

PRELIMINARY OFFICIAL STATEMENT DATED MAY 5, 2026

NEW ISSUE—BOOK-ENTRY ONLY

**RATING: S&P: “AA” (Stable Outlook) (BAM Insured)
Moody’s: “A2” (Underlying)
(See “RATING” 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 may be 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 (the “Commonwealth”) as presently enacted and construed, 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.

The School District has not designated the Bonds as “Qualified Tax-Exempt Obligations” pursuant to Section 265(b)(3) of the Code (relating to the deductibility of interest expense by certain financial institutions).

\$18,555,000*

**Schuylkill Valley School District
Berks County, Pennsylvania
General Obligation Bonds, Series of 2026**

Dated: Date of Delivery
Interest Due: April 1 and October 1

Principal Due: April 1, as shown inside
First Interest Payment: October 1, 2026

The General Obligation Bonds, Series of 2026 (the “Bonds”) in the aggregate principal amount of \$18,555,000* will be issued in registered book-entry only form, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. (See “BOOK-ENTRY ONLY SYSTEM” herein.) If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Schuylkill Valley School District, Berks County, Pennsylvania (the “School District”), payable from its tax and other general revenues. The School District has covenanted that it will, to the fullest extent permitted under applicable law, provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution defined herein or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, within the limits provided by law. (See “THE BONDS - Security” and “TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT” *infra*).

Interest on each of the Bonds is payable initially on October 1, 2026, and thereafter semiannually on April 1 and October 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed TD Bank, N.A. (the “Paying Agent”), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its corporate trust office located in Philadelphia, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See “THE BONDS” herein).

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

Proceeds of the Bonds will be used towards: (i) the planning, designing, constructing, equipping, furnishing and financing of a new athletic facility to be utilized as a field house at Schuylkill Valley High School; (ii) the planning, designing, constructing, equipping, furnishing and financing of various other capital improvements to school facilities and school buildings owned or controlled and operated by the School District; (iii) paying capitalized interest on all or a portion of the Bonds and (iv) paying the costs and expenses related to the issuance and insurance of the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by Build America Mutual Assurance Company (“BAM”)



**MATURITY DATES AND AMOUNTS, INTEREST RATES, INITIAL OFFERING YIELDS AND CUSIPs
See Inside Front Cover**

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Fox Rothschild LLP, of Blue Bell, Pennsylvania, and McNees Wallace & Nurick LLC, of Plymouth Meeting, Pennsylvania, Co-Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by McNees Wallace & Nurick LLC, of Plymouth Meeting, Pennsylvania, School District Solicitor, and by Stevens & Lee, P.C., of Reading, Pennsylvania, Limited Scope Underwriter’s Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about _____, 2026.

RAYMOND JAMES®

Dated: _____
*Estimated, subject to change

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

\$18,555,000*
Schuylkill Valley School District
Berks County, Pennsylvania

General Obligation Bonds, Series of 2026

Dated: Date of Delivery
Interest Due: April 1 and October 1

Principal Due: April 1, as shown below
First Interest Payment: October 1, 2026

BOND MATURITY SCHEDULE:

Maturity Date (April 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP Numbers⁽¹⁾
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				

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

*Estimated, subject to change

SCHUYLKILL VALLEY SCHOOL DISTRICT

Berks County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Carol E. WeyandtPresident
Franklin M. Ammarell Vice-President
Kristen Wallace Treasurer*
Linda R. Lash Secretary
Joseph M. Brown.....Member
Lauren J. Matthews.....Member
David E. MollMember
Alfonso F. RossiMember
Kelly J. Steinke.....Member
Daniel B. WeyandtMember

*Non-voting member

ACTING SUPERINTENDENT

DR. PATRICK T. WINTERS

DIRECTOR OF FINANCE

KRISTEN WALLACE

SCHOOL DISTRICT SOLICITOR

MCNEES WALLACE & NURICK LLC

Plymouth Meeting, Pennsylvania

SCHOOL DISTRICT CO-BOND COUNSEL

FOX ROTHSCHILD LLP

Blue Bell, Pennsylvania

SCHOOL DISTRICT CO-BOND COUNSEL

MCNEES WALLACE & NURICK LLC

Plymouth Meeting, Pennsylvania

MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC

Harrisburg, Pennsylvania

PAYING AGENT

TD BANK, N.A.

Philadelphia, Pennsylvania

UNDERWRITER

RAYMOND JAMES & ASSOCIATES, INC.

Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

STEVENS & LEE, P.C.

Reading, Pennsylvania

SCHOOL DISTRICT ADDRESS

929 Lakeshore Drive

Leesport, Pennsylvania 19533

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

Build America Mutual Assurance Company (“BAM”) makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading “Bond Insurance” and “Appendix E – Specimen of Municipal Bond Insurance Policy”.

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PRELIMINARY OFFICIAL STATEMENT

\$18,555,000*

Schuylkill Valley School District

Berks County, Pennsylvania

General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Schuylkill Valley School District, Berks County, Pennsylvania (the "School District"), in connection with the offering of \$18,555,000* aggregate principal amount of its General Obligation Bonds, Series of 2026 (the "Bonds"), dated the date the Bonds are issued and delivered (the "Date of Delivery"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District which was adopted on August 25, 2025 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. Chs. 80-82, as amended (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used towards: (i) the planning, designing, constructing, equipping, furnishing and financing of a new athletic facility to be utilized as a field house at Schuylkill Valley High School; (ii) the planning, designing, constructing, equipping, furnishing and financing of various other capital improvements to school facilities and school buildings owned or controlled and operated by the School District; (iii) paying capitalized interest on all or a portion of the Bonds and (iv) paying the costs and expenses related to the issuance and insurance of the Bonds.

Sources and Uses of Bond Proceeds

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

	Totals
<u>Source of Funds</u>	
Par Amount.....	
Plus/Less: Net Original Issue Premium/(Discount)	
<i>Total Source of Funds</i>	
<u>Use of Funds</u>	
Deposit to Construction Fund	
Capitalized Interest	
Costs of Issuance ⁽¹⁾	
<i>Total Use of Funds</i>	

⁽¹⁾Includes legal, municipal advisor, printing, rating, solicitor, underwriter's discount, municipal bond insurance, CUSIP, paying agent, and miscellaneous costs.

*Estimated, subject to change

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$18,555,000*, will be dated as of the Date of Delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on October 1, 2026, and thereafter, semiannually on April 1 and October 1 until the principal sum thereof is paid.

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

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid.

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

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

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

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

Transfer, Exchange and Registration of Bonds

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

*Estimated, subject to change

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

Security

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has, subject to statutory restrictions and limitations, covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District, subject to statutory restrictions and limitations, irrevocably has pledged its full faith, credit and available taxing power. (See “**TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT - The Taxpayer Relief Act (Act 1)**” herein). The Act presently provides for enforcement of debt service payments as hereinafter described (See “**DEFAULTS AND REMEDIES**” herein), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see “**Commonwealth Enforcement of Debt Service Payments**” below).

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption

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 includes \$175 million in estimated savings for school districts through reforms to the existing cyber charter school law. (See “SECURITY FOR THE BONDS” herein.)

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

Act 85 of 2016

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

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

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

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

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

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

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

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

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Sinking Fund

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

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

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

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the securities (the "Securities"). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Security certificate will be issued for the Securities, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("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 Securities 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 Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities 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 Securities 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 Securities: DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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 Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities 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 Securities 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 Securities 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 Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

A Beneficial Owner shall give notice to elect to have its Securities purchased or tendered, through its Participant, to Tender Agent, and shall effect delivery of such Securities by causing the Direct Participant to transfer the Participant's interest in the Securities, on DTC's records, to Tender Agent. The requirement for physical delivery of Securities in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Securities are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Securities to Tender Agent's DTC account.

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

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

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

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

BOND INSURANCE

Bond Insurance Policy

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). 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, California, Connecticut or Florida insurance law.

Build America Mutual Assurance Company

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products to issuers in the U.S. public finance markets. BAM will only insure municipal bonds, as defined in Section 6901 of the New York Insurance Law, which are most often issued

by states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM.

The address of the principal executive offices of BAM is: 28 Liberty Street, 59th Floor, New York, New York 10005, its telephone number is: 212-235-2500, and its website is located at: www.bambonds.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at <https://www.spglobal.com/en/>. The rating of BAM should be evaluated independently. The rating reflects S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds 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 Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of December 31, 2025 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were \$514.1 million, \$290 million and \$224 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.bambonds.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM 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 BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at <https://bambonds.com/insights/#video>. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at <https://bambonds.com/credit-profiles>. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise.

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 "RATING" herein.

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

Neither the School District or 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.

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on April 1, 20__ are subject to mandatory redemption prior to maturity, in direct order of maturity and within a maturity by lot, in amounts shown on the Schedules herein, and as required by the Resolution, on April 1 of each applicable year, by application of money in the Sinking Fund established under the Resolution upon payment of the principal amount thereof, plus accrued interest to the date fixed for redemption, on April 1, of the following years in the following principal amounts:

Bonds stated to mature April 1, 20__ :

<u>Year</u>	<u>Amount</u>
-------------	---------------

*At final Maturity

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

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

Optional Redemption

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

Notice of Redemption

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

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

Manner of Redemption

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

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

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THE SCHOOL DISTRICT

Introduction

Schuylkill Valley is located in southeastern Pennsylvania, near the heart of Pennsylvania Dutch Country. The district lies in the valley created by the Blue Mountain to the north and the Schuylkill River to the south. It encompasses approximately 53 square miles, including the municipalities of Bern, Centre, and Ontelaunee Townships and the boroughs of Leesport and Centerport. The district is both rural and suburban, including farmland as well as business and light industry.

Administration

The governing body of the School District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term. The Superintendent of Schools is the executive officer of the Board of School Directors and is appointed by the School Directors. The Business Manager, recommended by the Superintendent and appointed by the Board of School Directors, supervises and coordinates all business aspects of the School District.

School Facilities

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

**TABLE 1
SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHOOL FACILITIES**

<u>Building</u>	<u>Original Construction Date</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2025-26 Enrollment</u>
<i>Elementary:</i>				
Schuylkill Valley Elementary	1993	K-4	1,075	744
<i>Secondary:</i>				
Middle School	1976	5-8	527	691
High School	1960	9-12	788	693

Source: School District officials.

Enrollment Trends

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

**TABLE 2
SCHUYLKILL VALLEY SCHOOL DISTRICT
ENROLLMENT TRENDS**

<u>Actual Enrollments</u>				<u>Projected Enrollments</u>			
<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2021-22	772	1,388	2,160	2026-27	735	1,375	2,110
2022-23	746	1,348	2,094	2027-28	733	1,370	2,103
2023-24	722	1,391	2,113	2028-29	730	1,368	2,098
2024-25	744	1,384	2,128	2029-30	732	1,365	2,097
2025-26	744	1,384	2,128	2030-31	735	1,370	2,105

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education (PDE). An annual operating budget is prepared by the Superintendent and Director of Business Affairs and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The government wide statements report uses the economic resources measurement focus and the accrual basis of accounting generally, including the reclassification or elimination of internal activity (between or within funds).

The School District keeps its books and prepares its financial reports according to a modified accrual basis of accounting. Major accrual items are payroll, taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. The firm of Herbein + Company, Inc., Reading, Pennsylvania, currently serves as the School District's auditor.

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

Budgeting Process in School Districts under the Taxpayer Relief Act

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

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

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

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

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

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

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past five years and budgeted 2025-26. The School District's budget for 2025-26, as adopted May 27, 2025, budgeted total revenue of \$49,771,295 and expenditures of \$49,771,295.

**TABLE 3
SCHUYLKILL VALLEY SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ending June 30)***

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
ASSETS					
Cash and Cash Equivalents.....	\$7,864,208	\$2,266,627	\$6,476,687	\$7,700,394	\$1,507,485
Investments	0	6,046,683	0	0	3,418,208
Taxes Receivable	985,066	714,027	720,591	581,268	761,345
Due from Other Funds	0	0	0	19,410	2,682
Due from Other Governments	12,000	19,637	39,288	103,103	150,978
State Revenue Receivable.....	1,297,218	1,277,866	1,392,737	1,599,355	1,667,053
Federal Revenue Receivable.....	82,903	263,301	500,056	1,010,439	222,310
Other Receivables	45,464	(443)	0	0	31,371
Prepaid Expenses	8,846	24,285	0	0	0
TOTAL ASSETS	<u>\$10,295,705</u>	<u>\$10,611,983</u>	<u>\$9,129,359</u>	<u>\$11,013,969</u>	<u>\$7,761,432</u>
LIABILITIES					
Due to Other Funds.....	\$532,525	\$318,727	\$464,611	\$486,652	\$91,511
Accounts Payable.....	530,857	925,586	728,280	527,259	430,199
Contracts Payable.....	0	25,750	43,909	0	0
Accrued Salaries and Benefits	3,868,842	2,140,615	1,662,110	1,829,805	1,892,685
Payroll Deductions & Withholdings.....	0	1,596,218	2,102,793	2,069,550	2,114,250
Other Current Liabilities.....	0	31,500	0	93,363	218,186
Unearned Revenues	45,674	115,680	320,227	133,920	0
TOTAL LIABILITIES	<u>\$4,977,898</u>	<u>\$5,154,076</u>	<u>\$5,321,930</u>	<u>\$5,140,549</u>	<u>\$4,746,831</u>
<i>Deferred Inflows of Resources</i>	\$584,134	\$538,521	\$421,863	\$347,722	\$347,722
FUND EQUITIES					
Nonspendable Fund Balance	\$8,846	\$24,285	\$0	\$0	\$0
Restricted Fund Balance	69,970	70,002	70,252	72,429	74,578
Committed Fund Balance	50,000	543,533	543,533	543,533	50,000
Assigned Fund Balance	1,336,166	0	1,223,755	1,223,755	730,422
Unassigned Fund Balance.....	3,268,691	4,281,566	1,548,026	3,685,981	1,812,179
TOTAL FUND EQUITIES	<u>\$4,733,673</u>	<u>\$4,919,386</u>	<u>\$3,385,566</u>	<u>\$5,525,698</u>	<u>\$2,667,179</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	<u>\$10,295,705</u>	<u>\$10,611,983</u>	<u>\$9,129,359</u>	<u>\$11,013,969</u>	<u>\$7,761,732</u>

*Totals may not add due to rounding.

Source: School District Annual Financial Reports and Audits.

**TABLE 4
SCHUYLKILL VALLEY SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE**

	<u>Actual</u>					<u>Budget</u>
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026⁽¹⁾</u>
Beginning Fund Balance	\$4,622,271	\$4,733,674	\$4,919,385	\$3,385,566	\$5,525,699	\$3,772,835
Revenues Over Expenditures	111,403	185,712	(1,533,820)	2,140,133	(1,752,864)	0
Prior Period Adjustments	0	0	0	0	0	0
Ending General Fund Balance	<u>\$4,733,674</u>	<u>\$4,919,385</u>	<u>\$3,385,566</u>	<u>\$5,525,699</u>	<u>\$3,772,835</u>	<u>\$3,772,835</u>

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 27, 2025.

Source: School District Annual Financial Reports, Audits and Budget.

Revenue

The School District received \$48,063,371 in revenue in 2024-25 and has budgeted \$49,771,295 in 2025-26. Local sources have decreased as a share of total revenue in the past five years, from 74.3 percent in 2020-21 to 71.8 percent in 2024-25. Revenue from State sources increased in the past five years, from 23.8 percent in 2020-21 to 25.9 percent in 2024-25. Federal and other revenue has increased as a share of the total revenue from 1.8 percent in 2020-21 to 2.3 percent in 2024-25.

**TABLE 5
SCHUYLKILL VALLEY SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND REVENUES*
(For years ending June 30)**

	Actual					Budget
	2021	2022	2023	2024	2025	2026⁽¹⁾
REVENUE:						
<i>Total Local Sources</i>	\$30,644,916	\$31,238,498	\$32,542,973	\$34,446,651	\$34,514,111	\$36,447,312
<i>Total State Sources</i>	9,824,928	9,938,736	10,907,538	11,327,010	12,435,039	12,935,819
<i>Total Federal Sources</i>	745,103	627,328	908,462	1,897,614	1,095,585	388,164
<i>Total Other Sources</i>	29,646	3,825	210,877	221,665	18,635	0
TOTAL REVENUE	\$41,244,593	\$41,808,387	\$44,569,850	\$47,892,940	\$48,063,371	\$49,771,295
EXPENDITURES:						
Instruction	\$25,286,558	\$25,226,063	\$26,529,138	\$27,712,814	\$28,488,160	\$28,498,828
Pupil Personnel	1,401,560	1,302,099	1,530,585	1,991,288	2,177,247	2,476,712
Instructional Staff	764,962	778,776	757,829	858,613	1,620,387	1,705,690
Administration	2,639,034	2,422,744	2,330,348	2,279,371	2,415,758	2,346,845
Pupil Health	414,182	313,532	299,140	299,723	309,922	351,326
Business	412,679	420,161	509,407	523,124	699,158	705,178
Operation and Maintenance of Plant						
Services	2,428,675	2,180,435	2,466,219	2,745,838	3,331,512	2,958,334
Student Transportation	1,591,464	2,491,129	2,526,608	2,703,493	2,826,550	2,587,287
Central	1,298,702	1,299,804	1,649,507	1,504,644	2,256,732	2,340,904
Other Support Services	32,715	33,186	33,152	34,340	36,300	0
Operation of Noninstructional Services	1,111,869	1,241,923	1,479,864	2,069,947	2,334,113	2,143,867
Fac. Acq., Const., and Imp.	0	257,500	621,608	0	0	0
Debt Service	3,165,510	3,099,369	133,208	137,707	3,320,396	3,166,324
Fund Transfers	585,282	555,953	5,237,057	2,891,906	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Budgetary Reserve	0	0	0	0	0	490,000
TOTAL EXPENDITURES	\$41,133,191	\$41,622,674	\$46,103,670	\$45,752,808	\$49,816,235	\$49,771,295
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$111,403	\$185,712	(\$1,533,820)	\$2,140,133	(\$1,752,864)	\$0

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 27, 2025.

Source: School District Annual Financial Reports, Audits, and Budget.

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TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT

In General

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

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

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

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

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

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

<u>Fiscal Year</u>	<u>Index</u>
2021-22	3.6%
2022-23	4.2%
2023-24	5.1%
2024-25	6.2%
2025-26	4.8%
2026-27	4.3%

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

A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election in 2009 or any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law.

Status of the Bonds Under Act 1

The Bonds described in this Official Statement do not represent debt that was approved (“incurred”) by the board of school directors prior to the effective date of Act 1, therefore the board of school directors may not apply to the Pennsylvania Department of Education (PDE) to use the Act 1 referendum exception for previously incurred debt if a tax increase greater than the Index is needed to provide for payment of principal or interest on the Bonds.

Act 48 of 2003

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

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

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

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

Tax Levy Trends

Table 6 which follows shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, two boroughs and four townships located in the School District, and for Berks County.

**TABLE 6
SCHUYLKILL VALLEY SCHOOL DISTRICT
TAX RATES**

<u>Year</u>	<u>Real Estate (mills)</u>	<u>Real Estate Transfer (%)</u>	<u>Earned Income (%)</u>
2021-22	27.8200	0.5	0.5
2022-23	27.8200	0.5	0.5
2023-24	27.8200	0.5	0.5
2024-25	27.8200	0.5	0.5
2025-26	27.8200	0.5	0.5

Source: School District Budget reports (PDE-2028).

**TABLE 7
SCHUYLKILL VALLEY SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)
(Fiscal Years Ending)**

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
School District	27.8200	27.8200	27.8200	27.8200	27.8200
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Bern Township	4.1860	4.1860	4.5600	5.3600	6.1100
Centerport Borough	3.1000	3.1000	3.1000	3.1000	3.1000
Centre Township	0.3600	0.5400	0.5400	0.5400	0.5900
Leesport Borough	5.7200	5.7200	8.7200	8.7200	9.7200
Ontelaunee Township	4.0500	4.0500	4.0500	4.0500	4.0500
<i>Berks County</i>	7.6570	7.6570	8.3450	9.0130	9.0130

Source: Pennsylvania Department of Community and Economic Development – Municipal Statistics.

Real Property Tax

The real property tax (excluding delinquent collections) produced \$28,594,194 in 2024-25, approximately 59.5 percent of overall revenues. The School District mails tax notices to taxpayers on or about July 1 of each year. The tax collection process of the School District allows taxpayers remitting in full prior to August 31 of each year a 2% discount on their tax obligations. Remittances between September 1 and October 31 are paid at par and taxpayers remitting between November 1 and December 31 pay a 10% penalty. On January 15, all unpaid real estate taxes are turned over to the Berks County Tax Claim Bureau for collection and delinquent collections are remitted monthly to the School District.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide assessment for Berks County was in 1994.

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**TABLE 8
SCHUYLKILL VALLEY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2020-21	\$1,347,799,792	\$970,970,100	72.04%
2021-22	1,392,631,114	996,655,400	71.57%
2022-23	1,567,494,319	1,017,552,300	64.92%
2023-24	1,616,672,725	1,040,626,300	64.37%
2024-25	1,968,406,854	1,096,780,100	55.72%
Compound Average Annual Percentage Change	7.87%	2.47%	

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

**TABLE 9
SCHUYLKILL VALLEY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

	2023 Market Value	2023 Assessed Value	2024 Market Value	2024 Assessed Value
School District	\$1,616,672,725	\$1,040,626,300	\$1,968,406,854	\$1,096,780,100
Bern Township	731,311,400	448,151,400	880,081,898	463,312,600
Centerport Borough	16,185,589	12,547,200	18,774,303	12,547,200
Centre Township	307,936,709	198,532,900	345,520,534	199,526,300
Leesport Borough	124,207,156	91,249,500	145,902,827	91,342,500
Ontelaunee Township	437,031,872	290,145,300	578,127,292	330,051,500
Berks County	30,779,305,639	19,834,133,500	34,814,057,150	20,053,887,100

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

**TABLE 10
SCHUYLKILL VALLEY SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2020	2021	2022	2023	2024
Residential	\$597,735,500	\$605,710,300	\$611,885,900	\$622,623,000	\$630,344,500
Trailers	4,500,400	4,541,400	5,684,200	5,426,800	5,426,800
Lots	7,517,300	7,179,500	9,508,900	8,043,500	8,043,500
Industrial	158,660,800	171,075,800	180,969,100	187,503,400	202,188,400
Commercial	141,842,000	147,018,500	148,175,500	155,273,500	188,903,800
Agriculture	57,149,600	57,807,200	57,954,400	58,290,500	58,407,500
Land	3,564,500	3,322,700	3,374,300	3,465,600	3,465,600
Total	\$970,970,100	\$996,655,400	\$1,017,552,300	\$1,040,626,300	\$1,096,780,100

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

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TABLE 11
SCHUYLKILL VALLEY SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

School Year	Assessed Valuation	Mills	Gross Adjusted Levy	Current Collections Amount	Current Year Collections As a Percent	Total Collections Amount⁽¹⁾	Total Collections As a Percent
2021-22	\$1,005,317,600	27.8200	\$27,376,155	\$26,520,278	96.87%	\$27,336,041	99.85%
2022-23	1,018,186,200	27.8200	27,579,954	26,851,729	97.36%	27,444,335	99.51%
2023-24	1,055,063,000	27.8200	28,609,606	28,881,230	100.95%	29,332,762	102.53%
2024-25	1,098,299,500	27.8200	29,524,692	28,594,194	96.85%	29,045,595	98.38%
2025-26 (estimated)	1,101,594,399	27.8200	29,615,786	28,800,000	97.25%	29,140,000	98.39%

⁽¹⁾Includes delinquent realty taxes collected only.
Source: School District officials.

The ten largest real property taxpayers, together with 2025-26 assessed values, are shown on Table 12 which follows. The aggregate assessed value of these ten taxpayers totals approximately 15.11 percent of total assessed value.

TABLE 12
SCHUYLKILL VALLEY SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2025-26

Owner	Property/Business	2025-26 Assessed Value
Ashley Furniture Industries INC	Industrial	\$34,594,800
Chipt Reading Ontelaunee LLC*	Commercial	32,011,300
Reading behavioral healthcare LLC	Industrial	20,829,900
Yuasa-Exide INC	Commercial	14,716,300
Ontelaunee Power Operating CO LLC *	Industrial	14,500,000
Exchangeright Net-Leased Portfolio 66 DST C/O	Industrial	14,081,300
UGI Utilities INC	Industrial	11,880,400
Americold Real Estate LP	Industrial	7,909,300
Directlink Realty LP	Commercial	7,766,000
RMA/Crystal Brands PH Van Hues	Industrial	7,466,800
		\$165,756,100

* Taxpayer initiated appeal
Source: School District officials.

Other Taxes

Under Act 511 and the School Code, the School District collected \$3,450,657 in other taxes in 2024-25. Among the taxes authorized by Act 511, Real Estate Transfer Tax, Earned Income Tax and Local Services Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property was \$23,620,882.

Earned Income Tax. The School District levies a tax of 0.5% of the earned income of residents. In 2024-25 the collected portion of this tax yielded \$2,806,018 or 5.84 percent of the School District's total revenue.

Real Estate Transfer. A tax of one-half percent of the value of real estate transfers yielded \$644,638 in 2024-25, or 1.34 percent of the School District's total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

General

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

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2022-23 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (39.88%) or the wealth based Market Value Aid Ratio ("MVAR") currently (41.80%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

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

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

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

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

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

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DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the Schuylkill Valley School District as of May 1, 2026, including the issuance of the estimated Bonds.

**TABLE 13
SCHUYLKILL VALLEY SCHOOL DISTRICT
DEBT STATEMENT
(As of May 1, 2026)***

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2026 (last maturity 2042)	\$18,555,000
General Obligation Bonds, Series of 2020 (last maturity 2035)	19,020,000
TOTAL NONELECTORAL DEBT	<u>\$37,575,000</u>
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT	<u>\$0</u>
TOTAL PRINCIPAL OF DIRECT DEBT	<u>\$37,575,000</u>

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

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$37,575,000. After adjustment for available funds and estimated State aid, the local effort of direct debt will total \$37,575,000.

TABLE 14
SCHUYLKILL VALLEY SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of May 1, 2026)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt.....	\$37,575,000	\$37,575,000
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT*	<u>\$37,575,000</u>	<u>\$37,575,000</u>
OVERLAPPING DEBT		
Berks County, General Obligation ⁽²⁾	\$6,444,043	\$6,444,043
Municipal General Obligation Debt.....	15,369,534	15,369,534
TOTAL OVERLAPPING DEBT	<u>\$21,813,577</u>	<u>\$21,813,577</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$59,388,577</u>	<u>\$59,388,577</u>
DEBT RATIOS		
Net Direct Debt Per Capita (2020).....	\$2,393.01	\$2,393.01
Net Direct Debt Percent 2024-25 Assessed Value.....	3.43%	3.43%
Net Direct Debt Percent 2024-25 Market Value.....	1.91%	1.91%
Net Direct & Overlapping Debt Per Capita (2020).....	\$3,782.23	\$3,782.23
Net Direct & Overlapping Debt Percent 2024-25 Assessed Value.....	5.41%	5.41%
Net Direct & Overlapping Debt Percent 2024-25 Market Value.....	3.02%	3.02%

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

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current CARF. See "COMMONWEALTH AID TO SCHOOL DISTRICTS". The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount.

⁽²⁾Pro rata 5.65 percent share of \$113,972,000 principal outstanding.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2022-23.....	\$ 41,449,485
Total Revenues for 2023-24.....	46,139,117
Total Revenues for 2024-25.....	<u>47,602,201</u>
Total	<u>\$135,190,802</u>
Annual Arithmetic Average (Borrowing Base)	\$ 45,063,601

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

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt and Lease Rental Debt Limit: 225% of Borrowing Base.....	\$101,393,102	\$36,520,000	\$64,873,102

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

Debt Service Requirements

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

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

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

**TABLE 15
SCHUYLKILL VALLEY SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Year</u>	Other General Obligation Debt	Series of 2026			Total Requirements
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2025-26	\$3,169,317				
2026-27	3,165,800				
2027-28	2,469,600				
2028-29	2,467,400				
2029-30	2,467,400				
2030-31	2,469,400				
2031-32	2,468,200				
2032-33	2,468,800				
2033-34	2,466,000				
2034-35	2,464,800				
2035-36	0				
2036-37	0				
2037-38	0				
2038-39	0				
2039-40	0				
2040-41	0				
2041-42	0				
Total	<u>\$26,076,717</u>				

*Totals may not add due to rounding.

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TABLE 16
SCHUYLKILL VALLEY SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID*

2024-25 State Aid Received	\$12,435,039
2024-25 Debt Service Requirements	\$3,320,396
Maximum Future Debt Service Requirements after Issuance of Bonds.....	
Coverage of 2024-25 Debt Service Requirements	3.75 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	times

*Assumes current State Aid Ratio. See “COMMONWEALTH AID TO SCHOOL DISTRICTS.”

Future Financing

The School District currently does not anticipate issuing additional long-term debt.

LABOR RELATIONS

School District Employees

The School District personnel presently include 164 full-time professional employees, 27 administrators and 246 full-time and 231 part-time support staff employees, including administrators.

The professional employees of the School District are represented by the Schuylkill Valley Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2028.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees’ Retirement System (“PSERS”), and a percentage of each eligible employee’s salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees’ Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 34.0% for the fiscal year 2025-26 and a rate of 33.6% for the fiscal year 2026-27.

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

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

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

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

Annual School District contributions have been as follows:

2020-21	\$5,944,632
2021-22	\$6,048,666
2022-23	\$6,310,842
2023-24	\$6,478,845
2024-25	\$6,680,820
2025-26 (estimated)	\$7,100,000

Source: School District audited financial statements and School District Officials.

At June 30, 2025, the District reported a liability of \$49,776,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2023 to June 30, 2024. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District’s proportion was 0.1189% which was a decrease of 0.0041% from its proportion measured as of June 30, 2024.

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

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

This benefit is state mandated via the School Code statute. The School District’s annual other post-employment benefit (OPEB) cost (expense) for the plan is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost, each year, and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years.

For a complete description of the School District’s Other Post-Employment Benefits please refer to Appendix C- Audited Financial Statements.

LITIGATION

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

DEFAULTS AND REMEDIES

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

TAX EXEMPTION AND OTHER TAX MATTERS

Certain Federal Income Tax Matters

On the date of delivery of the Bonds, Fox Rothschild LLP and McNees Wallace & Nurick LLC (“Co-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 Co-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. Co-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. Co-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.” Co-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.]

The School District has not designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Certain Pennsylvania Tax Matters

On the date of delivery of the Bonds, Co-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. Co-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 Co-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 Co-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.

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

BONDHOLDER CONSIDERATIONS

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

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. 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 Co-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 requirements of Rule 15c2-12 (the "Rule") promulgated by the 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 execute a Continuing Disclosure Certificate. See Appendix C for the proposed form of Continuing Disclosure Certificate.

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

The School District acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners 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 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 "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>.

Some operating data of the School District may be inherently included in the annual filings of audited financial statements, the summary of the budget, contents of Official Statements prepared by the School District for bond issues as well as other publicly available information. In connection with the Continuing Disclosure Certificate associated with the Bonds, the School District may not be filing this information separately, but it may be available in the other annual filings of the School District or publicly available elsewhere.

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

Fiscal Year Ending	Filing Due Date	Filing Date:		
		Audit	Operating Data	Budget
6/30/2025	2/25/2026	2/19/2026	2/19/2026	2/19/2026
6/30/2024	2/25/2025	2/25/2025	2/25/2025	2/25/2025
6/30/2023	2/25/2024	2/6/2024	2/16/2024	2/16/2024
6/30/2022	2/25/2023	4/11/2023 ⁽¹⁾	12/13/2022 ⁽²⁾	12/9/2022
6/30/2021	2/25/2022	1/25/2022	4/27/2026 ⁽³⁾	4/27/2026 ⁽³⁾

⁽¹⁾ Failure to file notice was filed to EMMA on February 22, 2023, regarding the fiscal year ending June 30, 2022, audited financial statements.

⁽²⁾ The original filing was missing the real property tax collections results for the most recent fiscal year but was corrected in a late filing on February 16, 2024.

⁽³⁾ Failure to file notice was filed to EMMA on April 27, 2026, regarding the fiscal year ending June 30, 2021, operating data and budget. The operating data and budget was posted April 27, 2026.

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

RATING

S&P Global Ratings has assigned its municipal Bond rating of “AA” (Stable Outlook) to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds is expected to be issued by BAM. Moody’s Investors Service has assigned an underlying municipal Bond rating of “A2” to this issue of Bonds. Such ratings reflect only the view of such organization and any desired explanation of the significance of such ratings should be obtained from the rating agency furnishing the same, at the following address: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that the credit rating will be maintained for any given period of time, or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment, circumstances so warrant. Any such downward change in or withdrawal of such credit rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

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

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

LEGAL OPINION

The Bonds are offered subject to the receipt of the approving legal opinion of Fox Rothschild LLP, of Blue Bell Pennsylvania and McNeese, Wallace & Nurick LLC, of Plymouth Meeting, Pennsylvania, Co-Bond Counsel to the School District. Certain legal matters will be passed upon for the School District by McNeese Wallace & Nurick LLC, of Plymouth Meeting, Pennsylvania, School District Solicitor. Certain legal matters will be passed upon for the Underwriter by its Limited Scope Underwriter's Counsel, Stevens & Lee, P.C., of Reading, Pennsylvania.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

SCHUYLKILL VALLEY SCHOOL DISTRICT
Berks County, Pennsylvania

By: _____
Director of Business Affairs

**APPENDIX A - Demographic and
Economic Information Relating to the
Schuylkill Valley School District**

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Population

Table A-1 shows recent population trends for the School District, Berks County, and the Commonwealth. Table A-2 shows the 2023 age composition and average number of persons per household in the County and for the Commonwealth.

TABLE A-1

RECENT POPULATION TRENDS

<u>Area</u>	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
School District.....	14,909	15,702	0.52%
Berks County	407,310	428,849	0.52%
Pennsylvania	12,612,705	13,002,700	0.30%

Source: 2010 and 2020 Bureau of the Census, Decennial Census and Pennsylvania State Data Center.

TABLE A-2

AGE COMPOSITION

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<u>Persons Per Household</u>
Berks County	22.1%	60.2%	17.7%	2.57
Pennsylvania	20.6%	60.3%	19.1%	2.40

Source: American Community Survey, 5-Year Estimates 2023.

Employment

The School District is rich in agricultural resources and also contains light industry. Due to the School District's close proximity to the City of Reading, School District residents have employment opportunities in Reading and in its surrounding area. The City of Reading, as the county seat and the fifth largest city in the Commonwealth of Pennsylvania, is a center for trade, transportation, government, manufacturing, and culture for a large surrounding area included in the Reading Standard Metropolitan Area (SMSA) which comprises all of Berks County. Employment opportunities also exist in the City of Allentown and its surrounding areas for the residents of the School District.

Overall employment data is not compiled for the School District or municipalities within it, but such data is compiled for the Reading Metropolitan Statistical Area (the "MSA").

Most School District residents work within the MSA, which comprises the entire County. A list of the top 25 for the County are listed below:

-
1. East Penn Manufacturing Company
 2. Reading Hospital
 3. Amazon.com Services LLC
 4. Carpenter Technology Corporation
 5. Reading School District
 6. County of Berks
 7. Wal-Mart Associates Inc
 8. Penske Truck Leasing Co LP
 9. State Government
 10. Redners Markets Inc
 11. Saint Joseph Regional Health Network
 12. Wilson School District
 13. Boscov's Department Store LLC
 14. Tower Health Medical Group
 15. Giant Food Stores LLC
 16. Ashley Furniture Industries Inc
 17. The Reading Trucking Group LLC
 18. Alcon Research Ltd
 19. Berks County Intermediate Unit
 20. Federal Government
 21. Agency With Choice
 22. Giorgi Mushroom Co
 23. Dolgencorp LLC
 24. PA State System of Higher Education
 25. Morgan Truck Bondy LLC
-

Source: Quarterly Census of Employment and Wages – 2nd Quarter 2025

TABLE A-3
DISTRIBUTION OF EMPLOYMENT
READING METROPOLITAN STATISTICAL AREA
(Berks County)
(November 2025)

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Nov 2025	Oct 2025	Sep 2025	Nov 2024	Oct 2025	Nov 2024
TOTAL NON FARM	186,600	185,700	185,300	185,200	900	1,400
TOTAL PRIVATE	165,700	165,100	164,600	164,500	600	1,200
GOODS-PRODUCING	39,900	39,900	40,100	39,400	0	500
Construction, Natural Resources, and Mining	8,300	8,300	8,400	8,100	0	200
Manufacturing	31,600	31,600	31,700	31,300	0	300
Durable Goods.....	22,300	22,400	22,500	22,000	-100	300
Non-Durable Goods.....	9,300	9,200	9,200	9,300	100	0
SERVICE-PROVIDING	146,700	145,800	145,200	145,800	900	900
PRIVATE SERVICE-PROVIDING	125,800	125,200	124,500	125,100	600	700
Trade, Transportation, and Utilities.....	37,500	36,900	36,300	37,400	600	100
Wholesale Trade.....	6,100	6,100	6,100	6,200	0	-100
Retail Trade	19,400	19,100	18,700	19,100	300	300
Grocery stores.....	3,700	3,600	3,600	3,600	100	100
Transportation, Warehousing, and Utilities	12,000	11,700	11,500	12,100	300	-100
Information	1,000	1,000	1,000	1,100	0	-100
Financial Activities	6,300	6,300	6,300	6,200	0	100
Credit intermediation and related activities.....	2,200	2,200	2,200	2,100	0	100
Professional and Business Services	23,700	23,800	23,700	24,100	-100	-400
Education and Health Services	35,000	34,700	34,600	33,800	300	1,200
Health care and social assistance.....	31,500	31,400	31,300	30,300	100	1,200
Leisure and Hospitality	14,400	14,600	14,700	14,500	-200	-100
Other Services	7,900	7,900	7,900	8,000	0	-100
Government	20,900	20,600	20,700	20,700	300	200
Federal Government	800	800	800	900	0	-100
State Government	4,100	4,000	3,900	4,000	100	100
Local Government.....	16,000	15,800	16,000	15,800	200	200
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania State Employment Service.

Table A-4 shows recent trends in labor force, employment, and unemployment for the County and the Commonwealth.

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>	Compound Average Annual % Rate
<i>Berks County</i>							
Civilian Labor Force (000).....	216.8	213.2	215.4	219.0	219.3	219.4	0.20%
Employment (000).....	196.9	200.4	206.6	210.9	211.2	211.0	1.16%
Unemployment (000)	19.9	12.8	8.8	8.1	8.1	8.4	-13.39%
Unemployment Rate.....	9.2%	6.0%	4.1%	3.7%	3.7%	3.8%	
<i>Pennsylvania</i>							
Civilian Labor Force (000).....	6,501.0	6,425.0	6,471.0	6,561.0	6,577.0	6,585.0	0.21%
Employment (000).....	5,927.0	6,048.0	6,203.0	6,321.0	6,337.0	6,339.0	1.13%
Unemployment (000)	574.0	377.0	268.0	240.0	239.0	246.0	-13.17%
Unemployment Rate.....	8.8%	5.9%	4.1%	3.7%	3.6%	3.7%	

⁽¹⁾As of November 2025.

Source: Pennsylvania State Employment Service.

Income

Table A-5 shows recent trends in per capita income for the School District, the County, and the Commonwealth over the 2010-2018 periods.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change 2010-2020
School District.....	\$24,613	\$35,762	3.81%
Berks County	25,518	32,781	2.54%
Pennsylvania	27,049	35,518	2.76%

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

Source: American Community Survey, 5-year estimates, 2020 & 2010.

Commercial Activity

Table A-6 shows trends for retail sales in the County, the MSA and the Commonwealth.

**TABLE A-6
TOTAL RETAIL SALES**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Berks County	\$6,794,894,408	\$7,295,995,602	\$7,867,204,155	\$7,784,817,788	\$10,004,763,554
Reading, PA Metro	6,794,894,408	7,295,995,602	7,867,204,155	7,784,817,788	10,004,763,554
Pennsylvania	274,685,600,234	297,770,326,880	310,912,244,437	317,239,286,955	403,629,014,772

Source: Claritas, LLC.

Higher Education

Berks County contains a number of institutions of higher learning. Included are four degree-granting institutions, one hospital school and some business schools as well. The larger institutions in the area are Kutztown University, Albright College, Alvernia College, and the Reading Area Community College. Also, within easy access to School District residents is the Pennsylvania State University – Berks and Lehigh Valley Campus, situated in Spring Township. In addition, Kutztown University offers Masters Degrees in Education, Library Education and various science and art fields.

Transportation

A fine network of federal and state highway and rail transportation has bolstered the School District's economic position. This transportation network affords residents and industry accessibility to all urban areas and major market centers. The primary arteries providing access to the School District are Routes 183 (North/South) and 78 (East/West).

ConRail provides freight transportation to the industrial residents of the School District along with twenty-four motor freight lines that serve the Reading Area.

Commuter and intercity bus service is furnished by Berks Area-Reading Transportation Authority, Capitol Trailways, Greyhound Trailways and Beiber Tourways.

Medical Facilities

The School District and surrounding areas are served by the Lebanon Medical Center, Reading Hospital and Medical Center, St. Joseph Hospital, the Health South Reading Rehabilitation Center and Wernersville State Hospital.

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APPENDIX B
Opinion of Bond Counsel

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_____, 2026

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

Re: Schuylkill Valley School District
Berks County, Pennsylvania
\$_____ General Obligation Bonds, Series of 2026

Ladies and Gentlemen,

We have acted as Co-Bond Counsel to Schuylkill Valley School District, Berks County, Pennsylvania (the "School District"), a school district located in the Commonwealth of Pennsylvania (the "Commonwealth"), in connection with the authorization, issuance and sale by the School District of its General Obligation Bonds, Series of 2026, dated _____, 2026, in the aggregate principal amount of _____ Dollars (\$_____) (the "Bonds").

The Board of Directors of the School District, by a Resolution dated August 25, 2025 (the "Resolution"), has authorized and directed the issuance of the Bonds. The Resolution provides, *inter alia*, that the proceeds of the Bonds will be used for purposes of providing funds for: (i) the planning, designing, constructing, equipping, furnishing and financing of a new athletic facility to be utilized as a field house at Schuylkill Valley High School; (ii) the planning, designing, constructing, equipping, furnishing and financing of various other capital improvements to school facilities and school buildings owned or controlled and operated by the School District; (iii) paying capitalized interest on all or a portion of the Bonds and (iv) paying the costs and expenses related to the issuance of the Bonds, all in accordance with applicable and appropriate provisions of the Local Government Unit Debt Act of the Commonwealth, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the "LGUDA"). Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with the provisions of the LGUDA.

The Department of Community and Economic Development (the "Department") of the Commonwealth has approved the proceedings for the incurring of this debt of the School District as authorized in the Resolution, as required by the LGUDA.

As to questions of fact material to our opinion, without undertaking to verify such facts by independent investigation, we have relied upon the certified proceedings and other certifications of the School District and other public officials, including without limitation, the matters listed in the following paragraph, which have been furnished to us.

As Co-Bond Counsel to the School District, we have examined and relied upon, among other things: (1) the proceedings related to the issuance and delivery of the Bonds as filed with and approved by the Department; (2) an executed counterpart of the Resolution; (3) a form of Bond; (4) a General Certificate of the School District; (5) a Tax Compliance Agreement, (6) a Due Diligence Memorandum completed

and executed by the School District; and (7) the usual closing affidavits, certificates and documents. In our examination, we have assumed the genuineness of all signatures, including electronic signatures.

We have assumed that the School District, pursuant to the Resolution, has established a sinking fund with the Paying Agent named in the Resolution, as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds will be deposited no later than the date fixed for the disbursement thereof. The School District has set forth in the Resolution to make payments out of such sinking fund or out of any other of its revenue or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations under the Bonds.

The School District in the Resolution has covenanted to include in each year's budget, to the fullest extent authorized under law, sums sufficient to meet the requirements of all interest and principal payment due under the Bonds, to appropriate such amounts from its general revenues necessary for the payment of such debt service and to pay the principal and interest due upon the Bonds to the extent of its obligation as and when due and it has pledged its full faith, credit and taxing power to such payment, budgeting and appropriation.

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

Based upon the foregoing, and subject to the further qualifications stated herein, and assuming investment and application of the proceeds of the Bonds as set forth in the Tax Compliance Agreement and the continuing compliance by the School District therewith and with the applicable provisions of the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder, we are of the opinion that:

1. The School District is authorized, under applicable laws of the Commonwealth, to issue the Bonds to provide funds as enumerated in the Resolution.
2. Based upon a debt certificate executed by the School District, the amount of non-electoral debt of the School District issued and outstanding or authorized by vote of the Board of Directors of the School District, including the Bonds, computed in accordance with the LGUDA, is not in excess of legal limitations; and the incurring of non-electoral debt of the School District, which is evidenced by the Bonds, is permitted by the LGUDA and the Constitution of the Commonwealth to be made by vote of the Board of Directors of the School District without assent of electors of the School District.
3. The proceedings pursuant to which the Bonds have been authorized and thus the incurring of the non-electoral debt of the School District, which is evidenced by the Bonds, are in accordance with applicable law. The Bonds are a full faith and credit obligation of the School District, the payment for which the School District is obligated, if necessary, to exercise its ad valorem taxing power, subject to the limits of Act 1, discussed below, upon all taxable property within the School District.
4. The Bonds are not presently "arbitrage bonds" as that term is contemplated by, and defined in, Section 103(b)(2) and Section 148, respectively, of the Code and applicable Regulations promulgated thereunder.

5. Interest on the Bonds is excludable from gross income 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.

6. The Bonds are exempt from personal property taxes in the Commonwealth and interest on the Bonds is exempt from the personal income tax and the corporate net income tax imposed by the Commonwealth.

7. The Bonds, when issued and approved by the Pennsylvania Department of Community and Economic Development, will constitute indebtedness of the Local Government Unit for purposes of Section 6-633 of the Pennsylvania Public School Code of 1949, as amended.

Notwithstanding the general excludability 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 other Federal, state, local and/or foreign tax consequences to certain taxpayers, including, without limitation, corporations required to include such interest in the calculation and payment of the alternative minimum tax under Section 55 of the Code (as noted in Paragraph 5 above); certain foreign corporations doing business in the United States that are subject to the Branch Profits Tax imposed by Section 884 of the Code; individuals or entities required to take such interest into account as market discount; financial institutions; insurance companies required to include such interest in amounts required to reduce the deductions for loss reserves pursuant to Section 832 of the Code; certain "S" Corporations (as defined in Section 1361 of the Code) with accumulated earnings and profits; individual recipients of Social Security, or Railroad Retirement benefits; and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We offer no opinion as to any of such other tax consequences.

With respect to the foregoing opinion, we advise you that the rights of the holders of the Bonds and the enforceability of the Bonds will be subject to and may be limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws of general application or equitable principles relating to or affecting creditors' rights and remedies or debtors' obligations generally, (ii) general principles of equity, whether considered and applied in a court of law or equity, and (iii) the exercise of judicial discretion in appropriate cases.

The opinions set forth in paragraphs 4 and 5 above 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, and continue to be, excludable from gross income for federal income tax purposes. The Code establishes certain requirements relating to the use and expenditures of the Bonds proceeds, restrictions on investments prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Non-compliance with any of these or other applicable requirements of the Code might cause interest on the Bonds to be subject to Federal income taxation either prospectively or retroactively to the date of issuance. The School District has covenanted to comply with such requirements.

We call to your attention to the Taxpayer Relief Act, Pennsylvania Special Session Act No. 1 of 2006, as amended by Act 25 of 2011 ("Act 1"). Act 1 generally provides that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, increase the rate of any tax for school purposes by

more than an index based on factors described in Act 1 without voter approval by referendum. The Bonds were not authorized before the effective date of Act 1 and, as a result, are not “grandfathered” and the School District cannot be granted an exception to the Act 1 referendum requirement on the basis of the debt service due and payable on the Bonds if a tax increase greater than the applicable index is needed.

We express no opinion herein as to any matter not expressly set forth herein, including Federal, state, local and/or foreign tax consequences arising with respect to the Bonds other than as expressly set forth in paragraphs 4, 5 and 6 above. Further, we express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the time of closing on the date hereof, and is based on existing law as enacted and construed as of that time. We assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in such laws, regulations, or judicial or administrative decisions, any of which could adversely affect a holder of the Bonds.

Very truly yours,

APPENDIX C
Audited Financial Report

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SCHUYLKILL VALLEY SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2025

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FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*.....**

INDEPENDENT AUDITOR'S REPORT

**To the Board of School Directors
Schuylkill Valley School District
Leesport, Pennsylvania**

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 1 to the financial statements, effective June 30, 2025, Schuylkill Valley School District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, retroactive to July 1, 2024. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the general fund, and the pension and other postemployment benefit information on pages 80 through 84, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Schuylkill Valley School District's basic financial statements. The accompanying individual general fund and capital projects fund schedules and combining nonmajor governmental funds financial statements 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual general fund and capital projects fund schedules, and combining nonmajor governmental funds financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2025 on our consideration of Schuylkill Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Schuylkill Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Schuylkill Valley School District's internal control over financial reporting and compliance.

Herbein + Company, Inc.

**Reading, Pennsylvania
November 19, 2025**

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Fiscal Year Ended June 30, 2025

The following is a discussion and analysis of the Schuylkill Valley School District's annual financial performance during the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the notes to the basic financial statements to enhance their understanding of the School District's financial performance.

Highlights

During the year ended June 30, 2025, the District adopted new accounting guidance GASB Statement No. 101, *Compensated Absences* retroactive to July 1, 2024. GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of this standard implementation, governmental activities net position (deficit) at July 1, 2024 was increased by \$103,250 from \$(5,784,229) to \$(5,680,979).

Total Net Position increased by \$1,419,933 for Governmental Activities to an ending net deficit of \$4,261,046 and increased by \$157,364 for Business-Type Activities to an ending net position of \$820,468.

Total Governmental Funds revenues and other financing sources were \$48,612,368 compared to expenditures and other financing uses in the amount of \$52,572,304. General Fund revenues were \$48,044,735 with other funds having total revenues of \$548,998. General Fund revenues consist of 72% local revenue, 26% state revenue, 2% federal revenues including grant funds. Proprietary funds consist of the Food Service Fund with revenues of \$1,521,483 and expenses of \$1,364,119, resulting in an increase in the net position of \$157,364.

At the close of the current year, the District's governmental funds reported combined ending fund balances of \$11,085,504 which is a \$3,959,936 decrease from the prior year driven by spending of 2020 GON of \$2,408,486 on capital projects. This resulted in a \$2,214,084 decrease in Capital Projects and a \$1,752,865 decrease in the General Fund; offset by an increase of \$7,013 increase in Non-major funds.

Overview of the Financial Statements

This annual report consists of the Management Discussion and Analysis, the basic financial statements, and required supplementary information. These statements are organized so that the reader can understand Schuylkill Valley School District as an entire entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

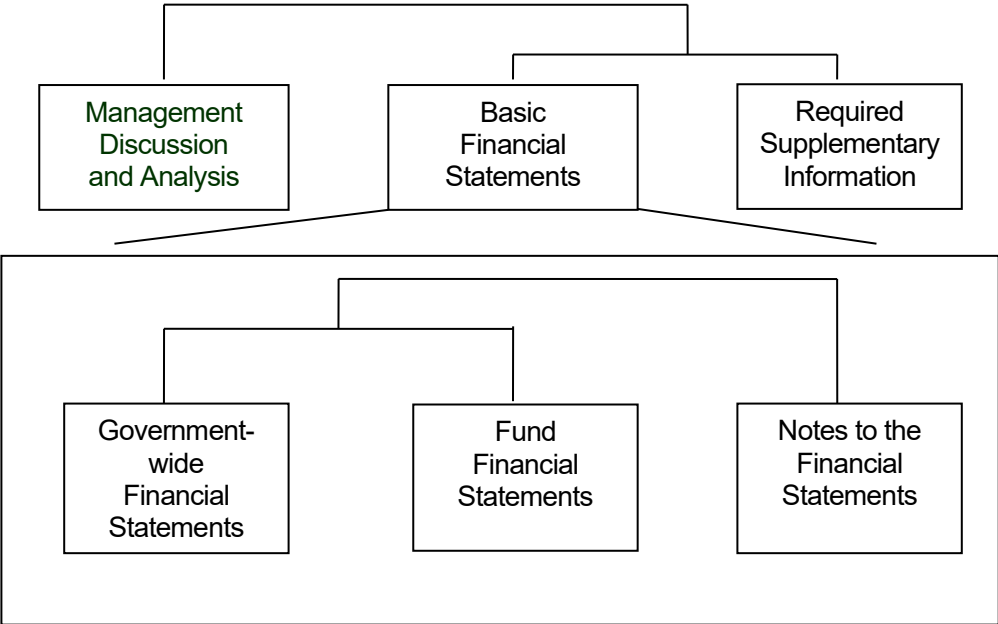
The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. The only proprietary fund is the Food Service Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements, as well as provide more detailed data. The statements also include a statement that further explains and supports the general fund with a comparison of the District's budget for the year.

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Figure A-1 shows how the various parts of the annual report are arranged and related to the other.

**Figure A-1
Required Components of
Schuylkill Valley School District's
Financial Report**



Summary<----->Detail

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of the management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Schuylkill Valley
School District's Government-Wide and Fund Financial Statements**

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

SCHUYLKILL VALLEY SCHOOL DISTRICT Management's Discussion and Analysis

Government-wide Statements

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

The statement of net position presents all the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference reported as net position. Over time, increases and decreases in net position are one way to measure the District's financial health or position; and whether that position is improving or deteriorating.

To assess the overall health of the District, you need to consider additional non-financial factors such as changes in the District's property tax base and the performance of the students.

The statement of activities presents information showing how the District's net position changed during the year. All changes in net position are reported as soon as the underlying events giving rise to the change occur, regardless of the timing of related cash flows. Therefore, revenues and expenses are reported in these statements for some events that will result in cash flows in future periods, such as uncollected taxes, and unused vacation leave.

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

- *Governmental activities* - All of the District's basic services such as instruction, maintenance and operation of plant services, and administration are reported under this category. Taxes, state and federal subsidies, and grants finance most of these activities.
- *Business-type activities* - the only business-type activity in the District is food service operations. The sources of funding for operations consist of charges for meal purchases and federal and state subsidies.

Fund Financial Statements

The District's fund financial statements provide more detailed information about the major individual funds of the District, not the District as a whole. A fund is a fiscal and accounting entity with a self-balancing set of accounts used to keep track of specific sources of funding and spending for particular programs. The District's funds are divided into two categories - (1) governmental and (2) proprietary.

- *Governmental Funds* - Most of the District's activities are reported in governmental funds that focus on how money flows into and out of these funds and the balances left at the year end. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental Fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- *Proprietary Funds* - These funds are used to account for the District activities that are similar to business operations in the private sector and utilize the accrual accounting method. The Food Service Fund is the District's only proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and supports financial statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis

Financial Analysis of the District as a Whole

Table A-3
Fiscal Year Ended June 30
Net Position

	<u>2024</u>			<u>2025</u>		
	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Current and other assets	\$ 20,131,746	\$ 1,328,713	\$ 21,460,459	\$ 16,143,977	\$ 1,415,990	\$ 17,559,967
Net Capital Assets	58,617,945	125,700	58,743,645	58,113,763	132,523	58,246,286
Total Assets	78,749,691	1,454,413	80,204,104	74,257,740	1,548,513	75,806,253
Deferred Outflows of Resources	9,770,458	183,645	9,954,103	8,382,048	247,150	8,629,198
Current and other liabilities	7,979,871	40,334	8,020,205	7,427,958	34,981	7,462,939
Long-term liabilities	83,748,384	906,415	84,654,799	75,966,342	892,794	76,859,136
Total Liabilities	91,728,255	946,749	92,675,004	83,394,300	927,775	84,322,075
Deferred Inflows of Resources	2,576,123	28,205	2,604,328	3,506,534	47,420	3,553,954
Net Position						
Net Investment in Capital Assets	30,385,404	125,700	30,511,104	33,293,940	132,523	33,426,463
Restricted	10,689,015	-	10,689,015	8,527,631	-	8,527,631
Unrestricted	(46,858,648)	537,404	(46,321,244)	(46,082,617)	687,945	(45,394,672)
Total Net Position (Deficit)	\$ (5,784,229)	\$ 663,104	\$ (5,121,125)	\$ (4,261,046)	\$ 820,468	\$ (3,440,578)

The District's Total Net Position as of June 30, 2025 is (\$3,440,578). The District's net position is reduced approximately \$49.0M due to net pension and other postemployment benefits liabilities and related inflows and outflows of resources. Most of the District's net position is invested in capital assets (building, lands, and equipment). The remaining net position is a combination of restricted and unrestricted amounts.

The restricted balances are amounts set aside to fund future purchases for capital projects as planned by the District as well as restricted balances of the District's special revenue funds. Over the past few years the Board of Directors and Administration have prudently followed a strategy of transferring funds from the general fund into the capital project fund in order to fund capital projects and improvements.

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

The results of this year's operation as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the District's activities that are supported by other general revenues. The two largest general revenues are the local property taxes and the Basic Education Subsidy provided by the Commonwealth of Pennsylvania.

Table A-4 takes the information from the Statement of Activities, rearranges it slightly, so you can see our total revenues for the year.

**Table A-4
Fiscal Year Ended June 30
Changes in Net Position**

	<u>2024</u>			<u>2025</u>		
	Governmental Activities	Business- Type Activities	Total	Governmental Activities	Business- Type Activities	Total
<u>REVENUES</u>						
<i>Program Revenues</i>						
Charges for services	\$ 609,671	\$ 459,757	\$ 1,069,428	\$ 729,021	\$ 464,628	\$ 1,193,649
Operating grants and contributions	8,806,416	983,212	9,789,628	8,655,350	1,011,573	9,666,923
Capital grants and contributions	28,447	-	28,447	29,467	-	29,467
<i>General Revenues</i>						
Property taxes	29,261,922	-	29,261,922	29,342,601	-	29,342,601
Other taxes	3,492,626	-	3,492,626	3,482,239	-	3,482,239
Grants, subsidies, and contributions	4,868,452	-	4,868,452	5,359,178	-	5,359,178
Other	1,392,603	30,357	1,422,960	1,014,512	45,282	1,059,794
TOTAL REVENUES	48,460,137	1,473,326	49,933,463	48,612,368	1,521,483	50,133,851
<u>EXPENSES</u>						
Instruction	26,165,066	-	26,165,066	27,002,389	-	27,002,389
Instructional student support	2,956,848	-	2,956,848	3,867,692	-	3,867,692
Administrative and financial support	4,020,527	-	4,020,527	4,915,947	-	4,915,947
Operation & maintenance						
of plant services	4,934,071	-	4,934,071	5,633,921	-	5,633,921
Pupil transportation	2,847,671	-	2,847,671	2,822,684	-	2,822,684
Student activities	2,089,729	-	2,089,729	2,392,280	-	2,392,280
Community services	5,162	-	5,162	-	-	-
Interest on long-term debt	493,020	-	493,020	557,522	-	557,522
Food services	-	1,217,306	1,217,306	-	1,364,119	1,364,119
TOTAL EXPENSES	43,512,094	1,217,306	44,729,400	47,192,435	1,364,119	48,556,554
Increase in Net Position	4,948,043	256,020	5,204,063	1,419,933	157,364	1,577,297
Net Position (Deficit) - Beginning as previously reported	(10,732,272)	407,084	(10,325,188)	(5,784,229)	663,104	(5,121,125)
Restatement - GASB Statement No. 101	-	-	-	103,250	-	103,250
Net Position (Deficit) - Beginning - restated	(10,732,272)	407,084	(10,325,188)	(5,680,979)	663,104	(5,017,875)
Net Position (Deficit) - End of Year	\$ (5,784,229)	\$ 663,104	\$ (5,121,125)	\$ (4,261,046)	\$ 820,468	\$ (3,440,578)

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Tables A-5 and A-6 show the cost of the District's functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, operation of noninstructional services (student activities, community services), interest, depreciation, and food service as well as each program's net cost (total cost less revenues generated by the functions). These tables also show the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

**Table A-5
Fiscal Year Ended June 30
Governmental Activities**

Functions/Programs	2024		2025	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 26,165,066	\$ 19,865,388	\$ 27,002,389	\$ 21,148,702
Instructional student support	2,956,848	2,223,803	3,867,692	2,862,522
Administrative	4,020,527	3,289,054	4,915,947	4,038,175
Operation and maintenance	4,934,071	4,742,789	5,633,921	5,298,800
Pupil transportation	2,847,671	1,848,578	2,822,684	2,008,579
Operation or noninstructional services	2,094,891	1,633,375	2,392,280	1,893,764
Interest-long-term debt	493,020	464,573	557,522	528,055
Total Governmental Activities	<u>\$ 43,512,094</u>	34,067,560	<u>\$ 47,192,435</u>	37,778,597
Less: Unrestricted grants, subsidies		4,868,452		5,359,178
Total needs from local taxes and other revenues		<u>\$ 29,199,108</u>		<u>\$ 32,419,419</u>

Table A-6 reflects the activities of the Food Service program, the only Business-type activity of the District.

**Table A-6
Fiscal Year ended June 30
Business-Type Activities**

Functions/Programs	2024		2025	
	Total Cost of Services	Net Cost (Contribution) of Services	Total Cost of Services	Net Cost (Contribution) of Services
Food services	<u>\$ 1,217,306</u>	<u>\$ (225,663)</u>	<u>\$ 1,364,119</u>	<u>\$ (112,082)</u>

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2025, the District governmental funds reported a combined fund balance of \$11,085,504 which is a decrease of \$3,959,936. Capital Projects decreased due to the High School HVAC, generator replacement, and pool restoration at the Middle School. The schedule below indicates the fund balance and the total change in fund balances as of June 30, 2024 and 2025.

	FUND BALANCES			
	2024	2025	Difference	% of Inc
General Fund	\$ 4,420,044	\$ 2,667,179	\$ (1,752,865)	-39.66%
Capital Projects	10,263,966	8,049,882	(2,214,084)	-21.57%
Non-Major	361,430	368,443	7,013	1.94%
Total	\$ 15,045,440	\$ 11,085,504	\$ (3,959,936)	-26.32%

The General Fund had \$48,044,735 in revenues and \$49,816,235 in expenditures and other financing uses for 2025. Revenues increased 0.76% over 2023-24. Expenditures and other financing uses in the General Fund increased 6.28%.

Comparison of Revenues - General Fund				
	Actual	Actual	Increase	% of Inc
	2024	2025	(Decrease) from 2023-24	
Local Sources	\$ 34,459,606	\$ 34,514,111	\$ 54,505	0.16%
State Sources	11,327,010	12,435,039	1,108,029	9.78%
Federal Sources	1,897,614	1,095,585	(802,029)	-42.27%
	\$ 47,684,230	\$ 48,044,735	\$ 360,505	0.76%

REVENUES

General Fund revenues totaling \$48,044,735 increased over the 2023-24 revenues. With a zero real estate tax mills increase. Revenues from Real Estate and Other Taxes increased 0.07% from 2023-24. The following table reflects a comparison of current year revenues with revenue recognized in the prior year. The District's reliance upon tax revenue is indicated in the table below.

Comparison of Real Estate and Other Tax Revenues - General Fund				
	Actual	Actual	Increase	% of Inc
	2024	2025	(Decrease) from 2023-24	
Real Estate Taxes	\$ 27,226,674	\$ 28,594,194	\$ 1,367,520	5.02%
Interim Taxes	1,627,374	341,872	(1,285,502)	-78.99%
Earned Income Tax	2,689,239	2,806,018	116,779	4.34%
Delinquent taxes	451,532	406,755	(44,777)	-9.92%
Real Estate Transfer Tax	774,171	644,639	(129,532)	-16.73%
	\$ 32,768,990	\$ 32,793,478	\$ 24,488	0.07%

Real Estate tax revenues increased 5.02%, Millage rate for the district remained unchanged. Interim Taxes decreased for the current year due to new phase construction in the prior year. Earned Income Tax showed an increase in collections, delinquent taxes decreased by 9.9% and Real Estate Transfer Tax decreased by 16.73%.

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

EXPENDITURES

General fund expenditures and other financing uses totaling \$49,816,235 increased \$2,944,818 or 6.28 % over 2023-24 expenditures. These expenditures were segregated into various programs depending on the functions of the activity. The following table shows these programs and the cost associated with each, as well as comparison to the costs incurred in the prior year.

Comparison of Expenditures - General Fund				
	Actual	Actual	Increase	
	2024	2025	(Decrease)	% of Inc
			from 2023-24	
Instruction	\$27,697,758	\$28,488,160	\$ 790,402	2.85%
Supporting Services	12,982,038	15,673,566	2,691,528	20.73%
Non-Instructional Services	2,069,947	2,334,113	264,166	12.76%
Capital, debt, and other financing uses	4,121,674	3,320,396	(801,278)	-19.44%
	<u>\$46,871,417</u>	<u>\$49,816,235</u>	<u>\$ 2,944,818</u>	<u>6.28%</u>

General Fund Budgetary Highlights

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted. This is after the end of the fiscal year, which is not prohibited by law. Schedules showing the District's budget amounts compared with actual revenues and expenditures is provided.

Comparison of Expenditures - General Fund				
	2025	2025	Increase	
	Budget	Actual	(Decrease)	% of Inc
Instruction	\$ 27,061,976	\$ 28,488,160	\$ 1,426,184	5.27%
Supporting Services	15,070,581	15,673,566	602,985	4.00%
Non-Instructional Services	2,251,623	2,334,113	82,490	3.66%
Capital, debt, and other financing uses	3,166,846	3,320,396	153,550	4.85%
	<u>\$ 47,551,026</u>	<u>\$ 49,816,235</u>	<u>\$ 2,265,209</u>	<u>4.76%</u>

Expenditures and other financing uses for 2024-25 were over budget by \$2,265,209 or a 4.76% unfavorable variance. \$900k of the variance is related to federal and state grant spending, \$720k of the variance is related to Charter School costs, \$560k is related to contracted services and tuition spending and \$100k of the variance is due to utility costs that continue to rise.

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Comparison of Revenues - General Fund					
	2025		2025	Increase	
	Budget		Actual	(Decrease)	% of Inc
Local Sources	\$ 35,165,427	\$	34,514,111	\$ (651,316)	-1.85%
State Sources	12,055,200		12,435,039	379,839	3.15%
Federal Sources	330,399		1,095,585	765,186	231.59%
	\$ 47,551,026	\$	48,044,735	\$ 493,709	1.04%

In regard to general fund revenue, overall the district had \$493,709 in excess of budget which is about 1.04% positive variance. The primary categories for local revenue sources that were under budget are Interim and Delinquent taxes. Additionally, federal revenue sources were over budget \$765,186 due primarily to ESSER funding.

Below is a comparison of the 2023-24 budget to the 2024-25 budget.

Comparison of Budgeted Revenues - General Fund					
	2024		2025	Increase	
	Budget		Budget	(Decrease)	% of Inc
Local Sources	\$ 31,948,771	\$	35,165,427	\$ 3,216,656	10.07%
State Sources	10,776,274		12,055,200	1,278,926	11.87%
Federal Sources	335,349		330,399	(4,950)	-1.48%
	\$ 43,060,394	\$	47,551,026	\$ 4,490,632	10.43%

**SCHUYLKILL VALLEY SCHOOL DISTRICT
Management's Discussion and Analysis**

Capital Assets and Debt Administration

Capital Assets

At June 30, 2025, the District had investments of \$58,246,286 in capital investments net of depreciation and amortization. Capital investments include land, buildings and building improvements, furniture and equipment, site improvements, construction in progress and right-to-use assets. Total depreciation/amortization expense for the year amounted to \$2,739,298.

**Table A-7
Fiscal Year ended June 30
Capital Assets-net of depreciation and amortization**

	2024			2025		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Land	\$ 286,722	\$ -	\$ 286,722	\$ 286,722	\$ -	\$ 286,722
Construction in progress	15,164,727	-	15,164,727	96,484	13,000	109,484
Site improvements	3,853,617	-	3,853,617	3,589,626	-	3,589,626
Building and building improv.	36,771,616	-	36,771,616	51,802,615	-	51,802,615
Furniture and equipment	2,116,543	125,700	2,242,243	2,053,723	119,523	2,173,246
Right-to-use assets	424,720	-	424,720	284,593	-	284,593
TOTAL	\$ 58,617,945	\$ 125,700	\$ 58,743,645	\$ 58,113,763	\$ 132,523	\$ 58,246,286

More detailed information regarding the District's capital assets is included in the notes to the basic financial statements.

Debt Administration

At June 30, 2025, the District had \$21,395,000 in general obligation notes. This represents a decrease of \$2,290,000 from the prior year.

**Table A-8
Outstanding Debt**

	2024	2025
General Obligation Notes		
Series A - August, 2020	\$ 2,630,000	\$ 2,370,000
Series - August, 2020	21,055,000	19,025,000
TOTAL	\$ 23,685,000	\$ 21,395,000

Other long-term obligations include leases payable, subscription liabilities, accrued retirement benefits, compensated absences, pension liability and other postemployment benefit obligations. More detailed information about our long-term liabilities is included in the notes to the basic financial statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT Management's Discussion and Analysis

Factors bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that may affect its future growth.

- The local property tax continues to bear a disproportionate responsibility to fund public education. With the enactment of Act 1, the legislature has attempted to address this issue. The Act calls for a reduction in property taxes through an allocation of gaming revenue to each School District. Schuylkill Valley's share for the 2024-25 year was \$892,434.52 which gave all approved homestead taxpayers a reduction of \$241.78 on their real estate property taxes.
- Another major provision of Act 1 is that all school districts are limited in their ability to raise real estate millage rates. All districts will have to seek voter approval through a referendum for any tax increase that exceeds an annually determined "index". This index is the average of the State-wide Average Weekly Wage (SAWW) and the Employment Cost Index for Elementary and Secondary Education (ECI), with some adjustments made based on each District's aid ratio. Schuylkill Valley's adjusted index for 2024-25 was 6.2%. The adjusted index for 2025-26 is 4.8%.
- The Pennsylvania School Employees Retirement System (PSERS) continues to reset the percentage of payroll that school districts must pay. The employer contribution rate for fiscal year 2024-25 is 33.90%, 2025-26 will be 34.00%. The employer contribution rate for fiscal year 2026-2027 will be 34.72%. The rate applies to salary and wages earned from July 1, 2026 through June 30, 2027. The employer contribution rate for fiscal year 2025-2026 consists of 32.96% for pension costs, 0.62% for premium assistance payments, and 0.42% for defined contribution costs. The defined contribution (DC) rate is an estimated average. The actual employer DC contribution rate will be based on each employer's Class T-G, Class T-H and Class DC-only membership. Of the 34.00% employer contribution rate for 2025-26, 27.51% represents payment toward the unfunded liability.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or wish to request additional financial information, please contact Mrs. Kristen Wallace, Director of Finance at Schuylkill Valley School District, 929 Lakeshore Drive, Leesport, PA, 19533-8631 (610-916-5444).

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2025

	Governmental Activities	Business- Type Activities	Total
ASSETS			
Cash and investments	\$ 13,113,771	\$ 1,285,791	\$ 14,399,562
Restricted cash	292,764	-	292,764
Internal balances	(90,935)	90,935	-
Taxes receivable, net	754,391	-	754,391
Intergovernmental receivables	2,040,342	14,053	2,054,395
Other receivables	33,644	2,351	35,995
Inventories	-	22,860	22,860
Capital assets:			
Capital assets not being depreciated	383,206	13,000	396,206
Capital assets, net of accumulated depreciation	57,445,964	119,523	57,565,487
Right-to-use assets, net of accumulated amortization	284,593	-	284,593
TOTAL ASSETS	74,257,740	1,548,513	75,806,253
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources for pension	7,615,475	242,352	7,857,827
Deferred outflows of resources for other postemployment benefits	766,573	4,798	771,371
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,382,048	247,150	8,629,198
LIABILITIES			
Accounts payable	492,884	1,461	494,345
Accrued interest	207,303	-	207,303
Accrued salaries and benefits	4,006,635	3,187	4,009,822
Unearned revenues	-	30,333	30,333
Other current liabilities	218,186	-	218,186
Noncurrent liabilities due within one year	2,502,950	-	2,502,950
Noncurrent liabilities:			
Notes payable, net	22,102,917	-	22,102,917
Leases payable	47,698	-	47,698
Subscription liability	109,252	-	109,252
Compensated absences	345,809	682	346,491
Retirement severance stipend	142,800	-	142,800
Net pension liability	48,910,025	855,975	49,766,000
Net other postemployment benefit liabilities	4,307,841	36,137	4,343,978
TOTAL LIABILITIES	83,394,300	927,775	84,322,075
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for pension	2,348,991	39,852	2,388,843
Deferred inflows of resources for other postemployment benefits	1,157,543	7,568	1,165,111
TOTAL DEFERRED INFLOWS OF RESOURCES	3,506,534	47,420	3,553,954
NET POSITION			
Net investment in capital assets	33,293,940	132,523	33,426,463
Restricted for capital projects	8,084,610	-	8,084,610
Restricted for other purposes	443,021	-	443,021
Unrestricted (deficit)	(46,082,617)	687,945	(45,394,672)
TOTAL NET POSITION (DEFICIT)	\$ (4,261,046)	\$ 820,468	\$ (3,440,578)

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenue			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities							
Instruction	\$ 27,002,389	\$ 441,260	\$ 5,412,427	\$ -	\$ (21,148,702)	\$ -	\$ (21,148,702)
Instructional student support	3,867,692	-	1,005,170	-	(2,862,522)	-	(2,862,522)
Administrative and financial support services	4,915,947	-	877,772	-	(4,038,175)	-	(4,038,175)
Operation and maintenance of plant services	5,633,921	22,897	312,224	-	(5,298,800)	-	(5,298,800)
Pupil transportation	2,822,684	-	814,105	-	(2,008,579)	-	(2,008,579)
Operation of noninstructional services	2,392,280	264,864	233,652	-	(1,893,764)	-	(1,893,764)
Interest on long-term debt	557,522	-	-	29,467	(528,055)	-	(528,055)
Total Governmental Activities	47,192,435	729,021	8,655,350	29,467	(37,778,597)	-	(37,778,597)
Business-Type Activities							
Food services	1,364,119	464,628	1,011,573	-	-	112,082	112,082
Total Primary Government	<u>\$ 48,556,554</u>	<u>\$ 1,193,649</u>	<u>\$ 9,666,923</u>	<u>\$ 29,467</u>	(37,778,597)	112,082	(37,666,515)
General Revenues							
Taxes:							
Property taxes					29,342,601	-	29,342,601
Public utility realty, earned income, and mercantile tax					3,482,239	-	3,482,239
Grants, subsidies, and contributions not restricted for a specific program					5,359,178	-	5,359,178
Investment earnings					986,879	37,732	1,024,611
Miscellaneous revenue					27,633	7,550	35,183
Total General Revenues					<u>39,198,530</u>	<u>45,282</u>	<u>39,243,812</u>
Change in Net Position					1,419,933	157,364	1,577,297
Net Position (Deficit) - Beginning as previously reported					(5,784,229)	663,104	(5,121,125)
Restatement - Implementation of GASB Statement No. 101					103,250	-	103,250
Net Position (Deficit) - Beginning - Restated					<u>(5,680,979)</u>	<u>663,104</u>	<u>(5,017,875)</u>
Net Position (Deficit) - End of Year					<u>\$ (4,261,046)</u>	<u>\$ 820,468</u>	<u>\$ (3,440,578)</u>

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**BALANCE SHEET
GOVERNMENTAL FUNDS**

June 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds - Special Revenue Funds	Total Governmental Funds
ASSETS				
Cash and investments	\$ 4,632,929	\$ 8,106,888	\$ 373,954	\$ 13,113,771
Restricted cash	292,764	-	-	292,764
Interfund receivable	2,682	-	-	2,682
Taxes receivable	761,345	-	-	761,345
Intergovernmental receivables	2,040,342	-	-	2,040,342
Other receivables	31,370	-	2,274	33,644
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 7,761,432</u>	<u>\$ 8,106,888</u>	<u>\$ 376,228</u>	<u>\$ 16,244,548</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Interfund payable	\$ 91,511	\$ -	\$ 2,106	\$ 93,617
Accounts payable	430,199	57,006	5,679	492,884
Accrued salaries and benefits	4,006,635	-	-	4,006,635
Other current liabilities	218,186	-	-	218,186
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	4,746,531	57,006	7,785	4,811,322
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	347,722	-	-	347,722
FUND BALANCES				
Restricted	74,578	8,049,882	368,443	8,492,903
Committed	50,000	-	-	50,000
Unassigned	2,542,601	-	-	2,542,601
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>2,667,179</u>	<u>8,049,882</u>	<u>368,443</u>	<u>11,085,504</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 7,761,432</u>	<u>\$ 8,106,888</u>	<u>\$ 376,228</u>	<u>\$ 16,244,548</u>

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
GOVERNMENT-WIDE STATEMENT OF NET POSITION**

June 30, 2025

Amounts reported for governmental activities in the statement of net position are different because:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 11,085,504

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$103,794,702 and the accumulated amortization/depreciation is \$45,680,939. 58,113,763

Property and other taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts. 340,768

Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Notes payable	(21,395,000)	
Leases payable	(125,319)	
Subscription liability	(159,581)	
Accrued interest on notes, leases and subscriptions	(207,303)	
Unamortized note premium	(3,082,917)	
Long-term portion of compensated absences	(345,809)	
Long-term portion of retirement severance	(142,800)	(25,458,729)

The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements. (43,643,541)

The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements. (4,698,811)

TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES \$ (4,261,046)

SCHUYLKILL VALLEY SCHOOL DISTRICT

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

For the Year Ended June 30, 2025

	General	Capital Projects	Nonmajor Governmental Funds - Special Revenue Funds	Total Governmental Funds
REVENUES				
Local sources	\$ 34,514,111	\$ 338,926	\$ 210,072	\$ 35,063,109
State sources	12,435,039	-	-	12,435,039
Federal sources	1,095,585	-	-	1,095,585
TOTAL REVENUES	48,044,735	338,926	210,072	48,593,733
EXPENDITURES				
Current:				
Instructional services	28,488,160	-	-	28,488,160
Support services	15,673,566	141,447	-	15,815,013
Operation of noninstructional services	2,334,113	-	203,059	2,537,172
Capital outlay	-	2,411,563	-	2,411,563
Debt service:				
Principal	2,422,159	-	-	2,422,159
Interest	898,237	-	-	898,237
TOTAL EXPENDITURES	49,816,235	2,553,010	203,059	52,572,304
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,771,500)	(2,214,084)	7,013	(3,978,571)
OTHER FINANCING SOURCES				
Sale of capital assets	1,467	-	-	1,467
Insurance recoveries	17,168	-	-	17,168
TOTAL OTHER FINANCING SOURCES	18,635	-	-	18,635
NET CHANGE IN FUND BALANCES	(1,752,865)	(2,214,084)	7,013	(3,959,936)
FUND BALANCES - BEGINNING OF YEAR	4,420,044	10,263,966	361,430	15,045,440
FUND BALANCES - END OF YEAR	\$ 2,667,179	\$ 8,049,882	\$ 368,443	\$ 11,085,504

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

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

For the Year Ended June 30, 2025

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ (3,959,936)**

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation or amortization expense.

Capital outlays	\$ 2,220,814	
Less: depreciation and amortization expense	<u>(2,724,996)</u>	(504,182)

Issuance of long-term debt (e.g., bonds and notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.

Repayment of note principal	2,290,000	
Repayment of lease principal	74,283	
Repayment of subscription liability	57,876	
Amortization of note premium	<u>316,196</u>	2,738,355

Interest expense incurred on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources.

24,519

Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:

Retainage payable	580,352	
Compensated absences	(15,816)	
Retirement severance stipend	7,200	
Net pension liability and related deferred outflows and inflows	2,539,699	
Net OPEB liability and related deferred outflows and inflows	<u>9,742</u>	<u>3,121,177</u>

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES **\$ 1,419,933**

SCHUYLKILL VALLEY SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2025

	Enterprise Fund Food Service
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 1,285,791
Interfund receivables	91,511
Intergovernmental receivables	14,053
Other accounts receivable	2,351
Inventories	22,860
TOTAL CURRENT ASSETS	1,416,566
NONCURRENT ASSETS	
Construction in progress	13,000
Furniture and equipment, net	119,523
TOTAL ASSETS	1,549,089
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for pension	242,352
Deferred outflows of resources for other postemployment benefits	4,798
TOTAL DEFERRED OUTFLOWS OF RESOURCES	247,150
LIABILITIES	
CURRENT LIABILITIES	
Interfund payables	576
Accounts payable	1,461
Accrued salaries and benefits	3,187
Unearned revenues	30,333
TOTAL CURRENT LIABILITIES	35,557
NONCURRENT LIABILITIES	
Compensated absences	682
Net pension liability	855,975
Net other postemployment benefit liabilities	36,137
TOTAL LIABILITIES	928,351
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for pension	39,852
Deferred inflows of resources for other postemployment benefits	7,568
TOTAL DEFERRED INFLOWS OF RESOURCES	47,420
NET POSITION	
Investment in capital assets	132,523
Unrestricted	687,945
TOTAL NET POSITION	\$ 820,468

See accompanying notes.

SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUND**

For the Year Ended June 30, 2025

	Enterprise Fund Food Service
OPERATING REVENUES	
Food service revenue	\$ 464,628
TOTAL OPERATING REVENUES	464,628
OPERATING EXPENSES	
Salaries	453,493
Employee benefits	257,782
Pension and OPEB valuation adjustments	(54,682)
Other purchased services	4,427
Supplies	660,425
Depreciation	14,302
Other operating expenses	28,372
TOTAL OPERATING EXPENSES	1,364,119
OPERATING LOSS	(899,491)
NONOPERATING REVENUES	
Earnings on investments	37,732
State sources	300,547
Federal sources	711,026
Insurance recoveries	7,550
TOTAL NONOPERATING REVENUES	1,056,855
CHANGE IN NET POSITION	157,364
NET POSITION - BEGINNING OF YEAR	663,104
NET POSITION - END OF YEAR	\$ 820,468

SCHUYLKILL VALLEY SCHOOL DISTRICT

**STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

For the Year Ended June 30, 2025

	Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from users	\$ 455,871
Payments to employees for services	(712,079)
Payments to suppliers for goods and services	(560,430)
NET CASH USED FOR OPERATING ACTIVITIES	(816,638)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	319,092
Federal sources	692,985
Interfund borrowings	17,491
Insurance recoveries	7,550
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	1,037,118
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of equipment	(21,125)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	37,732
NET INCREASE IN CASH AND CASH EQUIVALENTS	237,087
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	1,048,704
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,285,791

SCHUYLKILL VALLEY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND

For the Year Ended June 30, 2025

	Enterprise Fund Food Service
<u>Reconciliation of Operating Loss to Net Cash</u>	
<u>Used For Operating Activities:</u>	
Operating loss	\$ (899,491)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	14,302
Donated commodities used	93,963
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Other accounts receivable	(2,351)
Inventories	35,531
Deferred outflows of resources for pension	(63,602)
Deferred outflows of resources for other postemployment benefits	97
Accounts payable	(1,372)
Accrued salaries and benefits	2,425
Unearned revenues	(1,734)
Compensated absences	(3,229)
Net pension liability	(8,569)
Net other postemployment benefit liabilities	(1,823)
Deferred inflows of resources for pension	19,168
Deferred inflows of resources for other postemployment benefits	47
Total adjustments	82,853
NET CASH USED FOR OPERATING ACTIVITIES	\$ (816,638)

NONCASH NONCAPITAL FINANCING ACTIVITIES

During the year, the District used \$93,963 of commodities from the U.S. Department of Agriculture.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

Schuylkill Valley School District (“School District” or “District”) is located in Berks County, Pennsylvania. The District’s tax base consists of Bern Township, Centre Township, Ontelaunee Township, Centerport Borough, and Leesport Borough. Schuylkill Valley School District is governed by a board of nine school directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The board of school directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person residing in such district between the ages of six and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the School District is required to pay, or to pay an indebtedness that may at any time hereafter be created by the School District, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual state appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management’s professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity’s financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity’s financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

Based on the foregoing criteria, the District has determined it has no component units.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

Joint Venture: The District is a participating member of the Berks Career and Technology Center. See Note 11 for details of involvement and financial information of the joint venture.

Jointly Governed Organizations: The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of school directors of each participating district must approve BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements - continued

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component units from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type. The District currently does not have any fiduciary funds.

The District Reports the Following Major Governmental Funds:

General Fund: This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Capital Projects Fund: This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds). Within the capital projects fund are components for capital projects funded by debt and capital projects funded by transfers from general fund and subject to Section 1432 of the Municipal Code.

The District Reports the Following Nonmajor Governmental Funds:

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The District's special revenue funds are the following:

Student Activity Fund: This fund is established to account for financial resources to be used for various student activity and athletic clubs.

Scholarship Fund: This fund is established to account for financial resources to be used for various scholarship accounts.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The District has the Following Major Enterprise (Proprietary) Fund:

Food Service Fund: The food service fund is authorized under section 504 of the Public School Code of 1949 to account for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In the fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered nonoperating revenues as no exchange transaction occurs.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time-eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

For the year ended June 30, 2025, the District recognized revenue related to subsidies due from the Commonwealth of Pennsylvania. The District believes notification from the state that subsidy payment will be made upon enactment of the Commonwealth's 2025-2026 budget, as well as the ability to short-pay retirement payments until receipt, meets the availability criteria under generally accepted accounting principles for governmental fund revenue.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt, including leases and subscriptions, are reported as other financing sources.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process

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

In accordance with Act 1 of 2006, the board shall annually, but not later than 110 days before the primary election, decide the budget option to be used for the following fiscal year. The board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

Accelerated Budget Process Option

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. Under this option, the preliminary budget must be available for public inspection at least 20 days prior to the budget adoption. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The board shall annually adopt the final budget by a majority vote of all members of the board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The board shall annually adopt the final budget by a majority vote of all members of the board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the school board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position

1. Cash and Cash Equivalents

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

2. Investments

Investments are stated at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized cost if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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

Investments are exposed to various risks such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of net position.

3. Interfund Transactions

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

4. Inventories and Prepaid Items

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies are not valued since it is the policy of the District to charge these items to expense upon acquisition.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

4. Inventories and Prepaid Items - continued

Inventories of the enterprise fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation.

Inventories on hand at June 30, 2025, consist of the following:

<u>Enterprise Fund</u>	
Purchased food	\$ 14,539
Supplies	6,821
Donated commodities	<u>1,500</u>
Total Enterprise Fund	<u>\$ 22,860</u>

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The costs of prepaid items are recorded as expenditures/expenses when consumed rather than when purchased.

5. Capital Assets, Depreciation, and Amortization

The District's property, plant and equipment with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at the acquisition value at the date of donation. Right-to-use assets are reported when a qualifying lease or subscription liability is incurred.

The District generally capitalizes assets with a cost of \$5,000 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than \$5,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation/amortization are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization - continued

Estimated useful lives for depreciable and amortizable assets are as follows:

Assets	Years
Buildings and building improvements	20 - 50
Site improvements	20 - 50
Furniture and equipment	5 - 20
Right-to-use lease asset	5
Right-to-use subscription assets	2 - 5

6. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2025.

7. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental, and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

8. Compensated Absences

The District recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used for time off or settled (for example paid in cash to the employee) during or upon separation from employment. The liability is reported as incurred on the government-wide and proprietary fund financial statements and includes salary-related benefits where applicable. Payments for compensated absences are expensed as paid in the governmental fund statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

9. Retirement Severance Stipend

The District provides a retirement severance stipend to teachers based on years of service in the District. The severance payment ranges from \$1,800 for 15 years experience in the District up to \$3,600 for 30 plus years experience. In order to be eligible for this benefit, an employee must notify the District by April 1st of their intent to retire at the end of the school year. The District reports this liability on the government-wide statements as incurred for the percentage of employees more likely than not to meet eligibility requirements for payment.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond/Note premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds/Notes payable are reported net of the applicable bond premium or discount. Other bond/note issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond/note issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Leases and Subscription-Based Information Technology Arrangements

The District has agreements for noncancellable leases of equipment and subscription-based information technology arrangements (SBITAs). The District recognizes a lease or subscription liability and an intangible right-to-use lease asset (lease or subscription asset) in the government-wide financial statements.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

11. Leases and Subscription-Based Information Technology Arrangements - continued

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

- The District uses the interest rate charged under the agreement as the discount rate. When the interest rate charged is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate.
- The term includes the noncancellable period of the agreements. Also included within the term are any qualifying renewals or early termination options that the District is reasonably certain to exercise or not exercise. Payments included in the measurement of the liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease and subscription assets are reported with capital assets as right-to-use assets and related liabilities are reported with noncurrent liabilities on the statement of net position.

12. Pension

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which 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 the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Other Postemployment Benefits (OPEB)

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit 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:

PSERS OPEB Plan

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.

District OPEB Plan

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has two items that qualify for reporting in this category:

Deferred outflows of resources for pension relate to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

Deferred outflows of resources for other postemployment benefits relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three types of items that qualify for reporting in this category.

Unavailable revenue arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources for pension relates to the District's net pension liability and pension expense and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for other postemployment benefits relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

15. Net Position and Flow Assumptions

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised of capital assets, net of accumulated depreciation/amortization, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall net investment in capital assets. If there are unspent related debt proceeds at year-end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of net investment in capital assets. The restricted component of net position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of net position is unrestricted.

The District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

16. Fund Balance Policies and Flow Assumptions

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The nonspendable fund balance classification represents assets in nonspendable form and includes items such as prepaid expenditures and inventory.

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of school directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

16. Fund Balance Policies and Flow Assumptions - continued

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The superintendent and director of finance may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The District will maintain an unassigned general fund balance for each fiscal year which is in accordance and as allowable by law.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. The District's policy states that committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts for unrestricted fund balances used.

G. 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.

H. Adoption of Accounting Standard

During the year ended June 30, 2025, the District adopted new accounting guidance GASB Statement No. 101, *Compensated Absences* retroactive to July 1, 2024. GASB Statement No. 101 was issued to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result of this standard implementation, governmental activities net position (deficit) at July 1, 2024 was increased by \$103,250 from \$(5,784,229) to \$(5,680,979).

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Finance Related Legal and Contractual Provisions

The District had no material violations of finance related legal and contractual provisions.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2025, the general fund had excess expenditures over appropriations of \$2,265,731. The excess expenditures were primarily related to tuition and professional services exceeding budget for instructional services. \$512,344 of the excess expenditures were covered by excess revenues and other financing sources, \$493,533 by committed fund balances for cyber charter school costs, and the remainder by unassigned fund balance.

NOTE 3 - CASH AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following types of investments:

Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and for any amounts above the insured maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016 and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

The breakdown of total cash and investments at June 30, 2025, is as follows:

Petty cash	\$	2,170
Demand deposit accounts		4,052,960
Bank certificates of deposit		263,620
Pooled cash and investments		10,373,576
	\$	14,692,326

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned. The District does have a policy for custodial credit risk on deposits. At June 30, 2025, the carrying amount of the District’s deposits was \$4,316,580 and the bank balance was \$4,483,114. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$4,233,114 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly. Included in the custodial credit risk for deposits are certificate of deposits totaling \$263,620.

Pooled Cash and Investments

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

	Fair Value	Carrying Value
PA School District Liquid Asset Fund (PSDLAF):		
MAX Account Balance (PSDMAX)	\$ 9,226,391	\$ 9,226,391
Full Flex Pool	1,147,185	1,147,185
Total pooled cash and investments		\$ 10,373,576

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments, which include \$10,373,576 (PSDLAF) at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pooled Cash and Investments - continued

A portion of the District’s deposits was in the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of \$1 per share, is rated by nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

The PSDLAF Full Flex Pool, as part of the Fixed-Term Series at PSDLAF, are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending upon the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series by a Settlor are intended to be deposited for the full term of the particular Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it, each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series.

As of June 30, 2025, the entire PSDLAF book balance of \$10,373,576 is considered to be cash equivalents for presentation on the government-wide and fund financial statements.

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. At June 30, 2025 the District has no investments that are subject to interest rate risk.

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2025, the District’s investments were rated as:

Investments	Standard & Poor’s
PA School District Liquid Asset Fund	AAAm

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Concentration of Credit Risk

The District does not have a policy that would limit the amount they may invest in any one issuer. The District has no investments subject to this risk.

Custodial Credit Risk

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

Restricted Cash

Restricted cash consists of \$74,578 in a trust restricted for education settlement agreements and \$218,186 for taxes held in escrow.

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

The District has five independently elected tax collectors who are responsible for the collection of real estate taxes. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at \$1,098,299,500. In accordance with Act 1 of 2006, the District received \$892,435 in property tax reduction funds for the 2024/2025 fiscal year. The District tax rate for the year ended June 30, 2025, was 27.82 mills (\$27.82 per \$1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - January 14	10% penalty period
January 15	Lien date - All taxes unpaid become delinquent and are turned over to the County Tax Claim Bureau for collection.

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by administration. A portion of the net amount estimated to be collectible which was measurable and available within 30 days was recognized as revenue and the balance reported as unavailable revenue under deferred inflows of resources in the fund financial statements.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED

The balances at June 30, 2025, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate property tax	\$ 518,862	\$ 6,954	\$ 511,908	\$ 171,140	\$ 347,722
Transfer tax	93,892	-	93,892	93,892	-
Earned income tax	148,591	-	148,591	148,591	-
	<u>\$ 761,345</u>	<u>\$ 6,954</u>	<u>\$ 754,391</u>	<u>\$ 413,623</u>	<u>\$ 347,722</u>

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

The following schedule represents intergovernmental receivables at June 30, 2025:

<u>Name of Government Unit</u>	<u>General Fund</u>	<u>Food Service Fund</u>
Pennsylvania Department of Education:		
Retirement	\$ 1,202,030	\$ -
Social Security	258,275	-
National School Lunch/Breakfast Program	-	4,951
Pennsylvania Education Dollar-A-Day	40	-
PCCD - School Mental Health Grant	81,505	-
Berks County IU - Special Education Grants to States	137,133	-
Berks County IU - RWAN	13,845	-
Federal Subsidies:		
Title I Grants to Local Educational Agencies	174,811	-
Supporting Effective Instruction State Grant	26,695	-
Title III English Language Acquisition State Grants	7,132	-
Title IV Student Support and Academic Enrichment Program	13,672	-
COVID-19 - School Mental Health Grant	125,204	-
National School Lunch/Breakfast Program	-	9,102
	<u>\$ 2,040,342</u>	<u>\$ 14,053</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 6 - INTERFUND RECEIVABLES/PAYABLES

The following is a summary of interfund receivables and payables at June 30, 2025:

	Interfund Receivables	Interfund Payables
General Fund	\$ 2,682	\$ 91,511
Nonmajor Special Revenue Fund - Student Activity Fund	-	2,106
Enterprise Fund - Food Service	91,511	576
	\$ 94,193	\$ 94,193

Interfund receivables and payables exist as a result of a time lag between dates when payments between funds are made. All will be paid within one year.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 7 - CHANGES IN CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025, were as follows:

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 286,722	\$ -	\$ -	\$ 286,722
Construction in progress	15,164,727	1,828,013	(16,896,256)	96,484
Totals not being depreciated	<u>15,451,449</u>	<u>1,828,013</u>	<u>(16,896,256)</u>	<u>383,206</u>
Capital assets being depreciated:				
Buildings and building improvements	71,545,794	-	16,896,256	88,442,050
Site improvements	8,694,650	-	-	8,694,650
Furniture and equipment	5,245,224	392,801	-	5,638,025
Totals being depreciated	<u>85,485,668</u>	<u>392,801</u>	<u>16,896,256</u>	<u>102,774,725</u>
Less accumulated depreciation for:				
Buildings and building improvements	34,774,178	1,865,257	-	36,639,435
Site improvements	4,841,033	263,991	-	5,105,024
Furniture and equipment	3,128,681	455,621	-	3,584,302
Total accumulated depreciation	<u>42,743,892</u>	<u>2,584,869</u>	<u>-</u>	<u>45,328,761</u>
Total capital assets being depreciated, net	42,741,776	(2,192,068)	16,896,256	57,445,964
Right-to-use assets:				
Leased equipment	371,754	-	-	371,754
Subscriptions	359,151	-	(94,134)	265,017
Total right-to-use assets	<u>730,905</u>	<u>-</u>	<u>(94,134)</u>	<u>636,771</u>
Less accumulated amortization for:				
Leased equipment	171,820	74,351	-	246,171
Subscriptions	134,365	65,776	(94,134)	106,007
Total accumulated amortization	<u>306,185</u>	<u>140,127</u>	<u>(94,134)</u>	<u>352,178</u>
Total right-to-use assets being amortized, net	<u>424,720</u>	<u>(140,127)</u>	<u>-</u>	<u>284,593</u>
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	<u>\$ 58,617,945</u>	<u>\$ (504,182)</u>	<u>\$ -</u>	<u>\$ 58,113,763</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 7 - CHANGES IN CAPITAL ASSETS - CONTINUED

	Beginning Balance	Increase	Reclass/ Decrease	Ending Balance
Business-Type Activities				
Capital assets not being depreciated:				
Construction in progress	\$ -	\$ 13,000	\$ -	\$ 13,000
Capital assets being depreciated:				
Furniture and equipment	421,305	8,125	-	429,430
Less accumulated depreciation for:				
Furniture and equipment	295,605	14,302	-	309,907
Total capital assets being depreciated, net	<u>125,700</u>	<u>(6,177)</u>	<u>-</u>	<u>119,523</u>
BUSINESS-TYPE ACTIVITIES, CAPITAL ASSETS, NET	<u>\$ 125,700</u>	<u>\$ 6,823</u>	<u>\$ -</u>	<u>\$ 132,523</u>

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

Instruction	\$ 212,871
Administrative and financial support services	201,956
Operation and maintenance of plant services	2,297,402
Operation of noninstructional services	<u>12,767</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES	<u>\$ 2,724,996</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES

The District issues general obligation notes to provide resources for major capital improvements. The notes are direct obligations issued on a pledge of the full faith and credit of the District as well as their general taxing authority. The District's general obligation notes are direct borrowings.

Notes payable are as follows at June 30, 2025:

General Obligation Notes - Series A of 2020:

The District is liable for general obligation notes dated August 12, 2020, in the original principal amount of \$2,650,000. Principal maturities occur on April 1 through the year 2026. Interest is payable semi-annually on October 1 and April 1. Interest rate is 1.41%. Proceeds from these notes were used to advance refund a portion of the General Obligation Bonds - Series of 2014, as well as to pay debt issuance costs. The District realized a savings of \$255,988 as a result of the refunding.

\$ 2,370,000

General Obligation Notes - Series of 2020:

The District is liable for general obligation notes dated August 12, 2020, in the original principal amount of \$22,225,000. Principal maturities occur on April 1 through the year 2035. Interest is payable semi-annually on October 1 and April 1. Interest rates range from 2.0% to 4.0%. Proceeds from these notes were used for the purpose of currently refunding the District's outstanding General Obligation Note, Series of 2017, for capital improvement projects and to pay debt issuance costs. The District realized a loss of \$152,861 as a result of the refunding.

19,025,000

Total Notes Payable \$ 21,395,000

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

The future annual payments required to amortize all notes payable for the years ending June 30 are as follows:

	General Obligation Note 2020 A		General Obligation Note 2020		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2026	\$ 2,370,000	\$ 33,417	\$ 5,000	\$ 760,900	\$ 2,375,000	\$ 794,317
2027	-	-	2,405,000	760,800	2,405,000	760,800
2028	-	-	1,805,000	664,600	1,805,000	664,600
2029	-	-	1,875,000	592,400	1,875,000	592,400
2030	-	-	1,950,000	517,400	1,950,000	517,400
2031-2035	-	-	10,985,000	1,352,200	10,985,000	1,352,200
	<u>\$ 2,370,000</u>	<u>\$ 33,417</u>	<u>\$ 19,025,000</u>	<u>\$ 4,648,300</u>	<u>\$ 21,395,000</u>	<u>\$ 4,681,717</u>

Event of Default

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

Leases

The District has entered into lease agreements for copiers and other equipment. The leases have various termination dates through December 2027. The leases include monthly or annual payments of principal and interest at rates ranging from 3.75% - 5.00%.

Future lease maturities as of June 30 are as follows:

	Principal	Interest	Total
2026	\$ 77,621	\$ 4,591	\$ 82,212
2027	42,803	1,753	44,556
2028	4,895	31	4,926
	<u>\$ 125,319</u>	<u>\$ 6,375</u>	<u>\$ 131,694</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

Subscriptions

The District has entered into various agreements for subscription-based information technology arrangements. The arrangements have various termination dates through June 2028. These leases include yearly payments of principal and interest as a rate of 5.00%.

	Principal	Interest	Total
2026	\$ 50,329	\$ 8,164	\$ 58,493
2027	53,145	5,590	58,735
2028	56,107	2,871	58,978
	\$ 159,581	\$ 16,625	\$ 176,206

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balances and activity for the year ended June 30, 2025, are as follows:

	Beginning Balance (Restated)	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Notes payable (direct borrowings)	\$ 23,685,000	\$ -	\$ 2,290,000	\$ 21,395,000	\$ 2,375,000
Premiums	3,399,113	-	316,196	3,082,917	-
Notes payable, net	<u>27,084,113</u>	<u>-</u>	<u>2,606,196</u>	<u>24,477,917</u>	<u>2,375,000</u>
Leases payable	199,602	-	74,283	125,319	77,621
Subscription liability	217,457	-	57,876	159,581	50,329
Compensated absences	329,993	15,816	-	345,809	-
Retirement severance	150,000	-	7,200	142,800	-
Net pension liability	53,853,456	1,423,819	6,367,250	48,910,025	-
Net other postemployment benefit liabilities	<u>4,232,672</u>	<u>317,126</u>	<u>241,957</u>	<u>4,307,841</u>	<u>-</u>
Total Governmental Long-Term Liabilities	<u>\$ 86,067,293</u>	<u>\$ 1,756,761</u>	<u>\$ 9,354,762</u>	<u>\$ 78,469,292</u>	<u>\$ 2,502,950</u>
Business-Type Activities					
Compensated absences	\$ 3,911	\$ -	\$ 3,229	\$ 682	\$ -
Net pension liability	864,544	103,026	111,595	855,975	-
Net other postemployment benefit liabilities	<u>37,960</u>	<u>335</u>	<u>2,158</u>	<u>36,137</u>	<u>-</u>
Total Business-Type Long-term Liabilities	<u>\$ 906,415</u>	<u>\$ 103,361</u>	<u>\$ 116,982</u>	<u>\$ 892,794</u>	<u>\$ -</u>

Total interest paid during the year ended June 30, 2025 was \$898,237. Payments on notes payable are made by the general fund. The lease and subscription liabilities will be liquidated by the general fund. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general and food service funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general fund.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS

Employee Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description

PSERS (the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24, Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.pa.gov/PSERS.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

Benefits are generally between 1.0% and 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of 5 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.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Benefits Provided - continued

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member’s final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

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

Contributions

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. The contribution rates based on qualified member compensation for virtually all members is presented below:

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Contributions - continued:

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%	12.50%
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 the 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 \$6,680,820 for the year ended June 30, 2025. In addition, the District's contribution to the defined contribution plan was \$71,029 for the year ended June 30, 2025.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and OPEB. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2025, for pension and OPEB benefits was \$3,409,883.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit 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 \$49,776,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System’s total pension liability as of June 30, 2023 to June 30, 2024. The District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District’s proportion was 0.1189% which was a decrease of 0.0041% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized a pension expense of \$4,088,118. 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
Differences between expected and actual experience	\$ -	\$ 782,000
Net difference between projected and actual investment earnings	824,000	-
Changes in proportion - plan level	177,000	1,535,000
Changes in proportion - internal	71,843	71,843
Difference between employer contributions and proportionate share of total contributions	104,164	-
Contributions made subsequent to the measurement date	6,680,820	-
	\$ 7,857,827	\$ 2,388,843

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

The \$6,680,820 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending 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 for the years ending June 30:

2026	\$ (1,859,079)
2027	968,040
2028	(201,729)
2029	<u>(119,068)</u>
	<u>\$ (1,211,836)</u>

Actuarial Assumptions

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

- Actuarial 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 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.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

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

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

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 is:

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

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.

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 65,556,000	\$ 49,766,000	\$ 36,431,000

Pension Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2025, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of \$2,361,925. This amount represents the District's contractually obligated contributions for wages earned in April 2025 through June 2025.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - EMPLOYEE RETIREMENT PLANS - CONTINUED

403(b) Tax Shelter Plan

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the Plan.

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS

Employee Defined Benefit Other Postemployment Benefit Plans

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2025 are as follows:

<u>Plan</u>	<u>Net OPEB Liability</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
PSERS OPEB Plan	\$ 2,116,000	\$ 284,851	\$ 440,000
District OPEB Plan	<u>2,227,978</u>	<u>486,520</u>	<u>725,111</u>
Total	<u>\$ 4,343,978</u>	<u>\$ 771,371</u>	<u>\$ 1,165,111</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan

General Information About the PSERS OPEB Plan

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

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

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

Pension 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 the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.pa.gov/PSERS.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

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.

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 0.63% of covered payroll, actuarially determined as an amount that, when combined with 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 \$127,851 for the year ended June 30, 2025.

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2025, for pension and OPEB benefits was \$3,409,883.

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

At June 30, 2025, the District reported a liability of \$2,116,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.1191%, which was a decrease of 0.0037% from its proportion measured as of June 30, 2024.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

For the year ended June 30, 2025, the District recognized OPEB expense of \$63,309. 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
Differences between expected and actual experience	\$ 8,000	\$ 32,000
Changes in assumptions	129,000	323,000
Net difference between projected and actual investment earnings	2,000	-
Changes in proportion	18,000	85,000
Contributions made subsequent to the measurement date	127,851	-
	\$ 284,851	\$ 440,000

The \$127,851 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2026	\$ (70,000)
2027	(81,000)
2028	(92,000)
2029	(20,000)
2030	(20,000)
Total	\$ (283,000)

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions

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

- Actuarial valuation date - June 30, 2023.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, 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.

The following assumptions were used to determine the contribution rate:

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions - continued

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

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

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 is:

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

Discount Rate

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

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

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

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

The following presents the District's proportionate share of the net OPEB liability for the June 30, 2024 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ 2,116,000	\$ 2,116,000	\$ 2,116,000

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - 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 one-percentage point lower (3.21%) or one-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	\$ 2,390,000	\$ 2,116,000	\$ 1,886,000

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2025, the District had an accrued balance due to PSERS of \$2,361,925, including balances related to pension and OPEB. This amount represents the District’s contractually obligated contributions for wages earned in April 2025 through June 2025.

District OPEB Plan

General Information About the District OPEB Plan

Plan Description

Schuylkill Valley School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, and dental insurance for eligible retirees through the District’s health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District’s employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided

Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to retirees:

Employees Retired Before January 1, 1999:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
N/A	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and spouse <u>Premium Sharing</u> Retiree pays 100% of the cost	Retiree coverage ends at Retiree's death and spouse coverage ends at spouse's death.

Employees Retired after 1/1/1999:

<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
Act 110/43	<u>Coverage</u> Medical, Prescription Drug, and Dental coverage for Retiree and spouse <u>Premium Sharing</u> Retiree pays 100% of the cost	Retiree coverage ends at retiree Medicare age and spouse coverage ends at earlier of spouse Medicare age, retiree Medicare age, or retiree death.

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

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided - continued

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Employees retired before January 1, 1999, and their spouses are required to enroll in Medicare supplement plan upon reaching Medicare age.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Employees Covered by Benefit Terms

At July 1, 2024, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active Participants	250
Retired Participants	<u>21</u>
Total	<u><u>271</u></u>

OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2024, was determined by rolling forward the District's total OPEB liability as of July 1, 2023 to July 1, 2024, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 4.29% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2024.
- Mortality rates - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.
- Healthcare cost trend rates - 7.0% in 2024, with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 65% of employees are assumed to elect coverage.

The actuarial assumptions were selected using input from the District based on actual experience.

SCHUYLKILL VALLEY SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2024	\$ 2,048,632
Changes for the year:	
Service cost	114,360
Interest	86,674
Differences between expected and actual experience	93,604
Changes in assumptions	3,514
Benefit payments	(118,806)
Net changes	179,346
Balance at June 30, 2025	\$ 2,227,978

Changes in assumptions or other inputs reflect the following changes: (1) the discount rate changed from 4.13% to 4.29%. (2) the healthcare cost trend assumption was updated.

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

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

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
OPEB Plan - Total OPEB Liability	\$ 2,386,206	\$ 2,227,978	\$ 2,078,592

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability - continued

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

The following presents total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage point lower or one-percentage point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
OPEB Plan - Total OPEB Liability	\$ 2,022,046	\$ 2,227,978	\$ 2,465,994

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$168,574. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 155,686	\$ 205,627
Changes in assumptions	215,381	519,484
Benefit payments made subsequent to the measurement date	115,453	-
	\$ 486,520	\$ 725,111

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

OPEB Expense and Deferred Outflows and Inflows of Resources Related to OPEB - continued

The \$115,543 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2026	\$ (32,460)
2027	(32,460)
2028	(32,458)
2029	(43,354)
2030	(61,126)
Thereafter	<u>(152,186)</u>
Total	<u>\$ (354,044)</u>

NOTE 11 - JOINT VENTURE

The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2024/2025 year was \$785,577.

Summary financial information as of June 30, 2024 (the most recent information available) is as follows:

<u>Berks Career & Technology Center (Governmental Activities)</u>	
Total assets and deferred outflows of resources	\$ 36,347,045
Total liabilities and deferred inflows of resources	<u>29,027,505</u>
Total net position	<u>\$ 7,319,540</u>

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - 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. The District's Workmen's Compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance carrier. For insured programs, there were no significant reductions in insurance coverages for the 2024/2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS

The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing 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.

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

The District has entered into an agreement for the transportation of students. The agreement is for the period of July 1, 2022 through June 30, 2027. The contractor provides all equipment, fuel, and labor necessary. The cost for the transportation services is determined on a monthly basis based on actual services provided.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 13 - CONTINGENT LIABILITIES AND COMMITMENTS - CONTINUED

At June 30, 2025, the District has entered into contracts related to building improvement projects. The contracts awarded and commitments outstanding are as follows:

<u>Project</u>	<u>Contract Amounts</u>	<u>Remaining</u>
MS Controls	\$ 421,800	\$ 421,800
Field House Project	1,379,525	1,283,666
	<u>\$ 1,801,325</u>	<u>\$ 1,705,466</u>

The District plans to use existing resources in the capital projects fund to satisfy the remaining commitments.

NOTE 14 - FUND BALANCE

Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies*. Fund balance classifications for the year ended June 30, 2025, were as follows:

General Fund

The general fund has restricted funds of \$74,578 in education trust funds, committed funds of \$50,000 for insurance deductibles, and unassigned fund balance of \$2,542,601.

Capital Projects Fund

The capital projects fund has restricted funds of \$8,049,882 consisting of \$3,246,487 of unspent general obligation note funds and \$4,803,395 of surplus monies transferred from the general fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

Nonmajor Funds

The nonmajor funds have restricted funds of \$368,443 consisting of \$106,046 for student activities and \$262,397 for scholarships.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 15 - NEW ACCOUNTING PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued the following standards which have not yet been implemented:

- Statement No. 103, *Financial Reporting Model Improvements* - The primary objective of this statement 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. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.
- Statement No. 104, *Disclosure of Certain Capital Assets* - The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. This statement also requires additional disclosures for capital assets held for sale. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

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REQUIRED SUPPLEMENTARY INFORMATION

SCHUYLKILL VALLEY SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended June 30, 2025

	BUDGET		ACTUAL (GAAP Basis)	VARIANCE Final to Actual
	Original	Final		
REVENUES				
Local sources	35,218,978	\$ 35,165,427	\$ 34,514,111	\$ (651,316)
State sources	12,001,649	12,055,200	12,435,039	379,839
Federal sources	330,399	330,399	1,095,585	765,186
TOTAL REVENUES	47,551,026	47,551,026	48,044,735	493,709
EXPENDITURES				
INSTRUCTIONAL SERVICES:				
Regular programs - elementary/secondary	20,955,295	19,361,610	19,883,051	(521,441)
Special programs - elementary/secondary	5,374,934	6,577,359	7,312,670	(735,311)
Vocational education programs	766,565	766,565	780,145	(13,580)
Other instructional programs - elementary/secondary	406,442	356,442	512,294	(155,852)
TOTAL INSTRUCTIONAL SERVICES	27,503,236	27,061,976	28,488,160	(1,426,184)
SUPPORT SERVICES:				
Students	2,440,632	2,244,499	2,177,247	67,252
Instructional staff	1,081,882	1,450,790	1,620,387	(169,597)
Administration	2,470,822	2,369,623	2,415,758	(46,135)
Pupil health	346,565	341,290	309,922	31,368
Business	464,137	666,801	699,158	(32,357)
Operation and maintenance of plant	2,867,034	3,195,057	3,331,512	(136,455)
Student transportation	2,629,084	2,643,340	2,826,550	(183,210)
Central	2,089,678	2,122,881	2,256,732	(133,851)
Other	35,000	36,300	36,300	-
TOTAL SUPPORT SERVICES	14,424,834	15,070,581	15,673,566	(602,985)
OPERATION OF NONINSTRUCTIONAL SERVICES:				
Student activities	1,991,295	2,236,107	2,334,086	(97,979)
Community services	15,337	15,516	27	15,489
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	2,006,632	2,251,623	2,334,113	(82,490)
DEBT SERVICE PAYMENTS	3,166,324	3,166,324	3,320,396	(154,072)
TOTAL EXPENDITURES	47,101,026	47,550,504	49,816,235	(2,265,731)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	450,000	522	(1,771,500)	(1,772,022)
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital assets	-	-	1,467	1,467
Insurance recoveries	-	-	17,168	17,168
Budgetary reserve	(450,000)	(522)	-	522
TOTAL OTHER FINANCING SOURCES (USES)	(450,000)	(522)	18,635	19,157
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	<u>\$ -</u>	<u>\$ -</u>	(1,752,865)	<u>\$ (1,752,865)</u>
FUND BALANCE - BEGINNING OF YEAR			4,420,044	
FUND BALANCE - END OF YEAR			<u>\$ 2,667,179</u>	

See note to required supplementary information.

SCHUYLKILL VALLEY SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2025

BUDGETARY DATA

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2024/2025 budget transfers.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2025, the general fund had excess expenditures over appropriations of \$2,265,731. The excess expenditures were primarily related to tuition and professional services exceeding budget for instructional services. \$512,344 of the excess expenditures were covered by excess revenues and other financing sources, \$493,533 by committed fund balances for cyber charter school costs, and the remainder by unassigned fund balance.

Budgetary Compliance

The District's only legally adopted budget is for the general fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year end; therefore, it does not have any outstanding encumbrances at June 30, 2025. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
AND RELATED RATIOS - PENSION PLAN

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the collective net pension liability	0.1189%	0.1230%	0.1222%	0.1240%	0.1242%	0.1233%	0.1227%	0.1238%	0.1232%	0.1226%
District's proportionate share of the collective net pension liability	\$ 49,766,000	\$54,718,000	\$54,329,000	\$50,910,000	\$61,155,000	\$57,683,000	\$58,902,000	\$61,143,000	\$61,054,000	\$53,104,000
District's covered payroll	\$ 18,906,852	\$18,818,057	\$17,933,403	\$17,581,519	\$17,435,997	\$17,001,366	\$16,518,055	\$16,486,173	\$15,954,462	\$15,779,846
District's proportionate share of the net pension liability as a percentage of its covered payroll	263.22%	290.77%	302.95%	289.57%	350.74%	339.28%	356.59%	370.87%	382.68%	336.53%
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 District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

With the passage of Act 5 on June 12, 2017, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2021

- The discount rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016

- The investment rate of return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

SCHUYLKILL VALLEY SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PENSION PLAN

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 6,680,820	\$ 6,478,845	\$6,310,842	\$6,048,666	\$5,944,632	\$5,818,546	\$ 5,532,088	\$ 5,335,872	\$ 4,832,409	\$ 4,021,594
Contributions in relation to the contractually required contribution	6,680,820	6,478,845	6,310,842	6,048,666	5,944,632	5,818,546	5,532,088	5,335,872	4,832,409	4,021,594
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 20,041,201	\$18,906,852	\$18,818,057	\$17,933,403	\$17,581,519	\$17,435,997	\$17,001,366	\$16,518,055	\$16,486,173	\$15,954,462
Contributions as a percentage of covered payroll	33.34%	34.27%	33.54%	33.73%	33.81%	33.37%	32.54%	32.30%	29.31%	25.21%

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS -
PSERS OPEB PLAN**

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.1191%	0.1228%	0.1220%	0.1240%	0.1242%	0.1233%	0.1227%	0.1238%	0.1232%
District's proportionate share of the collective net PSERS OPEB liability	\$ 2,116,000	\$2,222,000	\$2,246,000	\$2,939,000	\$2,684,000	\$2,622,000	\$2,558,000	\$2,522,000	\$ 2,654,000
District's covered payroll	\$ 18,906,852	\$18,818,057	\$17,933,403	\$17,581,519	\$17,435,997	\$17,001,366	\$16,518,055	\$16,486,173	\$ 15,954,462
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	11.19%	11.81%	12.52%	16.72%	15.39%	15.42%	15.49%	15.30%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

None.

Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021

- The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total OPEB liability beginning June 30, 2016

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.

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

SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 127,851	\$ 125,309	\$ 137,953	\$ 142,365	\$ 145,470	\$ 146,510	\$ 140,848	\$ 139,532	\$ 137,360	\$ 135,126
Contributions in relation to the contractually required contribution	<u>127,851</u>	<u>125,309</u>	<u>137,953</u>	<u>142,365</u>	<u>145,470</u>	<u>146,510</u>	<u>140,848</u>	<u>139,532</u>	<u>137,360</u>	<u>135,126</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 20,041,201	\$ 18,906,852	\$ 18,818,057	\$ 17,933,403	\$ 17,581,519	\$ 17,435,997	\$ 17,001,366	\$ 16,518,055	\$ 16,486,173	\$ 15,954,462
Contributions as a percentage of covered payroll	0.64%	0.66%	0.73%	0.79%	0.83%	0.84%	0.83%	0.84%	0.83%	0.85%

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
DISTRICT OPEB PLAN**

LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service cost	\$ 114,360	\$ 106,824	\$ 188,251	\$ 189,808	\$ 146,046	\$ 144,219	\$ 134,660	\$ 124,704
Interest	86,674	80,880	62,841	50,069	79,505	68,045	61,093	43,029
Changes in benefit terms	-	-	-	61,130	41,868	-	-	-
Differences between expected and actual experience	93,604	-	(190,572)	-	(114,905)	-	192,172	-
Changes of assumptions	3,514	31,174	(608,857)	(74,185)	261,871	(59,893)	3,272	119,913
Benefit payments	(118,806)	(121,196)	(149,770)	(174,233)	(83,076)	(57,539)	(83,030)	(62,956)
Net change in total OPEB liability	179,346	97,682	(698,107)	52,589	331,309	94,832	308,167	224,690
Total OPEB liability, beginning	2,048,632	1,950,950	2,649,057	2,596,468	2,265,159	2,170,327	1,862,160	1,637,470
Total OPEB liability, ending	\$ 2,227,978	\$ 2,048,632	\$ 1,950,950	\$ 2,649,057	\$ 2,596,468	\$ 2,265,159	\$ 2,170,327	\$ 1,862,160
Covered Employee Payroll	\$ 17,785,994	\$ 15,651,007	\$ 15,651,007	\$ 15,950,733	\$ 15,950,733	\$ 15,224,783	\$ 15,224,783	\$ 14,709,398
Total OPEB Liability as a Percentage of Covered Employee Payroll	12.53%	13.09%	12.47%	16.61%	16.28%	14.88%	14.26%	12.66%

NOTES TO SCHEDULE

Changes of Benefit Terms

None

Changes in Assumptions

Significant changes in assumptions for the July 1, 2024 measurement date are as follows:

- The discount rate changed from 4.13% to 4.29%.
- The healthcare cost trend assumption was updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-year High Grade Index.
- The healthcare cost trend assumption was updated each year.

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

SUPPLEMENTARY INFORMATION

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2025

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6000 REVENUES FROM LOCAL SOURCES				
<u>Taxes</u>				
6111	Current real estate taxes	\$ 28,885,784	\$ 28,594,194	\$ (291,590)
6112	Interim real estate taxes	650,000	341,872	(308,128)
6113	Public utility realty tax	28,000	29,792	1,792
6114	Payments in lieu of current taxes	-	1,570	1,570
6151	Current Act 511 earned income taxes	2,711,670	2,806,018	94,348
6153	Current Act 511 real estate transfer taxes	700,000	644,639	(55,361)
6400	Delinquent taxes (all levies)	662,000	406,755	(255,245)
	Total	33,637,454	32,824,840	(812,614)
<u>Other</u>				
6510	Earnings on investments	550,000	630,428	80,428
6700	Admissions and fees	109,013	75,025	(33,988)
6830	Federal revenue from intermediary sources	468,960	482,950	13,990
6910	Rentals	15,000	22,897	7,897
6920	Contributions	-	24,791	24,791
6940	Tuition from patrons	350,000	441,260	91,260
6990	Miscellaneous revenue	35,000	11,920	(23,080)
	Total	1,527,973	1,689,271	161,298
	TOTAL REVENUES FROM LOCAL SOURCES	35,165,427	34,514,111	(651,316)
7000 REVENUES FROM STATE SOURCES				
7111	Basic instructional subsidy	4,319,088	4,387,028	67,940
7140	Charter school initiative	-	83,678	83,678
7160	Tuition/court placed institutions	150,000	49,757	(100,243)
7270	Specialized education of exceptional pupils	1,358,955	1,374,086	15,131
7310	Transportation	950,011	808,000	(142,011)
7320	Rental and sinking fund payments	124,853	29,467	(95,386)
7330	Health services	38,000	43,916	5,916
7340	State property tax reduction allocation	745,986	892,435	146,449
7360	Safe schools grants	160,204	443,498	283,294
7531	Ready to learn block grant	197,972	197,972	-
7599	Other state revenue	-	70,040	70,040
7810	State share of social security and Medicare taxes	706,293	719,460	13,167
7820	State share of retirement	3,303,838	3,335,702	31,864
	TOTAL REVENUES FROM STATE SOURCES	12,055,200	12,435,039	379,839

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES -
BUDGET AND ACTUAL - GENERAL FUND - CONTINUED**

For the Year Ended June 30, 2025

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
8000 REVENUES FROM FEDERAL SOURCES				
8514	Title I	264,127	530,955	266,828
8515	Title II	48,108	91,912	43,804
8516	Title III	-	11,887	11,887
8517	Title IV	18,164	42,636	24,472
8690	Other restricted federal grants	-	5,127	5,127
8744	ARP ESSER elem/sec school emergency relief	-	413,068	413,068
TOTAL REVENUES FROM FEDERAL SOURCES		<u>330,399</u>	<u>1,095,585</u>	<u>765,186</u>
9000 OTHER FINANCING SOURCES				
9400	Proceeds from sale of capital assets	-	1,467	1,467
9990	Insurance recoveries	-	17,168	17,168
TOTAL REVENUES FROM OTHER FINANCING SOURCES		<u>-</u>	<u>18,635</u>	<u>18,635</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES		<u>\$ 47,551,026</u>	<u>\$ 48,063,370</u>	<u>\$ 512,344</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES -
BUDGET AND ACTUAL - GENERAL FUND**

For the Year Ended June 30, 2025

		Budget	Actual	Variance
1000 INSTRUCTIONAL SERVICES				
1100	Regular programs - elementary/secondary	\$ 19,361,610	\$ 19,883,051	\$ (521,441)
1200	Special programs - elementary/secondary	6,577,359	7,312,670	(735,311)
1300	Vocational education programs	766,565	780,145	(13,580)
1400	Other instructional programs - elementary/secondary	356,442	512,294	(155,852)
TOTAL INSTRUCTIONAL SERVICES		27,061,976	28,488,160	(1,426,184)
2000 SUPPORT SERVICES				
2100	Students	2,244,499	2,177,247	67,252
2200	Instructional staff	1,450,790	1,620,387	(169,597)
2300	Administration	2,369,623	2,415,758	(46,135)
2400	Pupil health	341,290	309,922	31,368
2500	Business	666,801	699,158	(32,357)
2600	Operation and maintenance of plant	3,195,057	3,331,512	(136,455)
2700	Student transportation	2,643,340	2,826,550	(183,210)
2800	Central	2,122,881	2,256,732	(133,851)
2900	Other	36,300	36,300	-
TOTAL SUPPORT SERVICES		15,070,581	15,673,566	(602,985)
3000 OPERATION OF NONINSTRUCTIONAL SERVICES				
3200	Student activities	2,236,107	2,334,086	(97,979)
3300	Community services	15,516	27	15,489
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES		2,251,623	2,334,113	(82,490)
5000 OTHER EXPENDITURES AND FINANCING USES				
5110	Debt service -			
	Principal payments	2,115,000	2,422,159	(307,159)
	Interest payments	1,051,324	898,237	153,087
5900	Budgetary reserve	522	-	522
TOTAL OTHER EXPENDITURES AND FINANCING USES		3,166,846	3,320,396	(153,550)
TOTAL EXPENDITURES AND OTHER FINANCING USES		<u>\$ 47,551,026</u>	<u>\$ 49,816,235</u>	<u>\$ (2,265,209)</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**SCHEDULE OF BALANCE SHEET COMPONENTS -
CAPITAL PROJECTS FUND**

June 30, 2025

	2020 Notes Component	Capital Projects Component	Total Capital Projects Fund
ASSETS			
Cash and investments	\$ 3,265,567	\$ 4,841,321	\$ 8,106,888
Interfund balance	3,198	(3,198)	-
TOTAL ASSETS	<u>\$ 3,268,765</u>	<u>\$ 4,838,123</u>	<u>\$ 8,106,888</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 22,278	\$ 34,728	\$ 57,006
FUND BALANCES			
Restricted	<u>3,246,487</u>	<u>4,803,395</u>	<u>8,049,882</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 3,268,765</u>	<u>\$ 4,838,123</u>	<u>\$ 8,106,888</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES COMPONENTS -
CAPITAL PROJECTS FUND

For the Year Ended June 30, 2025

	2020 Notes Component	Capital Projects Component	Total Capital Projects Fund
REVENUES			
Local sources	\$ 178,588	\$ 160,338	\$ 338,926
EXPENDITURES			
Current:			
Support services	121	141,326	141,447
Capital outlay	2,408,365	3,198	2,411,563
TOTAL EXPENDITURES	<u>2,408,486</u>	<u>144,524</u>	<u>2,553,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,229,898)	15,814	(2,214,084)
FUND BALANCES - BEGINNING OF YEAR	<u>5,476,385</u>	<u>4,787,581</u>	<u>10,263,966</u>
FUND BALANCES - END OF YEAR	<u>\$ 3,246,487</u>	<u>\$ 4,803,395</u>	<u>\$ 8,049,882</u>

SCHUYLKILL VALLEY SCHOOL DISTRICT

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2025

	Student Activities	Scholarships	Totals
ASSETS			
Cash and investments	\$ 111,557	\$ 262,397	\$ 373,954
Other receivables	2,274	-	2,274
TOTAL ASSETS	\$ 113,831	\$ 262,397	\$ 376,228
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Interfund payable	\$ 2,106	\$ -	\$ 2,106
Accounts payable	5,679	-	5,679
TOTAL LIABILITIES	7,785	-	7,785
FUND BALANCES			
Restricted	106,046	262,397	368,443
TOTAL LIABILITIES AND FUND BALANCES	\$ 113,831	\$ 262,397	\$ 376,228

SCHUYLKILL VALLEY SCHOOL DISTRICT

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

For the Year Ended June 30, 2025

	<u>Student Activities</u>	<u>Scholarships</u>	<u>Totals</u>
REVENUES			
Local sources	\$ 191,454	\$ 18,618	\$ 210,072
EXPENDITURES			
Current:			
Operation of noninstructional services	<u>196,009</u>	<u>7,050</u>	<u>203,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(4,555)	11,568	7,013
OTHER FINANCING SOURCES (USES)			
Transfers in (out)	<u>(6,500)</u>	<u>6,500</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	(11,055)	18,068	7,013
FUND BALANCES - BEGINNING OF YEAR	<u>117,101</u>	<u>244,329</u>	<u>361,430</u>
FUND BALANCES - END OF YEAR	<u><u>\$ 106,046</u></u>	<u><u>\$ 262,397</u></u>	<u><u>\$ 368,443</u></u>

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

**To the Board of School Directors
Schuylkill Valley School District
Leesport, 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 Schuylkill Valley School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Schuylkill Valley School District's basic financial statements, and have issued our report thereon dated November 19, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of This Report

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

Herbein + Company, Inc.

Reading, Pennsylvania
November 19, 2025

APPENDIX D
Form of Continuing Disclosure Certificate

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**SCHUYLKILL VALLEY SCHOOL DISTRICT
BERKS COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2026**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Schuylkill Valley School District, Berks 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 August 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 depository or entity designated by the Commonwealth of Pennsylvania as a state information depository 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, 2026, 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. Content of Annual Reports. 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:

**SCHUYLKILL VALLEY
SCHOOL DISTRICT**
Berks County, PA

By: _____
Linda R. Lash, Secretary
Board of School Directors

By: _____
Carol E. Weyandt, President
Board of School Directors

Date: _____, 2026

EXHIBIT A¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Schuylkill Valley School District
Berks County, Pennsylvania

Name of Bond Issue: Schuylkill Valley School District, Berks County, Pennsylvania
\$_____ aggregate principal amount General Obligation
Bonds,
Series of 2026 (the “Bonds”)

Date of Issuance: _____, 2026

NOTICE IS HEREBY GIVEN that the Schuylkill Valley School District, Berks 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.

SCHUYLKILL VALLEY SCHOOL
DISTRICT, BERKS COUNTY,
PENNSYLVANIA [OR DISSEMINATION
AGENT ON BEHALF OF THE
SCHUYLKILL VALLEY SCHOOL
DISTRICT, BERKS COUNTY,
PENNSYLVANIA]

Dated: _____

cc: Paying Agent

APPENDIX E
Specimen of Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER]

Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: \$ _____ in aggregate principal
amount of [NAME OF TRANSACTION]
[and maturing on]

Effective Date: _____

Risk Premium: \$ _____

Member Surplus Contribution: \$ _____

Total Insurance Payment: \$ _____

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, 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 first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such 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 BAM. 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 BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

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 (as defined herein) 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 BAM 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 made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or 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, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the “Insurer’s Fiscal Agent”) for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer 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, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer’s Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer’s Fiscal Agent on behalf of BAM. The Insurer’s Fiscal Agent is the agent of BAM only, and the Insurer’s Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer’s Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM 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 BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM 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, 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. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: _____
Authorized Officer

SPECIMEN

Notices (Unless Otherwise Specified by BAM)

Email:

claims@buildamerica.com

Address:

28 Liberty Street, 59th Floor
New York, New York 10005

Telecopy:

212-962-1524 (attention: Claims)

SPECIMEN

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