30, 2026. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

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

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

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

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

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (CONTINUED)

Deficit Equity

At June 30, 2025, the Food Service Fund, a major fund, had a deficit fund balance of $987,548 resulting from allocating a portion of its net pension and OPEB liability to this fund. Since the Food Service Fund uses the economic resources measurement focus, these obligations are presented in the fund financial statements as liabilities and therefore reduces fund equity to an overall deficit. This deficit will be eliminated as resources are obtained (e.g., from revenues and transfers in) to make the periodic pension and OPEB contributions for active participants in these plans.

Excess of Expenditures and Other Financing Uses Over Appropriations

Transfers out exceeded budgeted appropriations totaling $11,577,925 for the year ended June 30, 2025 due to unbudgeted transfers to the Capital Projects Fund and Internal Service Fund. Facilities Acquisition, Construction and Improvement Services exceeded budgeted appropriations by $3,667,188 for the year ended June 30, 2025, as a result of the timing of expenditures associated with approved multi-year construction projects.

NOTE 3 DEPOSITS AND INVESTMENTS

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2025, the carrying amount of the District's deposits was $43,433,359 and the bank balance was $49,962,739. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, $254,723 was covered by federal depository insurance, and $180,764 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF), Pennsylvania Local Government Investment Trust (PLGIT) and the Pennsylvania Treasurer's Program for Local Governments (INVEST). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF, PLGIT, and INVEST act like money market mutual funds in that their objective is to maintain a stable net asset value of $1 per share, are rated by a nationally recognized statistical rating organization and are subject to independent annual audit. As of June 30, 2025, PSDLAF, PLGIT, and INVEST were rated as AAA by a nationally recognized statistical rating agency.

NOTE 3 DEPOSITS AND INVESTMENTS (CONTINUED)

Investments

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

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

		Investment Maturities (In Years)			
Investment Type	Fair Value	Less Than 1	1 - 5	6 - 10	11 - 15
U.S. Treasury Strips	$ 7,426,060	$ -	$ 7,426,060	$ -	$ -
PSDLAF Collateralized Investment Pools	52,180,412	52,180,412	-	-	-
Total Investments	$ 59,606,472	$ 52,180,412	$ 7,426,060	$ -	$ -

PSDLAF collateralized investment pools are fully collateralized by U.S. government agency and treasury obligations and certificates of deposit. PSDLAF collateralized investment pools and U.S. Treasury strips were valued using Level 2 inputs.

<u>Custodial Credit Risk</u>

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral that is in the possession of an outside party. The District had no investments subject to custodial credit risk as of June 30, 2025.

<u>Interest Rate Risk</u>

The District's investment policy limits investment maturities in accordance with state statues as a means of managing it exposure to fair value losses arising from increasing interest rates.

<u>Credit Risk</u>

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

<u>Restricted Deposits and Investments</u>

The District maintains restricted cash and investment balances held by fiscal agents, which are restricted for the repayment of Qualified School Construction Bonds, see Note 7. The total carrying amounts and related bank balances of these cash and investment accounts are $7,860,479 as of June 30, 2025, which are invested in U.S. Treasury securities.

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 13,614	$ -	$ -	$ 13,614
Construction in Progress	3,086,590	7,745,181	8,628,057	2,203,714
Total Capital Assets Not Being Depreciated	3,100,204	7,745,181	8,628,057	2,217,328
Capital Assets Being Depreciated:				
Buildings and Improvements	288,946,740	15,461,784	-	304,408,524
Furniture and Equipment	24,427,326	1,474,994	-	25,902,320
Right-to-Use Lease Equipment	779,338	26,228	17,121	788,445
Subtotal	314,153,404	16,963,006	17,121	331,099,289
Less: Accumulated Depreciation for:				
Buildings and Improvements	(111,413,085)	(8,480,003)	-	(119,893,088)
Furniture and Equipment	(19,656,203)	(871,735)	-	(20,527,938)
Right-to-Use Lease Equipment	(540,516)	(153,755)	(17,121)	(677,150)
Subtotal	(131,609,804)	(9,505,493)	(17,121)	(141,098,176)
Total Capital Assets Being Depreciated, Net	182,543,600	7,457,513	-	190,001,113
Governmental Activities Capital Assets, Net	$ 185,643,804	$ 15,202,694	$ 8,628,057	$ 192,218,441
Business-Type Activities:				
Machinery and Equipment	$ 2,214,632	$ -	$ -	$ 2,214,632
Less: Accumulated Depreciation	(1,996,598)	(26,885)	-	(2,023,483)
Business-Type Activities Capital Assets, Net	$ 218,034	$ (26,885)	$ -	$ 191,149

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

Governmental Activities:	
Instruction	$ 5,698,099
Instructional Student Support	963,898
Administrative and Financial Support Services	963,244
Operation and Maintenance of Plant Services	1,801,960
Student Activities	78,292
Total Depreciation Expense - Governmental Activities	$ 9,505,493
Business-Type Activities:	
Food Service	$ 26,885

NOTE 4 CAPITAL ASSETS (CONTINUED)

As of June 30, 2025, the District had outstanding construction commitments totaling $3,105,245 for various renovations to District buildings.

NOTE 5 INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

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

Receivable To	Amount	Payable From	Amount
Capital Projects Fund	$ 19,796,727	General Fund	$ 19,796,727
Internal Service Fund	225,805	General Fund	225,805
Food Service Fund	168,662	General Fund	168,662
General Fund	3,709,703	Food Service Fund	3,709,703
Total	$ 23,900,897	Total	$ 23,900,897

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

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

Transfers In	Amount	Transfers Out	Amount
Capital Projects Fund	$ 16,171,293	General Fund	$ 16,171,293

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

NOTE 6 NONCURRENT LIABILITIES

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

	Beginning Balance	Additions	Deletions	Ending Balance	Amount Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds Payable	$ 102,430,000	$ -	$ 2,135,000	$ 100,295,000	$ 1,275,000
Notes Payable	79,425,000	-	8,870,000	70,555,000	10,325,000
Qualified School Construction Bonds	8,800,000	-	-	8,800,000	-
Bond Premiums	15,409,907	-	1,731,024	13,678,883	1,731,025
Bond Discounts	(164,588)	-	(16,270)	(148,318)	(16,268)
Total General Obligation Debt	205,900,319	-	12,719,754	193,180,565	13,314,757
Other Noncurrent Liabilities:					
Right-to-Use Leases Payable	259,185	26,229	162,307	123,107	91,737
Compensated Absences, Net	4,033,813	-	2,419,582	1,614,231	691,967
Net Pension Liability - PSERS	128,008,972	-	2,134,004	125,874,968	-
Net OPEB Liability - PSERS	5,225,737	134,430	-	5,360,167	-
OPEB Liability	7,989,472	-	656,618	7,332,854	522,543
Total Other Noncurrent Liabilities	145,517,179	160,659	5,372,511	140,305,327	1,306,247
Total Governmental Activities	351,417,498	160,659	18,092,265	333,485,892	14,621,004
Business-Type Activities:					
Compensated Absences, Net	87,062	-	73,438	13,624	13,624
Net Pension Liability - PSERS	1,223,962	-	236,598	987,364	-
Net OPEB Liability - PSERS	49,966	-	7,921	42,045	-
OPEB Liability	116,420	-	3,085	113,335	-
Total Business-Type Activities	1,477,410	-	321,042	1,156,368	13,624
Total Noncurrent Liabilities	$ 352,894,908	$ 160,659	$ 18,413,307	$ 334,642,260	$ 14,634,628

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

The change in the compensated absence liability is presented as a net change.

NOTE 7 GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is payable from unrestricted resources. The District has not pledged any assets as collateral for general obligation debt. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt.

NOTE 7 GENERAL OBLIGATION DEBT (CONTINUED)

Qualified School Construction Bonds

The District participates in the Qualified School Construction Bonds (QSCB) program sponsored by the State Public School Building Authority (SPSBA). The SPSBA was formed by the Commonwealth of Pennsylvania for the purpose of financing the construction and improvement of public school facilities under the jurisdiction of the Pennsylvania Department of Education. The QSCB program was created by the American Recovery and Reinvestment Act (ARRA) and allows schools to borrow at nominal or zero percent to fund new construction, renovation, and rehabilitation of schools as well as the purchase of land and equipment. The SPSBA issues the bonds through the QSCB program and provides loans to schools for qualified projects. Under the QSCB program the SPSBA receives direct interest subsidy payments from the United States Treasury which are then transferred to the borrowers as a reimbursement of the interest portion of their loan repayments. On October 6, 2010, the District borrowed $9,194,000 from the SPSBA under the QSCB program. The District is required to deposit $574,313 annually into a sinking fund through the maturity date of September 1, 2027. Sinking fund deposits are included as restricted assets held by fiscal agent in the accompanying financial statements.

General obligation debt outstanding as of June 30, 2025, consisted of the following:

Description	Interest Rate(s)	Original Issue Amount	Final Maturity	Principal Outstanding
General Obligation Bonds:				
Series of 2014B-2	2.00% - 5.00%	$ 20,895,000	12/01/2034	$ 8,600,000
Series of 2016A	2.00% - 5.00%	125,735,000	12/01/2033	81,715,000
Series of 2021	0.35% - 2.00%	9,995,000	09/15/2033	9,980,000
Total General Obligation Bonds				100,295,000
General Obligation Notes:				
Series of 2017B	3.00% - 5.00%	29,560,000	11/15/2027	23,645,000
Series of 2020A	0.48% - 2.00%	9,995,000	12/01/2033	9,685,000
Series of 2020B	0.50% - 2.00%	2,170,000	12/01/2034	2,150,000
Series of 2020C	2.729% - 2.829%	35,075,000	12/01/2036	35,075,000
Total General Obligation Notes				70,555,000
Qualified School Construction Bonds:				
Series of 2010	5.000%	9,194,000	09/01/2027	8,800,000
Total General Obligation Debt				$ 179,650,000

NOTE 7 GENERAL OBLIGATION DEBT (CONTINUED)

Qualified School Construction Bonds (Continued)

Annual debt service requirements to maturity on these obligations are as follows:

Year Ending June 30,	Principal Maturities	Interest Maturities	Debt Sinking Fund	Total
2026	$ 11,600,000	$ 7,043,000	$ 574,313	$ 19,217,313
2027	12,325,000	6,458,553	574,313	19,357,866
2028	21,750,000	5,623,546	(8,619,687)	18,753,859
2029	14,190,000	4,741,775	-	18,931,775
2030	14,905,000	4,034,043	-	18,939,043
2031-2035	84,605,000	9,911,101	-	94,516,101
2036-2037	20,275,000	323,868	-	20,598,868
Total	$ 179,650,000	$ 38,135,886	$ (7,471,061)	$ 210,314,825

In-Substance Defeasance

The District has advance refunded a portion of its general obligation bonds by creating separate irrevocable trust funds. New debt has been issued and the proceeds have been used to purchase U.S. government securities that were placed in the trust funds. The investments and earnings from the investments are sufficient to fully service the advance refunded debt until the debt is called or matures. For financial reporting purposes, the debt has been considered defeated and, therefore, removed as a liability from the District's government-wide financial statements. As of June 30, 2025, the amount of defeased outstanding debt was as follows:

Description	Final Maturity	Principal Outstanding
Series of 2014B-2	12/1/2026	$ 9,635,000
Series of 2016A	12/1/2026	14,230,000
Total		$ 23,865,000

NOTE 8 RIGHT-TO-USE LEASES PAYABLE

The District entered into a long-term lease agreement as lessee for the use of muti-functional devices and a postage machine. An initial lease liability was recorded in the amount of $331,085. As of June 30, 2025, the carrying amount of the lease liabilities is $106,229. The leases have a discount rate ranging from 2.46% to 3.60% and had an estimated useful life of five years as of the contract commencement. The value of the intangible right-to-use asset as of June 30, 2025, is $96,050, net of accumulated amortization of $235,035, and is included with noncurrent assets on the statement of net position (deficit).

NOTE 8 RIGHT-TO-USE LEASES PAYABLE (CONTINUED)

The District entered into a long-term lease agreement as lessee for the use of a telephone system. An initial lease liability was recorded in the amount of $457,360. As of June 30, 2025, the carrying amount of the lease liability is $16,878. The lease has a discount rate of 4.29% and has an estimated useful life was five years as of the contract commencement. The value of the intangible right-to-use asset as of June 30, 2025, is $15,245, net of accumulated amortization of $442,115, and is included with noncurrent assets on the statement of net position (deficit).

Year Ending June 30,	Principal	Interest	Total
2026	$ 91,737	$ 3,313	$ 95,050
2027	21,836	476	22,312
2028	5,397	185	5,582
2029	4,137	51	4,188
Total	$ 123,107	$ 4,025	$ 127,132

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

Plan Description

The District's other postemployment benefits (OPEB) include a single-employer defined benefit plan that provides medical, prescription drug, dental, and vision insurance to all retirees and their spouses. The Receiver has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

Membership in the OPEB plan consisted of the following at July 1, 2024:

Active Participants	691
Vested Former Participants	-
Retired Participants	32
Total	723

Funding Policy

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, and by rolling forward the liabilities from the July 1, 2024 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year-end. The OPEB liability is $7,446,189, all of which is unfunded. As of June 30, 2025, the OPEB liability of $7,332,854 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining $113,335 of the OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

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

Balances as of July 1, 2024	$ 8,105,892
Changes for the Year:	
Service Cost	524,623
Interest on Total OPEB Liability	343,532
Change in Benefit Terms	(238,546)
Differences Between Expected and Actual Experience	(713,611)
Changes in Assumptions	1,287
Benefit Payments	(576,988)
Net Changes	(659,703)
Balances as of June 30, 2025	$ 7,446,189

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

For the year ended June 30, 2025, the District recognized a net negative OPEB expense of $155,469. At June 30, 2025, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Projected and Actual Experience	$ -	$ 5,385,560
Changes in Assumptions	1,024,681	2,941,713
Contributions Subsequent to the Measurement Date	522,543	-
Total	$ 1,547,224	$ 8,327,273

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

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

$522,543 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	$ (785,078)
2027	(785,078)
2028	(785,078)
2029	(785,078)
2030	(785,078)
Thereafter	(3,377,202)
Total	$ (7,302,592)

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

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
OPEB Liability	$ 6,715,455	$ 7,446,189	$ 8,306,402

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
OPEB Liability	$ 7,984,583	$ 7,446,189	$ 6,941,277

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

Actuarial Methods and Significant Assumptions

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

- Actuarial Cost Method – Entry Age Normal
- Discount Rate – 4.29% - Standard and Poors 20-year municipal bond rate. The discount rate changed from 4.13% to 4.29%.
- Salary Growth – Salary increases are composed of 2.50% cost-of-living adjustment, 1.50% for real wage growth and for teachers and administrators a merit increase which varies by age from 2.75% to 0.00%.
- Assumed Healthcare Cost Trends – 7.00% in 2024, with a 0.5% decrease per year until 5.50% in 2027. Rates gradually decrease from 5.40% in 2028 to 4.00% in 2075 and later.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers and PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan

Plan Description

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

A. Plan Description (Continued)

Retirees of PSERS can participate in the health insurance premium assistance program if they satisfy the following criteria:

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

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

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $323,115 for the year ended June 30, 2025.

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

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

At June 30, 2025. the District reported a liability of $5,402,212 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.3041%, which was an increase of .0125% from its proportion measured as of June 30, 2024. As of June 30, 2025, the OPEB liability of $5,360,167 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining $42,045 of the net OPEB liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized OPEB expense of $11,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 21,000	$ 81,000
Changes in Assumptions	329,000	825,000
Net Difference Between Projected and Actual Investment Earnings	5,000	-
Changes in Proportions	208,000	536,000
Contributions Subsequent to the Measurement Date	323,115	-
Total	$ 886,115	$ 1,442,000

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

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

$323,115 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Amount
2026	$ (353,000)
2027	(281,000)
2028	(244,000)
2029	(26,000)
2030	25,000
Total	$ (879,000)

Actuarial Assumptions

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

- Actuarial Cost Method – Entry Age Normal – level % of pay
- Investment Return – 4.21% – Standard & Poor's 20-year municipal bond rate
- Salary Growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Participation rate:

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

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

Actuarial Assumptions (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method – Amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset Valuation Method – Market Value.
- Participation Rate – The actual data for retirees benefiting under the OPEB plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 mortality improvement scale.

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

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

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

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

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

Discount Rate

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

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

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual health insurance premium assistance. As of June 30, 2025, retirees' health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
District's Proportionate Share of the Net OPEB Liability	$ 5,401,734	$ 5,402,212	$ 5,402,598

NOTE 9 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing, Multiemployer Defined Benefit OPEB Plan (Continued)

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

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's Proportionate Share of the Net OPEB Liability	$ 6,102,858	$ 5,402,212	$ 4,815,454

OPEB Plan Fiduciary Net Position

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

NOTE 10 PENSION PLAN

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

Plan Description

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

NOTE 10 PENSION PLAN (CONTINUED)

Benefits Provided

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

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

Benefits are generally equal to 1.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member’s right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

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

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

NOTE 10 PENSION PLAN (CONTINUED)

Contributions

Member Contributions

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

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

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

Employer Contributions

The District’s contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $16,884,018 for the year ended June 30, 2025.

NOTE 10 PENSION PLAN (CONTINUED)

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

At June 30, 2025, the District reported a liability of $126,862,332 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was .3031%, which was an increase of .0126% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability of $125,874,968 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining $987,364 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized net pension expense of $9,774,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ 1,995,000
Net Difference Between Projected and Actual Investment Earnings	2,100,000	-
Changes in Proportions	4,079,000	3,236,000
Contributions Subsequent to the Measurement Date	16,884,018	-
Total	$ 23,063,018	$ 5,231,000

$16,884,018 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Amount
2026	$ (3,837,000)
2027	3,292,000
2028	1,919,000
2029	(426,000)
Total	$ 948,000

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

- Valuation Date – June 30, 2023
- Actuarial Cost Method – Entry Age Normal – level % of pay
- Investment Return – 7.00%, includes inflation at 2.50%
- Salary Growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary Growth Rate – Decreased from 5.00% to 4.50%.
  - Real Wage Growth and Merit or Seniority Increases (Components for Salary Growth) – Decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality Rates – Previously based on the RP-2014 mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 retiree tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 improvement scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the five-year period 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 expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

Discount Rate

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

NOTE 10 PENSION PLAN (CONTINUED)

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's Proportionate Share of the Net Pension Liability	$ 167,116,367	$ 126,862,332	$ 92,870,649

Pension Plan Fiduciary Net Position

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

NOTE 11 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Dauphin County Technical School

The District and six other Dauphin County school districts participate in the Dauphin County Technical School (the DCTS). The DCTS provides vocational-technical training and education to students of the participating school districts. The DCTS is controlled by a joint Board comprised of representative School Board members of the participating school districts. District oversight of the DCTS operations is the responsibility of the joint Board. The District's share of operating costs for the DCTS fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2024-2025 was $3,334,590.

The DCTS prepares financial statements that are available to the public from their administrative offices located at 6001 Locust Lane Harrisburg, Pennsylvania 17109.

Harrisburg Area Community College

The District and 21 other school districts sponsor the Harrisburg Area Community College (the HACC). The HACC provides higher education programs to the residents of south central Pennsylvania. Sponsoring school districts pay a share of the HACC's operating and capital costs and in return residents of each of the sponsoring school districts pay a reduced cost to participate in HACC higher education programs. The District's share of operating and capital costs for 2024-2025 was $396,841.

NOTE 11 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION (CONTINUED)

Harrisburg Area Community College (Continued)

The HACC prepares financial statements that are available to the public from their administrative offices located at One HACC Drive Harrisburg, Pennsylvania 17110.

Capital Area Intermediate Unit

The District and six school districts from Cumberland County, two school districts from York County, eight school districts from Dauphin County, and three school districts from Perry County are members of the Capital Area Intermediate Unit (the CAIU). The CAIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual operating budget of the CAIU, but the participating districts have no ongoing fiduciary interest or responsibility to the CAIU. The CAIU is a self-sustaining organization that provides a broad array of services to participating districts which include curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management services, and state and federal liaison services. During 2024-2025, the District contracted with the CAIU for services which totaled $1,777,935.

NOTE 12 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

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

NOTE 13 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs, including workers compensation and employee health accident insurance. For insured programs, there were no significant reductions in insurance coverages during the 2024-2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

The District administers a self-insurance program to provide health insurance and related expenses for eligible employees, spouses and their dependents. Accordingly, benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District self-insured plan has a maximum aggregate liability of $150,000 per individual. Amounts in excess of $150,000 are covered through a separate stop-loss policy. The District has recorded a liability for claims incurred through June 30, 2025.

The following table presents the self-insurance healthcare and workers compensation claims liability and the related changes in the claims liability for the year ended June 30:

	2025	2024
Insurance Claims Liability - Beginning of Year	$ 1,231,356	$ 909,852
Current Year Insurance Claims and Changes in Estimates	14,259,041	15,206,337
Insurance Claims Paid	(15,403,121)	(14,884,833)
Insurance Claims Liability - End of Year	$ 87,276	$ 1,231,356

REQUIRED SUPPLEMENTARY INFORMATION

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budget			Variance with Final Budget Positive
	Original	Final	Actual	(Negative)
REVENUES				
Local Sources	$ 61,510,264	$ 61,510,264	$ 65,103,357	$ 3,593,093
State Sources	126,573,052	132,082,158	131,342,572	(739,586)
Federal Sources	22,045,659	22,045,659	25,321,243	3,275,584
Total Revenues	210,128,975	215,638,081	221,767,172	6,129,091
EXPENDITURES				
Instruction:				
Regular Programs	68,908,764	72,011,494	67,748,768	4,262,726
Special Programs	37,222,347	36,163,258	33,377,656	2,785,602
Vocational Education	3,334,590	3,334,590	3,334,590	-
Other Instructional Programs	3,310,654	3,841,728	3,575,389	266,339
Nonpublic Schools	606,153	707,157	554,461	152,696
Higher Education Programs	396,841	396,841	396,841	-
Pre-Kindergarten	687,462	685,927	613,138	72,789
Total Instruction	114,466,811	117,140,995	109,600,843	7,540,152
Support Services:				
Pupil Personnel Services	7,045,005	7,999,688	7,854,156	145,532
Instructional Staff Services	9,342,413	9,631,468	6,985,513	2,645,955
Administrative Services	11,152,786	11,443,241	11,111,900	331,341
Pupil Health	2,797,952	3,678,991	3,692,714	(13,723)
Business Services	2,208,991	2,153,277	1,956,617	196,660
Operation and Maintenance of Plant Services	17,315,429	19,907,507	18,441,127	1,466,380
Student Transportation Services	5,520,335	5,666,189	6,122,721	(456,532)
Support Services - Central	5,443,972	5,693,451	5,387,365	306,086
Other Support Services	38,524	38,524	37,697	827
Total Support Services	60,865,407	66,212,336	61,589,810	4,622,526
Operation of Noninstructional Services:				
Student Activities	1,324,371	1,455,767	1,364,836	90,931
Community Services	1,163,234	1,096,644	715,765	380,879
Total Operation of Noninstructional Services	2,487,605	2,552,411	2,080,601	471,810
Facilities Acquisition, Construction and Improvement Services	7,998,509	8,204,509	11,871,697	(3,667,188)
Debt Service	19,183,680	19,169,390	19,145,610	23,780
Total Expenditures	205,002,012	213,279,641	204,288,561	8,991,080
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,126,963	2,358,440	17,478,611	15,120,171
OTHER FINANCING SOURCES (USES)				
Sale of and Compensation for Capital Assets	-	-	1,200,000	1,200,000
Refund of Prior Year Expenditures (Receipts)	-	-	46,416	46,416
Transfers Out	(2,500,000)	(4,593,368)	(16,171,293)	(11,577,925)
Transfers In	1,600,000	1,600,000	-	(1,600,000)
Budgetary Reserve	(4,226,963)	634,928	-	(634,928)
Total Other Financing Sources (Uses)	(5,126,963)	(2,358,440)	(14,924,877)	(12,566,437)
NET CHANGE IN FUND BALANCE	$ -	$ -	2,553,734	$ 2,553,734
Fund Balance - Beginning of Year			25,887,558	
FUND BALANCE - END OF YEAR			$ 28,441,292	

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PSERS
LAST TEN YEARS

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.3031%	0.2905%	0.3032%	0.3069%	0.3205%	0.3401%	0.3720%	0.3624%	0.3242%	0.3310%
District's Proportionate Share of the Net Pension Liability	$ 126,862,332	$ 129,232,934	$ 134,798,845	$ 126,003,104	$ 157,811,046	$ 159,107,650	$ 178,578,470	$ 178,984,000	$ 160,663,000	$ 143,374,000
District's Covered-Employee Payroll	$ 49,344,898	$ 44,674,576	$ 44,605,481	$ 43,635,593	$ 44,970,406	$ 46,897,727	$ 50,090,156	$ 48,245,680	$ 41,987,489	$ 42,585,657
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	257.09%	289.28%	302.20%	288.76%	350.92%	339.27%	356.51%	370.98%	382.64%	336.67%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS – PSERS
LAST TEN YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 16,884,018	$ 16,461,458	$ 15,211,482	$ 15,113,668	$ 14,584,869	$ 14,974,987	$ 15,230,481	$ 15,785,180	$ 14,479,743	$ 10,646,636
Contributions in Relation to the Contractually Required Contribution	16,884,018	16,461,458	15,211,482	15,113,668	14,584,869	14,974,987	15,230,481	15,785,180	14,479,743	10,646,636
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 51,288,095	$ 49,344,898	$ 44,674,576	$ 44,605,481	$ 43,635,593	$ 44,970,406	$ 46,897,727	$ 50,090,156	$ 48,245,680	$ 41,987,489
Contributions as a Percentage of Covered-Employee Payroll	32.92%	33.36%	34.05%	33.88%	33.42%	33.30%	32.48%	31.51%	30.01%	25.36%

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF CHANGES IN OPEB LIABILITY – SINGLE EMPLOYER PLAN
LAST EIGHT YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 524,623	$ 492,497	$ 1,112,042	$ 1,126,895	$ 1,034,335	$ 1,048,330	$ 1,107,995	$ 1,101,775
Interest on Total OPEB Liability	343,532	324,138	292,472	235,547	488,547	429,342	505,489	389,351
Change in Benefit Terms	(238,546)	-	(302,586)	-	-	-	-	-
Differences Between Projected and Actual Experience	(713,611)	-	(2,087,782)	-	(3,911,885)	-	(1,212,139)	-
Changes in Assumptions	1,287	112,931	(2,509,350)	(381,014)	1,267,984	(402,939)	(1,018,070)	263,210
Benefit Payments	(576,988)	(687,082)	(779,120)	(830,530)	(868,251)	(998,766)	(1,145,419)	(1,367,805)
Net Change in Total OPEB Liability	(659,703)	242,484	(4,274,324)	150,898	(1,989,270)	75,967	(1,762,144)	386,531
Total OPEB Liability, Beginning	8,105,892	7,863,408	12,137,732	11,986,834	13,976,104	13,900,137	15,662,281	15,275,750
Total OPEB Liability, Ending	$ 7,446,189	$ 8,105,892	$ 7,863,408	$ 12,137,732	$ 11,986,834	$ 13,976,104	$ 13,900,137	$ 15,662,281
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered Payroll	$ 43,738,800	$ 40,123,017	$ 40,123,017	$ 41,439,240	$ 41,439,240	$ 47,188,967	$ 47,188,967	$ 42,444,772
Net OPEB Liability as a Percentage of Covered Payroll	17.02%	20.20%	19.60%	29.29%	28.93%	29.62%	29.46%	36.90%

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

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS
LAST EIGHT YEARS*

	Measurement Date							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.3041%	0.2916%	0.3033%	0.3078%	0.3204%	0.3401%	0.3720%	0.3624%
District's proportionate Share of the Net OPEB Liability	$ 5,402,212	$ 5,275,703	$ 5,583,059	$ 7,295,115	$ 6,922,873	$ 7,233,390	$ 7,756,010	$ 7,383,581
District's Covered-Employee Payroll	$ 49,344,898	$ 44,674,576	$ 44,605,481	$ 43,635,593	$ 44,970,406	$ 46,897,727	$ 50,090,156	$ 48,245,680
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered-Employee Payroll	10.95%	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

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

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS – PSERS
LAST NINE YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 323,115	$ 315,807	$ 333,468	$ 354,173	$ 358,171	$ 377,184	$ 389,656	$ 415,613	$ 400,662
Contributions in Relation to the Contractually Required Contribution	323,115	315,807	333,468	354,173	358,171	377,184	389,656	415,613	400,662
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered-Employee Payroll	$ 51,288,095	$ 49,344,898	$ 44,674,576	$ 44,605,481	$ 43,635,593	$ 44,970,406	$ 46,897,727	$ 50,090,156	$ 48,245,680
Contributions as a Percentage of Covered-Employee Payroll	0.63%	0.64%	0.75%	0.79%	0.82%	0.84%	0.83%	0.83%	0.83%

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

SINGLE AUDIT

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Education											
Passed-Through the Pennsylvania Department of Education:											
Title I - Grants to Local Educational Agencies	I	84.010	013-240184	07/01/23 - 09/30/24	$ 6,521,447	$ 2,608,682	$ 1,858,403	$ 750,279	$ 750,279	$ -	$ -
Title I - Grants to Local Educational Agencies	I	84.010	013-250184	07/01/24 - 09/30/25	6,278,266	3,753,993	-	5,969,876	5,969,876	2,215,883	-
Title I - Grants to LEAs - Program Improvement - Set Aside	I	84.010	042-230184	07/01/23 - 09/30/24	1,354,583	423,307	255,500	167,807	167,807	-	-
Title I - Grants to LEAs - Program Improvement - Set Aside	I	84.010	042-240184	07/01/24 - 09/30/25	1,213,925	303,481	-	822,216	822,216	518,735	-
Total ALN #84.010						7,089,463	2,113,903	7,710,178	7,710,178	2,734,618	-
21st Century Community	I	84.287	4100097959	03/01/24 - 02/28/29	598,780	5,706	-	139,636	139,636	133,930	-
Title II - Improving Teacher Quality	I	84.367	020-240184	07/01/23 - 09/30/24	497,430	163,900	74,464	89,436	89,436	-	-
Title II - Improving Teacher Quality	I	84.367	020-250184	07/01/24 - 09/30/25	483,097	385,499	-	435,926	435,926	50,427	-
Total ALN #84.367						549,399	74,464	525,362	525,362	50,427	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-240184	07/01/23 - 09/30/24	302,840	59,918	42,732	17,186	17,186	-	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-250184	07/01/24 - 09/30/25	299,947	279,951	-	282,734	282,734	2,783	-
Total ALN #84.365						339,869	42,732	299,920	299,920	2,783	-
Title IV - Student Support and Academic Enrichment	I	84.424A	144-240184	07/01/23 - 09/30/24	514,740	205,896	98,777	107,119	107,119	-	-
Title IV - Student Support and Academic Enrichment	I	84.424A	144-250184	07/01/24 - 09/30/25	491,116	392,893	-	373,160	373,160	(19,733)	-
Title IV - Student Support and Academic Enrichment - Building Stronger Connections	I	84.424F	244-240184	04/22/24 - 09/30/26	1,833,360	916,680	-	1,103,725	1,103,725	187,045	-
Total ALN #84.424						1,515,469	98,777	1,584,004	1,584,004	167,312	-
COVID-19 - ARP ESSER	I	84.425U	223-210184	03/13/21 - 09/30/25	50,311,096	24,698,174	12,787,084	11,911,090	11,911,090	-	-
COVID -19 ARP ESSER Homeless Children and Youth	I	84.425W	181-212178	07/01/22 - 09/30/25	297,709	52,970	27,970	25,000	25,000	-	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210184	03/13/21 - 09/30/25	2,793,073	1,066,448	252,291	814,157	814,157	-	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210184	03/13/21 - 09/30/25	558,615	213,289	213,289	-	-	-	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210184	03/13/21 - 09/30/25	558,615	211,545	120,308	91,237	91,237	-	-
COVID-19 ARP ESSER 2.5%	I	84.425U	224-210184	03/13/21 - 09/30/25	143,604	41,776	33,566	8,210	8,210	-	-
Total ALN #84.425						26,284,202	13,434,508	12,849,694	12,849,694	-	-

See accompanying Notes to Schedule of Expenditures of Federal.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Education (Continued)											
Passed Through the Capital Area I.U. #15:											
I.D.E.A. - Part B, Section 611	I	84.027	N/A	07/01/23 - 06/30/24	$ 1,122,829	$ 271,073	$ 271,073	$ -	$ -	$ -	$ -
I.D.E.A. - Part B, Section 611	I	84.027	N/A	07/01/24 - 06/30/25	1,028,625	646,152	-	1,028,625	1,028,625	382,473	-
Total ALN #84.027						917,225	271,073	1,028,625	1,028,625	382,473	-
I.D.E.A. - Part B, Section 619 - Preschool	I	84.173	N/A	07/01/24 - 06/30/25	8,800	8,800	-	8,800	8,800	-	-
Total U.S. Department of Education						36,710,133	16,035,457	24,146,219	24,146,219	3,471,543	-
U.S. Department of Health and Social Services											
Passed-Through the Pennsylvania Department of Education:											
Refugee and Entrant Assistance - Discretionary Grants - Refugee School Impact Program Grant	I	93.566	2201PARSSS	03/01/23 - 02/28/24	29,700	51,528	44,470	7,058	7,058	-	-
Refugee and Entrant Assistance - Discretionary Grants - Refugee School Impact Program Grant	I	93.566	2201PARSSS	03/01/24 - 02/28/25	151,546	-	-	82,273	82,273	82,273	-
Refugee and Entrant Assistance - Discretionary Grants - Afghan Refugee School Impact Program	I	93.566	2201PARSSS	03/01/23 - 02/28/24	56,111	21,492	21,492	-	-	-	-
Refugee and Entrant Assistance - Discretionary Grants - Afghan Refugee School Impact Program	I	93.566	2201PARSSS	03/01/23 - 02/28/24	65,839	44,534	36,833	7,701	7,701	-	-
Total ALN #93.566						117,554	102,795	97,032	97,032	82,273	-
Passed-Through the Pennsylvania Department of Public Welfare:											
Medical Assistance Program Reimbursement for Administration	I	93.778	N/A	07/01/23 - 06/30/25	N/A	104,216	-	130,427	130,427	26,211	-
Total U.S. Department of Health and Social Services						221,770	102,795	227,459	227,459	108,484	-
U.S. Department of Defense											
Passed through the United States Navy:											
Junior Reserve Officers Training Corps	I	12.357	N/A	07/01/23 - 06/30/24	51,254	14,782	14,782	-	-	-	-
Junior Reserve Officers Training Corps	I	12.357	N/A	07/01/24 - 06/30/25	34,875	26,875	-	34,875	34,875	8,000	-
Total ALN #12.357						41,657	14,782	34,875	34,875	8,000	-
Total U.S. Department of Defense						41,657	14,782	34,875	34,875	8,000	-
U.S. Department of Justice											
Passed through the Office of Community Oriented Policing Services:											
Public Safety Partnership and Community Policing Grants	I	16.710	15JCOPS-23-GG-04536-SSIX	10/01/23 - 09/30/26	-	-	272,118	70,251	70,251	342,369	-
Passed through the Office of Justice Programs											
STOP - Student, Teachers and Officers Preventing Sch	I	16.839	15PBJA-23-GG-04362-STOP	09/28/23 - 09/30/26	-	-	-	110,262	110,262	110,262	-
Total U.S. Department of Justice						-	272,118	180,513	180,513	452,631	-

See accompanying Notes to Schedule of Expenditures of Federal.

THE SCHOOL DISTRICT OF THE CITY OF HARRISBURG
SCHEDULE OF EXPEDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/Project Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Passed Through to Subrecipients
U.S. Department of Agriculture											
Passed-Through the Pennsylvania Department of Education:											
School Breakfast Program - Seamless Summer	I	10.553	N/A	07/01/23 - 09/30/24	N/A	$ 2,356	$ 2,356	$ -	$ -	$ -	$ -
School Breakfast Program - Seamless Summer	I	10.553	N/A	07/01/24 - 09/30/25	N/A	-	-	2,784	2,784	2,784	-
School Breakfast Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	25,779	25,779	-	-	-	-
School Breakfast Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	1,302,669	-	1,349,554	1,349,554	46,885	-
Total ALN #10.553						1,330,804	28,135	1,352,338	1,352,338	49,669	-
Fresh Fruit and Vegetable Program	I	10.582	N/A	07/01/24 - 06/30/25	N/A	152,656	-	174,907	174,907	22,251	-
Child Nutrition Discretionary Grants	I	10.579	N/A	04/01/24 - 09/30/25	44,053	38,069	34,370	3,699	3,699	-	-
Child Nutrition Discretionary Grants	I	10.579	N/A	04/01/24 - 09/30/25	12,800	12,800	12,800	-	-	-	-
Total ALN #10.579						50,869	47,170	3,699	3,699	-	-
National School Lunch Program - Seamless Summer	I	10.555	N/A	07/01/23 - 09/30/24	N/A	5,185	5,185	-	-	-	-
National School Lunch Program - Seamless Summer	I	10.555	N/A	07/01/24 - 09/30/25	N/A	-	-	5,897	5,897	5,897	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	65,581	65,581	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	3,523,257	-	3,650,101	3,650,101	126,844	-
Passed-Through the Pennsylvania Department of Agriculture:											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	585,802	-	585,802	585,802	-	-
Total ALN #10.555						4,179,825	70,766	4,241,800	4,241,800	132,741	-
Total U.S. Department of Agriculture						5,714,154	146,071	5,772,744	5,772,744	204,661	-
Total Federal Awards						$ 42,687,714	$ 16,571,223	$ 30,361,810	$ 30,361,810	$ 4,245,319	$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						$ 926,025	$ 271,073	$ 1,037,425	$ 1,037,425	$ 382,473	$ -
Child Nutrition Cluster (ALN's #10.553, #10.555 and #10.582)						$ 5,663,285	$ 98,901	$ 5,769,045	$ 5,769,045	$ 204,661	$ -
Medicaid Cluster (ALN #93.778)						$ 104,216	$ -	$ 130,427	$ 130,427	$ 26,211	$ -

Source Codes
D - Direct Funding
I - Indirect Funding
S - State Share
ALN - Assistance Listing Number

See accompanying Notes to Schedule of Expenditures of Federal.

NOTE 1 BASIS OF PRESENTATION

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

NOTE 2 BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE 3 NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the Schedule under ALN #10.555 National School Lunch Program and passed through the Pennsylvania Department of Agriculture represent federal surplus food consumed by the District during the 2024-2025 fiscal year.

NOTE 4 QUALIFIED SCHOOL CONSTRUCTION BONDS PROGRAM

The District participates in the Qualified School Construction Bonds (QSCB) program sponsored by the State Public School Building Authority (SPSBA). In conjunction with the QSCB Program, the District receives subsidy reimbursements for a portion of the interest payments made under its loan agreements with the SPSBA. Reimbursements are federal source revenues but are not considered federal financial assistance. The amount of QSCB subsidy payments recognized for the year ended June 30, 2025 was $610,967.

NOTE 5 ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025, was $121,210.

NOTE 6 INDIRECT COSTS

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

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of School Directors
The School District of the City of Harrisburg
Harrisburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of The School District of the City of Harrisburg, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise The School District of the City of Harrisburg's basic financial statements, and have issued our report thereon dated March 31, 2026.

Report on Internal Control Over Financial Reporting

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

Board of School Directors
The School District of the City of Harrisburg

Report on Compliance and Other Matters

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

Purpose of this Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 31, 2026

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of School Directors
The School District of the City of Harrisburg
Harrisburg, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The School District of the City of Harrisburg'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 The School District of the City of Harrisburg's major federal programs for the year ended June 30, 2025. The School District of the City of Harrisburg's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

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

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

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

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

Report on Internal Control over Compliance

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

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
March 31, 2026

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued:	Unmodified	
2. Internal control over financial reporting:		
• Material weakness(es) identified?	____ yes	x no
• Significant deficiency(ies) identified?	____ yes	x none reported
3. Noncompliance material to financial statements noted?	____ yes	x no

Federal Awards

1. Internal control over major federal programs:		
• Material weakness(es) identified?	____ yes	x no
• Significant deficiency(ies) identified?	____ yes	x none reported
2. Type of auditors' report issued on compliance for major federal programs:	Unmodified	
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ yes	x no

Identification of Major Federal Programs

Assistance Living Number(s)	Name of Federal Program or Cluster
84.424A	Title IV
84.424F	Title IV
	Child Nutrition Cluster:
10.553	School Breakfast Program
10.555	National School Lunch Program
10.582	Fresh Fruit and Vegetable Program

Dollar threshold used to distinguish between Type A and Type B programs:	$910,854	
Auditee qualified as low-risk auditee?	x yes	____ no

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with *2 CFR 200.516(a).*

APPENDIX F

BOND AMORTIZATION SCHEDULE

APPENDIX G

SPECIMEN MUNICIPAL BOND INSURANCE POLICY

MUNICIPAL BOND INSURANCE POLICY

ISSUER: Policy No.: -N

BONDS: $ in aggregate principal amount of Effective Date:

Premium: $

ASSURED GUARANTY INC. ("AG"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") (as set forth in the documentation providing for the issuance of and securing the Bonds) for the Bonds, for the benefit of the Owners or, at the election of AG, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AG shall have received Notice of Nonpayment, AG will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AG, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AG. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AG is incomplete, it shall be deemed not to have been received by AG for purposes of the preceding sentence and AG shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AG shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AG hereunder. Payment by AG to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AG under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AG shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AG which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

AG may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee and the Paying Agent specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee and the Paying Agent, (a) copies of all notices required to be delivered to AG pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to AG and shall not be deemed received until received by both and (b) all payments required to be made by AG under this Policy may be made directly by AG or by the Insurer's Fiscal Agent on behalf of AG. The Insurer's Fiscal Agent is the agent of AG only and the Insurer's Fiscal Agent shall in no event be liable to any Owner for any act of the Insurer's Fiscal Agent or any failure of AG to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, AG agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to AG to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy.

This Policy sets forth in full the undertaking of AG, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY INC. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY INC.

By ________________________________
Authorized Officer