

This Preliminary Official Statement and the information herein are subject to completion or amendment. 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 these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The School District deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the cover hereof and certain pages herein which have been omitted in accordance with such Rule and which will be supplied in the final Official Statement.

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 9, 2026**

**New Issue**

BOOK-ENTRY ONLY

**Insured Rating:** Standard & Poor's, “\_” (\_\_\_\_) Outlook \_\_\_\_\_ Insured

**S&P Underlying Rating:** “BBB+” (Positive Outlook)  
(See “RATINGS” herein)

*In the opinion of Stevens & Lee, P.C., Forty-Fort, Pennsylvania, Bond Counsel, assuming continuing compliance by the School District with certain covenants to comply with provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and any applicable regulations thereunder, interest on the Bonds is not includable in gross income under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum taxes on individuals and corporations; however, interest on the Bonds may be subject to the Federal alternative minimum tax on “applicable corporations” as defined in Section 59(k) of the Code. See “TAX MATTERS” herein for a brief description of these provisions.*

*Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds shall be subject to State and local taxation within the Commonwealth of Pennsylvania.*

*The School District has designated and determined under and for purposes of section 265(b)(3) of the Code to qualify each of the Bonds as a “qualified tax-exempt obligation” as such phrase is defined in the Code.*

**\$8,275,000\***

**CRESTWOOD SCHOOL DISTRICT**  
(Luzerne County, Pennsylvania)  
**GENERAL OBLIGATION BONDS, SERIES OF 2026**

DATED: Date of Delivery  
PRINCIPAL DUE: September 1, as shown herein  
FORM: Book-Entry Only

INTEREST PAYABLE: March 1 and September 1  
FIRST INTEREST PAYMENT DATE: September 1, 2026  
DENOMINATION: Integral multiples of \$5,000

**PAYMENT OF PRINCIPAL AND INTEREST:** The General Obligation Bonds, Series of 2026 (the “Bonds”), will be issued by the Crestwood School District, Luzerne County, Pennsylvania (the “School District” or “Issuer”), as fully registered Bonds and, when issued, will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York (“DTC”). DTC will act as securities depository for the Bonds. Purchases of the Bonds will be made only in book-entry form, and purchasers will not receive certificates representing their interests in the Bonds. So long as DTC, or its nominee, Cede & Co., is the registered owner of the Bonds, payments of the principal and interest on the Bonds will be made by the Paying Agent directly to DTC. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursements of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See “BOOK-ENTRY ONLY SYSTEM” herein.

**REDEMPTION:** The Bonds are subject to optional and mandatory redemption prior to their stated maturity dates. (See “REDEMPTION OF BONDS” herein.)

**SECURITY FOR THE BONDS:** The Bonds are general obligation Bonds of the School District, and except as more fully described herein under the heading “LEGISLATION AFFECTING LOCAL TAXING POWERS OF SCHOOL DISTRICTS – ACT I OF SPECIAL SESSION 2006 (TAXPAYER RELIEF ACT),” the full faith, credit and taxing power of the School District have been pledged for the punctual payment of the principal of and interest on the Bonds, when due, which taxing power may be limited as described herein. The School District has established with the Sinking Fund Depository a sinking fund for the Bonds into which monies sufficient for payment of the principal of and interest on the Bonds will be deposited not later than the date fixed for the disbursement thereof. The Bonds are payable from the general revenues of the School District, which on the date of issuance include, inter alia, the revenues derived from the ad valorem taxes which may be levied on all taxable real estate within the School District. See also sections herein entitled “TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT” and “LEGISLATION AFFECTING LOCAL TAXING POWERS OF SCHOOL DISTRICTS – ACT I OF SPECIAL SESSION 2006 (TAXPAYER RELIEF ACT).”

**USE OF FUNDS:** Proceeds of the Bonds will be used to provide funds to: (1) currently refund the School District’s outstanding General Obligation Note, Series of 2025; (2) fund various capital projects of the School District; and (3) pay the costs and expenses related to the issuance of the Bonds.

**BOND INSURANCE:** The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy issued concurrently with the delivery of the Bonds by \_\_\_\_\_ (“\_” or the “Insurer”).

{INSURER LOGO}

**AUTHORIZATION FOR ISSUANCE:** The Bonds are being issued in accordance with the Local Government Unit Debt Act, as amended (the “Act”) of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended, with the approval of the Pennsylvania Department of Community and Economic Development and pursuant to a Resolution duly adopted by the Board of School Directors of the School District on May 20, 2026 (the “Resolution”).

**CONTINUING DISCLOSURE UNDERTAKING:** The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the “Rule”). (See “CONTINUING DISCLOSURE UNDERTAKING” herein.)

**BONDHOLDER RISKS: AN INVESTMENT IN THE BONDS INVOLVES RISK. PROSPECTIVE INVESTORS SHOULD READ THIS ENTIRE PRELIMINARY OFFICIAL STATEMENT, AND IN PARTICULAR THE SECTIONS ENTITLED “SECURITY FOR THE BONDS”, “INVESTMENT CONSIDERATIONS” AND “Summary of Recent Financial History and Current Financial Status” BEFORE DECIDING TO PURCHASE ANY OF THE BONDS. AMONG OTHER SOURCES OF FUNDING, THE SCHOOL DISTRICT HAS RELIED AND CURRENTLY RELIES UPON RECENT LOCAL TAX RATE INCREASES, BUDGET CUTS, DEBT RESTRUCTURING AND OTHER BUDGETARY MEASURES TO ADDRESS ONGOING STRUCTURAL DEFICITS IN ITS OPERATING BUDGET AND PROVIDE SUFFICIENT FUNDS TO PAY ITS OPERATING EXPENSES AND LIABILITIES, INCLUDING DEBT SERVICE.**

**LEGAL APPROVALS:** THE BONDS ARE OFFERED, SUBJECT TO PRIOR SALE, WITHDRAWAL OR MODIFICATION, WHEN, AS AND IF ISSUED AND RECEIVED BY THE UNDERWRITER AND SUBJECT TO THE APPROVING LEGAL OPINION OF STEVENS & LEE, P.C., FORTY FORT, PENNSYLVANIA, BOND COUNSEL, TO BE FURNISHED UPON DELIVERY OF THE BONDS. CERTAIN LEGAL MATTERS WILL BE PASSED UPON FOR THE UNDERWRITER BY ITS COUNSEL, ECKERT SEAMANS CHERIN & MELLOTT, LLC, HARRISBURG, PENNSYLVANIA, AND BY CHRISTOPHER B. SLUSSER, ESQUIRE, OF THE SLUSSER LAW FIRM, HAZLETON, PENNSYLVANIA, SOLICITOR TO THE SCHOOL DISTRICT. THE BONDS ARE EXPECTED TO BE DELIVERED IN NEW YORK, NEW YORK ON OR ABOUT \_\_\_\_\_ 2026.



DATED: \_\_\_\_\_

\*Preliminary, subject to change

**\$8,275,000\***  
**CRESTWOOD SCHOOL DISTRICT**  
(Luzerne County, Pennsylvania)  
**GENERAL OBLIGATION BONDS, SERIES OF 2026**

DATED: Date of Delivery  
PRINCIPAL DUE: September 1 of each year, as shown below

INTEREST PAYABLE: March 1 and September 1  
FIRST PAYMENT DATE: September 1, 2026

**MATURITY SCHEDULE**

<u>Year</u>	<u>Principal Amount</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>Price</u>	<u>CUSIPs</u> <sup>(1)</sup>
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					

\$ \_\_\_\_ % Term Bonds due September 1, \_\_\_\_ to yield \_\_\_\_ % price \_\_\_\_ %

<sup>(1)</sup> 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 refundings or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriter have agreed to, and there is no duty or obligation to, update this Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

\*Preliminary, subject to change

**SUMMARY STATEMENT**

This Summary Statement is subject in all respects to more complete information contained in this Official Statement. No person is authorized to detach this **SUMMARY STATEMENT** from this Official Statement or otherwise use it without the entire Official Statement.

<b>Issuer</b> .....	Crestwood School District, Luzerne County, Pennsylvania.
<b>The Bonds</b> .....	\$8,275,000* principal amount General Obligation Bonds, Series of 2026 (the “Bonds” or the “Bonds”), dated the date of delivery, maturing or subject to mandatory sinking fund redemption on September 1 in each of the years 2026 through 2045, inclusive, with interest payable initially on September 1, 2026, and thereafter semiannually on March 1 and September 1 of each year. See “THE BONDS” herein.
<b>Redemption Provisions</b> .....	The Bonds are subject to redemption prior to their stated maturity dates. (See “REDEMPTION OF BONDS” herein.)
<b>Security for the Bonds</b> .....	The Bonds are general obligations of the School District, for the payment of which the School District has irrevocably pledged its full faith, credit and all available taxing power, which taxing power may be limited as described herein. (See “INTRODUCTORY STATEMENT”, “SECURITY FOR THE BONDS,” and “LEGISLATION AFFECTING LOCAL TAXING POWERS OF SCHOOL DISTRICTS — ACT I OF SPECIAL SESSION 2006 (TAXPAYER RELIEF ACT)” herein.)
<b>Application of Proceeds</b> .....	Proceeds of the Bonds will be used to provide funds to: (1) currently refund the School District’s outstanding General Obligation Note, Series of 2025; (2) fund various capital projects of the School District; and (3) pay the costs and expenses related to the issuance of the Bonds.
<b>Bond Rating</b> .....	The Bonds have received a credit rating of “__” (_____ outlook) from Standard & Poor’s (“S&P”) with the understanding that the above-described financial guaranty insurance policy will be issued at the time of settlement of the Bonds. The Bonds have received an underlying rating of “BBB+” (positive outlook) from S&P. (See “RATINGS” herein.)
<b>Credit Enhancement</b> .....	The scheduled payment of the principal of and interest on all the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____. (See “BOND INSURANCE” and APPENDIX F — SPECIMEN MUNICIPAL BOND INSURANCE POLICY herein).
<b>Continuing Disclosure Undertaking</b> .....	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the “Rule”). (See “CONTINUING DISCLOSURE UNDERTAKING” herein.)

\*Preliminary, subject to change

**CRESTWOOD SCHOOL DISTRICT**  
(Luzerne County, Pennsylvania)  
281 South Mountain Boulevard  
Mountaintop, Pennsylvania 18707

**BOARD OF SCHOOL DIRECTORS**

Lauren McCurdy	President
Anna Bibla	Vice President
Shawn Gallagher	Treasurer
Nanci Romanyshyn	Secretary
Denise Chaytor-Zugarek	Member
Jill McGovern-Koptcho	Member
Michael Namey	Member
Patrick Patte	Member
Tom Stavitzski	Member

**SCHOOL ADMINISTRATION**

Mr. Kevin Seyer	Acting Superintendent
Mr. Tommy Benz	Business Manager

**SOLICITOR**

Christopher B. Slusser, Esquire  
Slusser Law Firm  
Hazleton, Pennsylvania

**BOND COUNSEL**

Stevens & Lee, P.C.  
Forty Fort, Pennsylvania

**MUNICIPAL ADVISOR**

FSL Public Finance, LLC  
Scranton, Pennsylvania

**PAYING AGENT, TRANSFER AGENT, BOND REGISTRAR,  
AND SINKING FUND DEPOSITORY**

Manufacturers and Traders Trust Company  
Harrisburg, Pennsylvania

**UNDERWRITER**

Stifel, Nicolaus & Company, Incorporated  
Conshohocken, Pennsylvania

**UNDERWRITER'S COUNSEL**

Eckert Seamans Cherin & Mellott, LLC  
Harrisburg, Pennsylvania

No dealer, broker or any other person has been authorized by the School District to give any information or make any representation, other than those contained in this Official Statement, and if given or made, such other information and representation must not be relied upon. This Official Statement does not constitute an offer to sell or the solicitation of any 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. Stifel, Nicolaus & Company, Incorporated, Conshohocken, Pennsylvania as the Underwriter (the "Underwriter"), has provided the following sentence for inclusion in this Official Statement. The Underwriter has reviewed the information in this Official Statement in accordance with and as part of its responsibilities to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information, which has been obtained from either the School District or 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 Official Statement, nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page, inside cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. If and when included in this Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes," and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES ATTACHED HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES HERETO AND INFORMATION INCORPORATED HEREIN BY REFERENCE, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE BONDS IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT. IN MAKING ANY INVESTMENT DECISION, INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED. THE BONDS HAVE NOT BEEN RECOMMENDED BY ANY FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE RESOLUTION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE

\_\_\_\_\_ ("\_\_\_\_") MAKES NO REPRESENTATION REGARDING THE BONDS OR THE ADVISABILITY OF INVESTING IN THE BONDS. IN ADDITION, \_\_\_\_\_ HAS NOT INDEPENDENTLY VERIFIED, MAKES NO REPRESENTATION REGARDING, AND DOES NOT ACCEPT ANY RESPONSIBILITY FOR THE ACCURACY OR COMPLETENESS OF THIS OFFICIAL STATEMENT OR ANY INFORMATION OR DISCLOSURE CONTAINED HEREIN, OR OMITTED HEREFROM, OTHER THAN WITH RESPECT TO THE ACCURACY OF THE INFORMATION REGARDING \_\_\_\_\_, SUPPLIED BY \_\_\_\_\_ AND PRESENTED UNDER THE HEADING "BOND INSURANCE" AND "APPENDIX F - SPECIMEN MUNICIPAL BOND INSURANCE POLICY".

The School District deems this Preliminary Official Statement to be final for the purpose of SEC Rule 15c2-12(b)(1).

**TABLE OF CONTENTS**

<u>Item</u>	<u>Page</u>
Introductory Statement.....	1
The Bonds .....	1
Redemption of Bonds .....	3
Security for the Bonds .....	4
Bond Insurance .....	6
Bond Insurance Risk Factors .....	6
Investment Considerations.....	6
Legislation Affecting Local Taxing Powers of School Districts - Act 1 of Special Session 2006 (Taxpayer Relief Act).....	8
Purpose of the Bond Issue .....	9
Sources and Uses of Funds .....	9
Crestwood School District (Luzerne County, Pennsylvania).....	10
Continuing Disclosure Undertaking .....	10
Legal Matters .....	10
Tax Matters .....	11
The Paying Agent .....	12
Ratings .....	12
Bond Underwriting .....	12
Certain Relationships Among the Parties.....	12
Municipal Advisor .....	12
Miscellaneous Matters .....	13
Appendix A — Regional and Economic Data of the Crestwood School District .....	A-1
Appendix B — Operating and Financial Data.....	B-1
Appendix C — Audited Financial Statements (Fiscal Year Ended June 30, 2025) .....	C-1
Appendix D — Proposed Form of Opinion of Bond Counsel .....	D-1
Appendix E — Proposed Form of Continuing Disclosure Certificate .....	E-1
Appendix F — Specimen of Municipal Bond Insurance Policy .....	F-1

This Table of Contents does not list all of the subjects in this Official Statement. In all instances, reference should be made to the complete Official Statement to determine the subjects set forth herein.

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

PRELIMINARY OFFICIAL STATEMENT

**\$8,275,000\***  
**CRESTWOOD SCHOOL DISTRICT**  
(Luzerne County, Pennsylvania)  
**GENERAL OBLIGATION BONDS, SERIES OF 2026**

**INTRODUCTORY STATEMENT**

This Official Statement is furnished by the Crestwood School District, Luzerne County, Pennsylvania (the "School District" or "Issuer"), in connection with the offering of \$8,275,000\* aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are authorized to be issued pursuant to the provisions of the Pennsylvania Local Government Unit Debt Act, as amended (the "Act"), as codified by the Act of December 19, 1996, P.L. 1158, No. 177, as amended, and are described in, and are being issued pursuant to the provisions of a resolution of the Board of School Directors of the School District duly adopted on May 20, 2026 (the "Resolution").

The approval of the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the "Commonwealth") for the School District to issue and deliver the Bonds will have been duly given pursuant to the Act; all acts, conditions and things required by the laws of the Commonwealth to exist, to have happened or to have been performed precedent to or in the issuance of the Bonds or in the creation of the debt of which any Bond is evidence, exist, will have happened, and will have been performed in regular and due form and manner as required by law; the Bonds, together with all other indebtedness of the School District, will be within every debt and other limit prescribed by the Constitution and the statutes of the Commonwealth; and the School District will have established with Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, or its designee, as the paying agent, transfer agent, bond registrar, and sinking fund depository for the Bonds, a Sinking Fund for the Bonds, as defined herein, and shall deposit therein amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable. (See "THE BONDS - Paying Agent, Transfer Agent, Bond Registrar, and Sinking Fund Depository" and "THE PAYING AGENT" herein.)

The Bonds, as general obligation Bonds of the School District, are secured, for the prompt payment when due of the principal of, redemption premium, if any, and the interest on the Bonds, by a pledge of the full faith, credit, and all available taxing power of the School District, which taxing power is limited as described herein. (See "SECURITY FOR THE BONDS" and "LEGISLATION AFFECTING LOCAL TAXING POWERS OF SCHOOL DISTRICTS — ACT 1 OF SPECIAL SESSION 2006 (TAXPAYER RELIEF ACT)" herein.) The Pennsylvania Public School Code of 1949, as amended (the "School Code"), presently provides for withholding and direct application of subsidies from the Commonwealth to a school district in the event of a failure by the school district to pay when due the principal of and the interest on its bonded indebtedness. (See "SECURITY FOR THE BONDS — Additional Security — Commonwealth Assistance and Section 633 of the School Code" herein.)

**THE BONDS**

The Bonds are being issued in fully registered form and will be dated the date of delivery. The Bonds will bear interest payable on March 1 and September 1 of each year ("Interest Payment Dates"), commencing September 1, 2026, as set forth on the cover page hereof and are issuable in denominations of \$5,000 or any whole multiple thereof. The Bonds mature on the dates and in the amounts shown on the inside cover page of this Official Statement. Each Bond shall bear interest from the Interest Payment Date next preceding the date of registration and authentication of such Bonds, unless (a) such Bonds are registered and authenticated as of an Interest Payment Date, in which event such Bonds shall bear interest from said Interest Payment Date; or (b) the Bonds are registered and authenticated after a Regular Record Date (hereinafter defined) and before the next succeeding Interest Payment Date, in which event such Bonds shall bear interest from such Interest Payment Date, or (c) the Bonds are registered and authenticated on or prior to the Regular Record Date preceding September 1, 2026, in which event such Bonds shall bear interest from the dated date thereof, or (d) as shown by the records of the Paying Agent, interest on such Bonds shall be in default, in which event such Bonds shall bear interest from the date on which interest was last paid on such Bonds.

The principal of the Bonds will be paid to the Registered Owners thereof or registered assigns, when due, upon presentation and surrender thereof at the principal corporate trust office of Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania. The person in whose name any Bond is registered at the close of business on any Regular Record Date with respect to an Interest Payment Date (the "Registered Owner") will be entitled to receive the interest payable by check mailed to such Registered Owner on such Interest Payment Date notwithstanding the cancellation of such Bond upon any transfer or exchange thereof subsequent to such Regular Record Date and prior to such Interest Payment Date. Except in the case of defaulted interest, the term "Regular Record Date" with respect to an Interest Payment Date means the fifteenth day (whether or not a business day) next preceding each Interest Payment Date.

If the School District shall be in default in payment of interest due on any Interest Payment Date, such defaulted interest shall be payable to the person in whose name the Bonds are 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 the Bonds not less than ten (10) days preceding such special record date. Such notice shall be mailed to the persons in whose names the Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

**Registration, Exchange, and Transfer**

The Bonds may be transferred or exchanged only on the bond register (the "Bond Register") of the School District maintained at the principal corporate trust office of Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, or its duly authorized successor (the "Registrar, Paying Agent and Sinking Fund Depository" hereinafter referred to as the "Paying Agent"). No transfer or exchange of any Bond will be valid unless made at such office and registered on the Bond Register.

The School District and the Paying Agent shall not be required: (i) to issue or 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 given, or (ii) to register the transfer of or exchange any portion of any Bond selected for redemption, in whole or in part, until after the date fixed for redemption. Bonds may be exchanged for a like aggregate principal amount of Bonds or other authorized denominations of the same series, maturity and interest rate.

Subject to the provisions described herein under "Book-Entry-Only System," the Bonds shall be transferable or exchangeable by the registered owner thereof upon surrender thereof to the Paying Agent, at its corporate trust office, 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 thereof or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership

of the Bonds in the registration books of the School District maintained by the Paying Agent and shall authenticate and deliver in the name of the transferee or transferees new fully registered Bonds or authorized denominations of the same maturity for the aggregate amount which the transferee or transferees are entitled to receive at the earliest practicable time.

The Bonds will be issued solely in book-entry form registered in the name of Cede & Co., as nominee for The Depository Trust Company (“DTC”). So long as the Bonds are held in the book-entry only system, DTC or its nominee will be the registered owner of the Bonds for all purposes of the Ordinance, the Bonds and this Official Statement. For purposes of this Official Statement, DTC or its nominee, and its successors and assigns, are referred to as the “Securities Depository”. See “BOOK-ENTRY ONLY SYSTEM,” herein.

### **Book-Entry-Only System**

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds. 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 Bonds 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 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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 effect 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.

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, principal and interest 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, or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School District, 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 the Paying 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 the Paying 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 the Paying 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 the School District. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The School District 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 the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.

**Discontinuance of Book-Entry-Only System**

The book-entry system for registration of the ownership of the Bonds may be discontinued at any time if: (i) DTC determines to resign as securities depository for the Bonds; or (ii) the School District determines that continuation of the system of book-entry transfers through DTC (or through a successor securities depository) is not in the best interests of the Beneficial Owners. In either such event (unless the School District appoints a successor securities depository), Bonds will then be delivered in registered certificate form to such persons, and in such maturities and principal amounts, as may be designated by DTC, but without any liability on the part of the School District, or the Paying Agent for the accuracy of such designation. Whenever DTC requests the School District or the Paying Agent to do so, the School District or the Paying Agent shall cooperate with DTC in taking appropriate action after reasonable notice to arrange for another securities depository to maintain custody of certificates evidencing the Bonds.

**Paying Agent, Transfer Agent, Bond Registrar and Sinking Fund Depository**

The obligations and duties of the Paying Agent are described in the Resolution and the Act, and the Paying Agent has undertaken only those obligations and duties which are expressly set out in the Resolution or required by the Act. The Paying Agent has not independently passed upon the validity of the Bonds, the security therefor, the adequacy of the provisions for payment thereof, or the tax-exempt status of the interest on the Bonds. The Paying Agent is not required to take notice or be deemed to have notice of any default under the Resolution, except for failure by the School District to make or cause to be made any of the payments required to be made for the principal of the Bonds when due at maturity or earlier redemption, or the interest thereon (See "THE PAYING AGENT" herein.) The Paying Agent may designate an agent for purposes of exercising the duties and functions described herein and in the Resolution.

**Sinking Fund**

A sinking fund for the Bonds (the "Sinking Fund") has been created under the Resolution and will be held by the Paying Agent as separate funds segregated from all other funds of the School District.

The School District will deposit in the Sinking Fund, not later than the date when interest and/or principal is due on the Bonds, a sufficient sum so that on each principal and interest payment date the Sinking Fund will contain, together with any other available funds therein, sufficient money to pay in full, interest and principal then due on the Bonds.

The monies held in the Sinking Fund may be invested in securities or deposited as authorized by law. Such deposits and securities shall be in the name of the School District and subject to withdrawal or collection only by the Paying Agent to pay the debt service on the Bonds and such deposits and securities, together with the interest thereon, shall be part of the Sinking Fund.

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

**Mutilated, Lost, Stolen, or Destroyed Bonds**

If any Bond is mutilated, lost, stolen, or destroyed, the School District may execute, and the Paying Agent or its designee may authenticate, subject to the provisions of the Act, a new Bond of the same date, maturity, denomination, and interest rate. In connection with replacing mutilated, lost, stolen, or destroyed Bonds, the School District and the Paying Agent or its designee may require satisfactory indemnification and may charge the owners of such Bonds reasonable fees and expenses.

**REDEMPTION OF BONDS**

**Optional Redemption**

The Bonds maturing on or after September 1, \_\_\_\_, shall be subject to redemption, prior to maturity, at the option of the School District, in whole or in part, in any order of maturities, at any time on or after \_\_\_\_, 20\_\_, at a price equal to 100% of the principal amount of the Bonds to be redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all of the Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

**Mandatory Redemption**

The Bonds stated to mature on September 1, \_\_\_\_, are subject to mandatory redemption prior to maturity on September 1 of the years (at a price equal to the principal amount of the Bonds called for mandatory redemption, plus accrued interest to the date fixed for such mandatory redemption) and in the principal amounts as set forth in the following schedule, as drawn by lot by the Paying Agent:

**The Bonds Stated  
to Mature on September 1, \_\_\_\_**

<u>Year</u>	<u>Principal amount</u>
	\$
	*

\*at maturity

In lieu of mandatory sinking fund 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 thereof plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for mandatory sinking fund redemption in any such year.

**Notice of Redemption**

As provided more fully in the Resolution and in the form of the Bonds, notice of redemption of Bonds shall be given by mailing a copy of the redemption notice by first class mail, postage prepaid, at least 30 days but not more than 60 days prior to the redemption date to the Registered Owners of Bonds to be redeemed at the addresses which appear in the Bond Register. Neither failure to mail such notice nor any defect in the notice so mailed or in the mailing thereof with respect to any one Bond will affect the validity of the proceedings for the redemption of any other Bond. If the School District shall have duly given notice of redemption and shall have deposited with the Paying Agent funds for the

payment of the redemption price of the Bonds so called for redemption with accrued interest thereon to the date fixed for redemption, interest on such Bonds will cease to accrue after such redemption date.

If at the time of mailing of the notice of redemption the School District shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice may state that it is conditional, that is, subject to the deposit of the redemption moneys with the Paying Agent no later than the opening of business on the redemption date, and such notice shall be of no effect unless such moneys are so deposited.

## SECURITY FOR THE BONDS

### General

The School District has covenanted that it will provide in its budget for each year, and will appropriate from its 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, or any other of its available revenues or funds, the principal of, and the interest on the Bonds, as and when due, at the dates and places and in the manner stated on the Bonds. For such budgeting, appropriation, and payment, the School District has irrevocably pledged its full faith, credit and all available taxing power, subject to certain limitations provided by law (See “**LEGISLATION AFFECTING LOCAL TAXING POWERS OF SCHOOL DISTRICTS — ACT 1 OF SPECIAL SESSION 2006 (TAXPAYER RELIEF ACT)**” herein). Such pledge is specifically enforceable but is subject to the limitations of bankruptcy, insolvency, and other laws or equitable principles affecting creditor rights generally. Additionally, the School Code presently provides for withholding and direct application of Commonwealth subsidies in the event of the failure of a school district to pay debt service on its bonded indebtedness. (See “**Additional Security — Commonwealth Assistance and Section 633 of the School Code**” herein.)

No recourse shall be had for the payment of the principal of or the interest on any Bond, or for any claim based thereon or in the Resolution against any member of the Board of School Directors, or any officer or employee of the School District, past, present, or future or of any successor body, as such, either directly or through the School District or any such successor body, under any constitutional provision, statute or rule of law, or by the enforcement of any assessment or by any legal or equitable proceeding or otherwise, and all such liability of such members of the Board of School Directors, officers, or employees is released as a condition of and as consideration for the issuance of the Bonds.

### Bondholder Rights and Remedies

The remedies available to holders of the Bonds upon any failure to pay the principal of, and the interest on the Bonds, when due, include those prescribed by the Act. If such failure should continue for a period of time in excess of thirty days, any holder of the Bonds will, subject to certain priorities, have the right to bring suit for the amount due in the Court of Common Pleas of Luzerne County, Pennsylvania. The Act provides that, if the School District defaults in the payment of the principal of, and the interest on the Bonds, and such default continues for a period of time in excess of thirty days, or if the School District fails to comply with any provision of either the Bonds or the Resolution, then the holders of 25% in aggregate principal amount of the Bonds may appoint a trustee to represent the holders of the Bonds.

Such trustee may, and upon written request of the holders of 25% in aggregate principal amount of the Bonds and being furnished with satisfactory indemnity, must take one or more of the following actions, which will preclude similar action by individual holders: (i) bring suit to enforce all rights of the holders, (ii) bring suit on the Bonds, (iii) petition the Court to levy the amount due plus estimated costs of collection as an assessment upon all taxable real estate and other property subject to ad valorem taxation in the School District (any such assessment will have the same priority and preference as to other liens or security interests as a lien for unpaid taxes), and (iv) by suit in equity, enjoin any acts or things which may be unlawful or in violation of the rights of the holders, all as set forth more fully in the Act.

Enforcement of a claim for payment of the principal of, premium, if any or the interest on the Bonds may be subject to the provisions of the federal bankruptcy laws and to the provisions of other statutory laws enacted by the Congress or the General Assembly of the Commonwealth, or common law developed by competent courts having jurisdiction extending the time for payment or imposing other constraints upon enforcement insofar as such laws may be constitutionally applied.

### Additional Security — Commonwealth Assistance and Section 633 of the School Code

Under the Constitution of the Commonwealth of Pennsylvania, the Commonwealth is charged with the duty of supporting and maintaining a thorough and efficient public school system. As one means of fulfilling this mandate, the General Assembly of the Commonwealth has rendered basic instructional financial assistance to school districts by means of partial reimbursements in the current fiscal year based on expenditures of the school district made in the preceding fiscal year. The Basic Instructional Subsidy is distributed to school districts six times per year.

The School District received \$18,280,582 in total Commonwealth subsidies in the fiscal year ending June 30, 2025.

The General Assembly has also provided partial reimbursement for sinking fund payments, and lease rental payments to a municipal authority, in support of school building projects approved by the Pennsylvania Department of Education. In the case of lease rental and/or sinking fund reimbursements, the reimbursements are determined by formulae established by the School Code. Lease rental and/or sinking fund reimbursement from the Commonwealth for school projects is determined by multiplying the “Reimbursable Percentage” assigned to the school building project by the school district’s “Market Value Aid Ratio”. A school district’s Market Value Aid Ratio may change each year, as it is based on factors such as enrollment, assessed valuation and market valuation. As a result, the Commonwealth payment of lease rental and/or sinking fund reimbursement may also change each year.

All public school subsidies, including rental and/or sinking fund reimbursements, are conditioned on appropriations by the General Assembly. The Commonwealth enacted its 2016-2017 budget without providing appropriations for PlanCon reimbursements to any school district. Additionally, no reimbursement was provided to any school district by appropriation in the 2015-2016 fiscal year.

The General Assembly determined to issue Bonds through the Commonwealth Financing Authority (the “CFA”) to fund its 2015-2016 and 2016-2017 obligations. House Bill 1589 which included an authorization to issue up to \$2.5 billion of Bonds to fund this obligation, became law despite the Governor’s refusal to sign the legislation. The first CFA bond issue closed in November 2016 and the proceeds were used to fund the past due PlanCon reimbursements for the 2015-2016 and 2016-2017 fiscal years. The School District received \$458,005 from the proceeds of the 2016 CFA Bonds, representing reimbursements for the 2015-16 fiscal year.

Act 25 of 2016 provided that the Department of Education shall not accept or approve new building or reconstruction project applications, if received after May 15, 2016. Instead, new projects are subjected to such new or revised system of Commonwealth support for construction or renovation as may be enacted into law in the future.

Recently enacted Act 70 of 2019 (approved July 2, 2019) reforms the PlanCon program by, among other things, reducing the number of individual parts to the program, adjusting the reimbursement formulae, providing reimbursement for certain repair and maintenance projects and limiting state reimbursement payments to fixed amount over a twenty-year period. However, the General Assembly has not included PlanCon funding in recent fiscal year budgets, and so the moratorium on new projects continues. To the extent that Act 70, or 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.

It should be noted that legislation has been introduced from time to time by the Pennsylvania General Assembly that contains language that revises or even eliminates the debt service reimbursement program for Pennsylvania school districts. As of the date of this Official Statement, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as currently structured, the amount of PlanCon reimbursement to the School District may be positively or negatively affected. A decrease in the reimbursement could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

The amount of Commonwealth aid to the School District in the future may change in the event amendments were made to State aid formulas or if changes occur in local conditions which may affect the level of State aid under current formulas.

Section 633 of the School Code, as amended, presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory redemption, or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date, or on any sinking fund deposit date, in accordance with the schedule under which the Bonds are 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.

There can be no assurance that any payments made pursuant to this withholding provision will be made by the date on which such payments are due to Bondholders, and the effectiveness of the withholding provisions of the Pennsylvania Act 150 School District Intercept Program may be limited by the application of other withholding provisions contained in the School Code. These provisions may apply to withholding and paying over appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the rights of creditors. (See "**Pennsylvania Budget Adoption and Experience**" below.)

#### **Act No. 25 of 2016**

Act No. 25 of 2016, enacted April 25, 2016, provides that the Department of Education shall not accept or approve new building or reconstruction project applications, if received after May 15, 2016. Instead, such new projects would be subject to such new or revised system of Commonwealth support for construction or renovation as may be enacted into law in the future. The projects funded from the Bonds are not expected to be eligible for reimbursement. Therefore, the School District has not made application prior to May 15 deadline with respect to the proposed projects to be funded by the Bonds.

There can be no assurance that any payments made pursuant to this withholding provision will be made by the date on which such payments are due to Bondholders, and the effectiveness of the withholding provisions of Section 633 may be limited by the application of other withholding provisions contained in the School Code. These provisions may apply to withholding and paying over appropriations for payment of unpaid teachers' salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the rights of creditors.

#### **Pennsylvania Budget Adoption and Experience**

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

After a week's delay and intense negotiations, a \$42.7 billion budget for the state's 2022-2023 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 2021-2022 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 2022-2023 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget included \$8.097 billion for the basic education funding appropriation. The total amount was a \$225 million increase over the 2023-2024 fiscal year appropriation. The budget also provided \$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 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.

On June 30, 2025 Pennsylvania lawmakers missed the June 30th deadline to pass the state budget for the fourth consecutive year. The Commonwealth budget for the 2025-26 fiscal year was signed into law by the Governor on November 12, 2025, 135 days after the June 30 deadline.

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

#### **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 XV1-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse," which provides for intercept of subsidy payments by the Department from 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" Sections 633 of the Public School Code. The School District's general obligation bonds, school revenue bonds and other indebtedness, including the Bonds, are subject to Section 633 of the Public School Code. Act 85 of 2016 provides that the amounts as may be necessary for the Department to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to the Department from the General Fund of the Commonwealth after the Department 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 the Department is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring the Department to withhold payments which would otherwise be due to school districts; and
3. the Secretary of the Department, 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 the Department may withhold money as required by the applicable intercept statute or intercept agreement.

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

The total of all intercept payments under Article XV11-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 subject to an intercept statute or intercept agreement must deliver to the Department, in such format as the Department may direct, a copy of the final Official Statement for the relevant bonds or Bonds 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 to the Department within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which the Department 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.

## BOND INSURANCE

[Bond Insurance applied for]

### BOND INSURANCE RISK FACTORS

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

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

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

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

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

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

### INVESTMENT 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 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.*

#### **Economic Factors Affecting the Financial Condition of the School District**

Changes in current economic conditions, on local, regional and national levels, could adversely affect the School District's operating revenues and expenses and, consequently, the School District's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the School District; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of supplies and materials necessary to provide public services; loss or reduction of State and federal subsidies and reimbursements for operating and capital costs; and delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may effect School District revenues or the timely payment thereof.

#### **Charter and Cyber Schools**

The School District faces competition from a number of charter and cyber schools, to which the School District is legally obligated to pay tuitions. For the 2024-2025 school year there were 80 School District students in charter schools. The School District payments to charter schools in FY 2024-2025 totaled \$1,443,941. The School District payments to charter schools in FY 2025-2026 are estimated to be \$1,700,000. In the current school year\* there are 80 School District students in charter schools, with a budgeted

cost of \$1,639,783. From year to year, it is possible charter school enrollments could increase and cause School District charter school payments to increase. The School District cannot predict the ultimate impact of such an occurrence on its operations or financial results and its ability to make those charter school payments.  
\*As of 04/29/26

### **Cybersecurity**

The District, like many other governmental entities, relies on a technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurance that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attack could impact operations and/or digital networks and the costs of remedying any such damage could be significant. In addition to the various processes in place to safeguard against cybersecurity attacks, the District also maintains a cybersecurity insurance policy to cover all of its various systems and to further mitigate risk.

### **Uncertainty of Tax Revenues**

While present State law authorizes the School District to levy *ad valorem* real estate taxes in order to support the payment of debt service on the Bonds, there can be no firm assurance or guaranty that the School District will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. Moreover, the School District's ability to increase certain rates or purposes of taxation is limited by State law. (See "**The Taxpayer Relief Act (Act 1), as Amended**" and "*Status of the Bonds Under Act 1*" herein and "**APPENDIX A – TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT**").

Additionally, the availability of tax and other locally-generated revenue is dependent on the tax base within the School District and the ability of this tax base to support the tax burden imposed in any year not only by the School District, but also by such overlapping taxing authorities as Washington County and the component municipalities of the School District.

However, the School District has never defaulted on the payment of principal of or interest on any general obligation debt or any tax anticipation Bond issues.

### **Enforcement of Remedies**

Enforcement of a claim for payment of principal of and interest on the Bonds may be subject to the provisions of laws enacted by the United States or the Commonwealth or case law developed by competent courts applying general principles of equity, all of which could extend the time for payment or impose other constraints upon enforcement.

### **Actions In The Event Of Default**

If the School District fails or neglects to budget, appropriate and pay debt service on the Bonds when due, a holder or trustee may petition the Court of Common Pleas of the County of Luzerne, and upon a finding of such failure or neglect, the Court may direct, by order of mandamus, the School District to pay into the sinking fund established for the Bonds the first tax moneys or other available revenues or moneys thereafter received. Such judgment could mandate that the School District pay such debt service prior to all other School District expenses, including School District employee wages and benefits. Notwithstanding such provisions of law, courts generally exercise wide discretion in deciding whether to grant a writ of mandamus, and the judges who enter such orders are usually elected to the bench by local voters. Additionally, municipal officials presented with a writ could resign rather than carry out the mandamus order, in which case it is uncertain the extent to which bond purchasers would be able to cause other School District officials to pay amounts then due and owing.

In the event the School District defaults in the payment of the principal of or the interest on the Bonds after the same shall come due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Act provides that the holders of 25% in aggregate principal amount of such Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bond purchasers. The trustee may, and upon request of the holders of 25% in principal amount of such Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bond purchasers as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

### **Funding Adjustments or Failure to Appropriate**

For the fiscal year ending June 30, 2025, the School District's total Commonwealth appropriation is anticipated to be approximately \$18,280,582 and such appropriation represents approximately 38% of its total revenues.

The School District's appropriation share of Commonwealth funds is dependent upon the adoption by the Commonwealth of its annual budget. The budget for the Commonwealth's fiscal year beginning July 1, 2015 was not enacted in full until April of 2016. The Commonwealth's 2016-17 budget was enacted by the General Assembly on July 7, 2016. For the 2017-2018 fiscal year, the state budget became law, known as Act 1A of 2017, on July 11, 2017 when the Governor failed to sign or veto the state budget that was adopted by the General Assembly on June 30, 2017. Since that time, the General Assembly considered various tax and revenue packages, as the same was needed in order to balance the 2017-2018 state budget. On October 24, 2017, the General Assembly did adopt a tax and revenue package (House Bill 674) as necessary to balance the state budget. On October 30, 2017, the Governor signed the General Assembly's revenue package. Therefore, no assurance that future appropriations by the Commonwealth to the School District or to fund the Commonwealth's school district intercept programs will be made in any particular amount or on any particular timetable, will be consistent with past levels of subsidy, or at levels needed or requested by the School District now or in the future. (See "**SECURITY FOR THE BONDS -- Pennsylvania Budget Adoption and School District Intercept Payments Legislation**" herein.)

### **Competing Commonwealth Intercept Authorities**

Under current Pennsylvania law, Commonwealth subsidies to school districts can be intercepted for purposes other than to pay debt service then due and owing on school district debt. For example, Pennsylvania law authorizes the diversion of Commonwealth Subsidies directly to charter schools if the relevant school district fails to transfer such subsidies to the charter school. Additionally, Commonwealth law authorizes the diversion of state subsidies to the Pennsylvania Public School Employees' Retirement System ("PSERS") if the school district fails to fully fund its annual contribution to the retirement system.

### **Pension Plans and Pension Funding Pressure**

Future changes in actuarial assumptions, benefit plan modifications or variations in actual experience from actuarial assumptions may result in additional unfunded liability (and amortization payments) or over-funding (and credits), as the case may be, that are not currently reflected in reports prepared by the PSERS actuary.

The School District's annual pension contribution obligation is expected to continue to increase over the next several years. As PSERS' pension obligations rise, it should be expected that the annual amount payable by the School District to PSERS will also rise, potentially absorbing a greater share of available revenues and leaving less funding for student learning and negatively impacting the available sources of funds the School District has to pay debt service on the Bonds and its other indebtedness. See "**APPENDIX A – Pension Program**" herein.

## **No Assurance of Secondary Market for the Bonds**

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price. Moreover, while the Underwriter expects to reoffer the Bonds in the secondary market, the Underwriter is not specifically required to do so.

## **Risk of Audit by the Internal Revenue Service**

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

## **LEGISLATION AFFECTING LOCAL TAXING POWERS OF SCHOOL DISTRICTS - ACT 1 OF SPECIAL SESSION 2006 (TAXPAYER RELIEF ACT)**

Pennsylvania Act No. 1 of the Special Session of 2006 ("Act 1"), which became effective June 27, 2006 provides, *inter alia*, that 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 provided therein. On June 30, 2011, the General Assembly adopted legislation (Act 25 of 2011) amending Act 1 eliminating several exceptions previously permitted under Act 1 and providing for the rescission of certain prior approved referendum exceptions for disaster/emergency costs, implementation of a court order, school construction and non-academic school construction (effective after the last payment of principal and interest on debt incurred to finance same). (Act 1 together with Act 25 of 2011 will hereinafter be referred to as the "Taxpayer Relief Act"). The exceptions available under the Taxpayer Relief Act are summarized as follows:

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 (the School District did not so elect); to pay interest and principal on any indebtedness approved by the voters at referendum;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances;
3. to make payments into the State Public School Employees' Retirement System when the increase in the actual dollar amount of estimated payments between the current year and the upcoming year is greater than the Index.

A school district intending to utilize the foregoing exceptions is entitled to apply to the Pennsylvania Department of Education ("PDE") for approval thereof, if and to the extent a tax increase greater than the Index is needed in any particular fiscal year. The Taxpayer Relief Act provides that PDE shall approve a school district's request if a review of the data demonstrates that the school district qualifies for the exception sought and the sum of the dollar amounts of all exceptions for which the school district qualifies is not more than what is necessary to balance the budget after giving effect to the revenue to be raised by the allowable increase under the Index. There can be no assurance, however, that approval will be given by PDE to utilize a referendum exception in any future fiscal year or years.

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 the court or PDE, as the case may be. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

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 FOREGOING SUMMARY OF THE TAXPAYER RELIEF ACT IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF THE TAXPAYER RELIEF ACT NOR A LEGAL INTERPRETATION OF ANY PROVISION OF THE TAXPAYER RELIEF ACT, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF THE TAXPAYER RELIEF ACT AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

## **State Law Authorizing Replacement of the School District's Occupation Tax with an Increase in the Local Earned Income Tax**

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

The School District has taken no action to implement Act 24.

## **Legislation Limiting Unreserved Fund Balances**

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

<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	9.2%
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.

**PURPOSE OF THE BOND ISSUE**

Proceeds of the Bonds will be used to provide funds to: (1) currently refund the School District’s outstanding General Obligation Note, Series of 2025; (2) fund various capital projects of the School District; and (3) pay the costs and expenses related to the issuance of the Bonds. (See “**SOURCES AND USES OF FUNDS**,” “**DEBT LIMITS AND REMAINING BORROWING CAPACITY OF THE SCHOOL DISTRICT — Future Financing**,” and “**SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS**”, herein.)

**SOURCES AND USES OF FUNDS**

The proceeds from the sale of the Bonds shall be applied substantially in the following manner:

<b><u>Sources of Funds</u></b>	
Par Amount of Bonds	\$
Plus/Less Original Issue Premium (Discount)	
<b><u>TOTAL SOURCES</u></b>	<b><u>\$</u></b>
<b><u>Uses of Funds</u></b>	
Amount Required to Redeem 2025 Note	\$
Deposit to Capital Projects Fund	
Costs of Issuance <sup>(1)</sup>	
<b><u>TOTAL USES</u></b>	<b><u>\$</u></b>

<sup>(1)</sup>Includes Underwriter’s discount, legal, printing, rating, municipal advisory, paying agent, municipal bond insurance and miscellaneous fees.

**Future Financing**

The School District does not anticipate the issuance of further long-term debt for capital projects within the next three years.

**Tax Anticipation Borrowing**

On July 1, 2025, the School District issued its \$3,750,000 Tax and Revenue Anticipation Note, Series of 2025 which matures on June 30, 2026. The School District has authorized the issuance of a Tax and Revenue Anticipation Note for the 2026-27 fiscal year in the amount of \$3,750,000 to mature on June 30, 2027. The School District may contemplate issuing additional Tax and Revenue Anticipation Notes in subsequent years.

**CRESTWOOD SCHOOL DISTRICT  
(LUZERNE COUNTY, PENNSYLVANIA)**

**Description**

The School District is a third-class school district located in Luzerne County in Northeastern Pennsylvania. It is composed of the Townships of Dennison, Dorrance, Fairview, Rice, Slocum, and Wright and the Boroughs of Nuangola, Penn Lake Park and White Haven and encompasses an area of 106.9 square miles. The School District consists of mixed land use ranging from rural to residential to industry. It is approximately 6 miles south of the City of Wilkes-Barre, the Luzerne County seat. The School District is situated approximately 41 miles west of Mount Pocono, 65 north of Allentown, 95 miles northeast of Harrisburg, 115 miles north of Philadelphia and 125 miles northwest of New York City. For additional details about the School District, see “**Appendix A – Crestwood School District, Luzerne County, Pennsylvania.**”

**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 E for the proposed form of Continuing Disclosure Certificate (the “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 procedures in place to ensure that future filings of the required annual information and event notices will be accomplished within all required time periods.

**Summary of Continuing Disclosure Undertaking Compliance**

The School District has entered into continuing disclosure undertakings for previously issued bonds that have been outstanding within the past five years (collectively, the “Prior Undertakings”). Under the Prior Undertakings, the School District agreed to provide audited financial statements, budgets and certain financial and operating data relating to the School District. In the previous five years, the School District has failed to comply with certain provisions of the Prior Undertakings, including failing to file or timely file: (a) audited financial statements for the fiscal years ending June 30, 2022 and June 30, 2025; (b) adopted budgets relating to the fiscal years ending June 30, 2023, June 30, 2025 and June 30, 2026; (c) portions of the required financial and operating data for the fiscal years ending June 30, 2021, June 30, 2024 and June 30, 2025; and (d) certain event notices, including notices of the aforementioned late filings. As of the date of this Preliminary Official Statement, to the best of the School District’s knowledge, all material outstanding continuing disclosure obligations have been satisfied.

The Continuing Disclosure Certificate will provide bondholders or beneficial owners with certain enforcement rights in the event of a failure by the School District to comply with the terms thereof; however, a default under the Continuing Disclosure Certificate does not constitute a default. The Continuing Disclosure Certificate may be revised from time to time as permitted or required by applicable law, without the consent of the Bondholders, and may be terminated upon the economic defeasance of all outstanding Bonds, or other arrangement, whereby the School District is released from any further obligation with respect to the Bonds. Covenants in the Continuing Disclosure Certificate may also be terminated, without the consent of the Bondholders, at such time as continuing disclosure is no longer required by applicable law. The School District will promptly notify the MSRB via EMMA of any revision or termination of the disclosure covenants. The sole remedy for a breach by the School District of its covenants to provide financial statements, tabular information and notices of material events is an action to compel performance of such covenants. Under no circumstances may monetary damage be assessed or recovered, nor will any such breach constitute a default under the Bonds or a failure to comply with any provision of the Bonds for purpose of the Act.

**LEGAL MATTERS**

**Pending Legal Proceedings**

At closing, the President of the Board of School Directors and the Solicitor will certify that there is no presently pending litigation that would materially and adversely affect the validity of the Bonds or that questions the proceedings for the issuance thereof.

**Legal Opinions**

The issuance and delivery of the Bonds are subject to the approving legal opinion of Stevens & Lee, P.C., Forty Fort, Pennsylvania, Bond Counsel. Certain legal matters will be passed upon for the School District by Christopher B. Slusser, Esquire, of The Slusser Law Firm, Hazleton, Pennsylvania, Solicitor to the School District; and for the Underwriter by Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania.

Bond Counsel states in its opinion issued with respect to the Bonds that (1) they have not been engaged to verify nor have they independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated \_\_\_\_, 2026 (the “Preliminary Official Statement”), or the Official Statement, dated \_\_\_\_, 2026 (the “Official Statement”), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the School District officials, and (ii) Bond Counsel expresses no opinion with respect to whether the School District in connection with the sale of the Bonds or the

preparation of the Preliminary Official Statement or the Official Statement, have made any untrue statement of a material fact necessary in order to make any statement made therein not misleading.

## TAX MATTERS

### Federal Tax Laws

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

Other provisions of the Code affect the purchasers and holders of certain state and local government bonds or notes such as the Bonds. Prospective purchasers of the Bonds should be aware that: (i) Section 265 of the Code denies a deduction for interest on (a) indebtedness incurred or continued to purchase or carry certain state or local government bonds or notes, such as the Bonds, or, (b) in the case of a financial institution, that portion of a financial institution's interest expense allocated to interest on certain state or local government bonds or notes, such as the Bonds, unless the issuer of the state or local government bonds or notes designates the bonds or notes as "qualified tax-exempt obligations" for the purpose and effect contemplated by Section 265(b)(3)(B) of the Code (the School District has designated the Bonds as "qualified tax exempt obligations" under Section 265(b)(3)(B) of the Code, as such phrase is defined in the Code); (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, Section 832(b)(5)(B)(1) reduces the deduction for loss reserves by 15% of the sum of certain items, including interest and amounts treated as such on certain state or local government bonds or notes such as the Bonds; (iii) interest on certain state or local government bonds or notes, such as the Bonds, earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (iv) if a Subchapter S corporation has passive investment income (which passive investment income will include interest on state and local government bonds or notes such as the Bonds) exceeding 25% of such Subchapter S corporation's gross receipts and if such Subchapter S corporation has Subchapter "C" earnings and profits, then interest income derived from state and local government bonds or notes, such as the Bonds, may be subject to federal income tax under Section 1375 of the Code; and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income receipts or accruals of interest on certain state or local government bonds or notes such as the Bonds.

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

No prediction is made whether these provisions will be enacted as proposed or concerning other future legislation which if passed might have the effect on the tax treatment of interest on the Bonds. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation. Bond Counsel will render its opinion as of the issue date and will assume no obligation to update its opinions after the issue date to reflect any future facts or circumstances, or any future changes in law or interpretation, or otherwise. Moreover, the opinion of Bond Counsel is only an opinion and not a warranty or guaranty of the matters discussed. Bond Counsel has no obligation to provide updated information concerning pending or future legislation. The School District does not have any obligation to provide updated information concerning pending or future legislation. Each purchaser of the Bonds should consult his or her own tax advisor regarding any pending or proposed federal tax legislation. PROSPECTIVE PURCHASERS OF THE BONDS SHOULD CONSULT THEIR OWN TAX ADVISERS REGARDING ANY PROPOSED FEDERAL TAX LEGISLATION, AS TO WHICH BOND COUNSEL EXPRESSES NO OPINION.

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

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

### Tax Exemption

In the opinion of Bond Counsel, assuming continuing compliance by the School District with certain certifications and agreements relating to the use of Bond proceeds and covenants to comply with provisions of the Code and any applicable regulations thereunder, now or hereafter enacted, interest on the Bonds is not includable in the gross income of the holders of the Bonds under Section 103(a) of the Code and interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax on individuals and corporations; however, such interest on the Bonds is taken into account in determining the annual adjusted financial statement income of "applicable corporations" as defined in Section 59(k) of the Code for the purpose of computing the alternative minimum tax imposed on corporations. Other provisions of the Code will affect certain purchasers and holders of the Bonds. See "Federal Tax Laws" above.

The School District has designated and determined under and for purposes of Section 265(b)(3)(B) of the Code to qualify each of the Bonds as a "qualified tax-exempt obligation" as such phrase is defined in the Code.

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

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

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

## **Regulations, Future Legislation**

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

The Inflation Reduction Act of 2022 (the "IRA") includes a 15 percent alternative minimum tax to be imposed on the "adjusted financial statement income", as defined in the IRA, of "applicable corporations" as defined in section 59(k) of the Code. Interest on the Bonds will be included in the "adjusted financial statement income" of such corporations for purposes of computing such alternative minimum tax.

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

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

## **THE PAYING AGENT**

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

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

## **RATINGS**

Standard & Poor's, New York, New York ("S&P"), is expected to assign its credit rating of "\_\_\_" (\_\_\_ Outlook) to the Bonds with the understanding that, upon delivery of the Bonds, an Insurance Policy guaranteeing when due the scheduled payment of the principal of and the interest on the Insured Bonds will be issued concurrently with the delivery of the Bonds by \_\_\_. S&P has also assigned an underlying rating of "BBB+" (Positive Outlook) to the Bonds. Such rating reflects only the view of such organization furnishing such rating. Any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same at the following address: Standard & Poor's, 55 Water Street, New York, New York 10041. There is no assurance that this credit rating will be maintained for any given period of time, or that it may not be lowered or withdrawn entirely by S&P 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.

## **BOND UNDERWRITING**

The Bonds have been purchased by Stifel, Nicolaus & Company, Incorporated, as the Underwriter. The Underwriter has agreed to purchase the Bonds at an aggregate purchase price of \$ \_\_\_\_\_ (which is the aggregate par amount of the Bonds, less the Underwriter's discount of \$ \_\_\_\_\_ and less/plus an original issue discount/premium of \$ \_\_\_\_\_) pursuant to a Bond Purchase Agreement (the "Bond Purchase Agreement") entered into between the Underwriter and the School District. The Bond Purchase Agreement for the Bonds provides that the Underwriter will purchase all the Bonds, if any are purchased, in accordance with the terms of the Bond Purchase Agreement, and requires that the School District certify to the Underwriter that this Official Statement does not, to the knowledge of the School District, contain any untrue statement of a material fact or omit any statement of any material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

Stifel and its affiliates comprise a full service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

## **CERTAIN RELATIONSHIPS AMONG THE PARTIES**

FSL Public Finance, LLC, an affiliated business of Stevens & Lee, P.C., Bond Counsel to the School District, is serving as financial advisor to the School District in connection with the preparation, authorization and issuance of the Bonds.

## **MUNICIPAL ADVISOR**

FSL Public Finance, LLC, Scranton, Pennsylvania, has served as municipal advisor (the "Municipal Advisor") to the School District in connection with the issuance and sale 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 this Official Statement. FSL Public Finance, LLC is an independent financial advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

**MISCELLANEOUS MATTERS**

All summaries of the provisions of the Act, the Bonds, the Resolution, the Disclosure Certificate and other laws and documents hereinabove and hereinafter set forth are made subject to all detailed provisions thereof, to which reference is hereby made for further information, and do not purport to be complete statements of any or all such provisions.

All estimates and assumptions herein have been made on the best information available and are believed to be reliable, but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended merely as such and not as representations of fact.

The execution and delivery of this Official Statement has been duly authorized by the School District. Concurrently with the delivery of the Bonds, the School District will furnish a certificate to the effect that nothing has come to the School District's attention that would lead the School District to believe that the Official Statement, in final form, contains any untrue statements of a material fact or omits to state any information required to be stated herein or necessary to make the statements therein in light of the circumstances under which they were made, not misleading.

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

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

The information and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District since the date hereof. The information contained in this Official Statement that has been obtained from sources other than the School District is not guaranteed as to accuracy or completeness.

Appendices A, B, C, D, E, and F attached hereto, are expressly incorporated herein as a part hereof.

This Official Statement, issued by the School District, has been duly approved and executed by the School District and has been authorized for distribution in connection with the underwriting and offering of the Bonds.

**CRESTWOOD SCHOOL DISTRICT**  
(Luzerne County, Pennsylvania)

By: \_\_\_\_\_  
Lauren McCurdy,  
President, Board of School Directors

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**APPENDIX A**

**REGIONAL AND ECONOMIC DATA OF THE CRESTWOOD SCHOOL DISTRICT**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**CRESTWOOD SCHOOL DISTRICT**  
(Luzerne County, Pennsylvania)

The text, charts and tables within this Appendix (unless otherwise footnoted) set forth both: (a) financial information and results of operations which are specific to the School District and have been produced from its own financial records; and (b) community economic data and descriptions which were supplied by or, if obtained from other sources, confirmed by, School District officials. In the latter case, the School District does not guarantee the accuracy of such data, but does confirm that the same has been obtained from sources deemed to be reliable and that the School District has no information which would suggest such data is inaccurate or misleading.

**Enrollment Data**

<u>School Year Ending June 30,</u>	<u>Actual Enrollments</u>		
	<u>K-7</u>	<u>8-12</u>	<u>Total</u>
2019	1,744	1,135	2,879
2020	1,697	1,146	2,843
2021	1,617	1,134	2,751
2022	1,610	1,201	2,811
2023	1,632	1,213	2,845
2024	1,601	1,175	2,776
2025	1,581	1,173	2,754
2026 (Current)	1,557	1,134	2,691

SOURCE: School District Officials.

<u>School Year Ending June 30,</u>	<u>Projected Enrollments</u>		
	<u>K-7</u>	<u>8-12</u>	<u>Total</u>
2027	1,548	1,160	2,708
2028	1,552	1,151	2,703
2029	1,591	1,119	2,710

SOURCE: Pennsylvania Department of Education.

**School Building Facilities**

The following table depicts the component elements of the existing physical plant of the School District.

	<u>Original Construction</u>	<u>Most Recent Addition or Renovation</u>	<u>Grades</u>	<u>Pupil Capacity</u>	<u>2025-26 Enrollment</u>
<i>Elementary:</i>					
Rice Elementary	1971	1975/1990	K-6	994	709
Fairview Elementary	1975	1990	K-6	994	607
<i>Secondary:</i>					
Crestwood Middle School	2000	--	7-8	665	447
Crestwood Senior High School	1962	1967/1986/1992/2000	9-12	1,205	918

SOURCE: School District Administrative Officials.

**Employment and Employee Relations**

There are presently approximately 310 employees of the School District, including 170 teachers and administrators, and 140 support personnel including secretaries, custodial and maintenance staff, cafeteria staff and teacher aides.

The School District's teachers are represented by the ("PSEA"), under a contract with the School District which expired August 31, 2025. Negotiations between the School District and the Crestwood Education Association are currently ongoing. The School District is optimistic that an agreement will be reached in the coming months.

The School District's support personnel are under contract with the School District which will expire June 30, 2026. The Board considers its employee relations to be good.

**Pension Program**

The School District contributes to the Public School Employees' Retirement System of Pennsylvania ("PSERS"), a governmental cost-sharing, multiple-employer defined benefit pension plan. PSERS is administered by the PSERS Board of Trustees. All of the School District's full-time and part-time salaried employees, or part-time employees who work 80 or more days in a school year or over 500 hours per year are required to participate in the program. The PSERS System provides retirement and disability benefits, legislatively mandated ad hoc cost of living adjustments, and health care insurance premium assistance to qualifying annuitants. The Public School Employees' Retirement Code (Act No. 96 of October 2, 1975, as amended, 24 Pa. C.S. §§8101-8535) assigns the authority to establish and amend benefit provisions to the PSERS Board of Trustees. PSERS issues a publicly available financial report that includes financial statements and required supplementary information for the pension plan. The contribution policy is established in the Public School Employee Retirement Code and requires contributions by active members, employers, and the Commonwealth.

Beginning July 1, 1976, certain revisions were made in the pension program. The Retirement Board, previously under the Department of Education of the Commonwealth, became an independent agency. Currently, each party to the program contributes a fixed percentage of the employee's salary. Employees belonging to the Public School Employees Retirement System ("PSERS") prior to July 22, 1983 contribute 5.25% of their salary, and employees who joined the PSERS on or after July 22, 1983 contribute 6.25% of their salary. On February 17, 2002, Governor Ridge signed Act 9 which created a new membership class that sets the employee contribution rate at 7.50% of the employee's

salary for those employees hired on or after July 1, 2001. Act 9 also provides an option for those employees hired prior to July 1, 2001 to elect a contribution rate of 6.50%, if they were hired before July 22, 1983, or 7.50% if they were hired on or after July 22, 1983. Act 120 of 2010 was passed by the General Assembly on November 15 and signed by Governor Rendell on November 23, 2010. The benefit reductions contained in this legislation will only impact individuals who become new members of PSERS on or after July 1, 2011. New members will have the option of selecting one of 2 new classes. The members selecting class T-E will contribute a base rate of 7.5% with “shared risk” contribution levels between 7.5% and 9.5% and a pension multiplier of 2.0%. Members selecting class T-F will contribute a base rate of 10.3% with shared risk contribution levels between 10.3% and 12.3% and a pension multiplier of 2.5%. The PSERS Board certified the employer rate, to be paid by the School District, of 8.22% for the 2010-11 fiscal year (In accordance with Senate Bill 1042 enacted on July 6, 2010, this rate was recertified at 5.64% for 2010-11 fiscal year). Below are the current percentage, as well as the percentages for the past two fiscal years, and a projection for the following three fiscal years.

<b>Fiscal Year</b>	<b>Percentage of Payroll</b>
2024	34.00%
2025	33.90%
2026	34.00%
2027	33.59%
2028	34.12%
2029	34.63%

Both the School District and the Commonwealth are responsible for paying a portion of the employer’s share. School entities are responsible for paying 100% of the employer share of the contributions to PSERS, and the Commonwealth reimburses the employer for one-half of this share. The School District contributions are made on a quarterly basis and employee contributions are deducted monthly from each paycheck and remitted monthly.

Recent School District payments, net of reimbursement, have been as follows:

2015-16	\$1,907,270
2016-17	\$2,378,497
2017-18	\$2,588,736
2018-19	\$2,839,899
2019-20	\$2,919,299
2020-21	\$3,006,006
2021-22	\$3,314,341
2022-23	\$3,298,623
2023-24	\$3,181,267
2024-25	\$3,177,752
2025-26*	\$3,390,000

The School District is current in all payments.

\*Budgeted

SOURCE: School Districts’ Audited Financial Statements and School District Administrative Officials.

As of June 30, 2024, the PSERS plan was 64.8% funded, with an unfunded actuarial accrued liability of approximately \$42.0 billion. For more information, visit the PSERS website at <https://www.pa.gov/agencies/psers.html>, which is not incorporated by specific reference into this Official Statement.

SOURCE: PSERS — Financial Highlights

### **Other Post-Employment Benefits**

The School District provides certain health care benefits for its retirees (commonly referred to as “other post-employment benefits” or “OPEB”). The School District annually appropriates funds to meet its obligation to pay such benefits on a “pay-as-you-go” basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. In the fiscal years ended June 30, 2023, 2024, and 2025 the School District’s OPEB cost was approximately \$662,576, \$340,372, and \$363,294 respectively.

## **FINANCIAL SUMMARIES**

### **Annual Budget Development**

Section 687 of the School Code requires the School Board to adopt an annual budget. Said budget must be prepared in accordance with generally accepted accounting principles (“GAAP”). The School District’s administrative staff estimates all expected revenues and expenditures for the School District. The Pennsylvania Department of Education assists school districts in their estimates for all Commonwealth subsidies expected to be received by providing estimates of both the median local school district tax effort in equalized mills and the median school district institutional expenditures per weighted average daily membership. Such data can be used to help establish reasonable estimates of the amount of Commonwealth revenues for which the School District may qualify. After the budget is prepared, it must be made available for public inspection. The School Board must adopt the budget before the beginning of each fiscal year (July 1), and then levy the taxes necessary to provide for the revenues budgeted.

### **Basis of Presentation - Fund Accounting**

The accounts of the School District are organized on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

The major fund types and the specific funds which are included within each of these major fund types are as follows: Governmental (General, Capital Projects and Special Revenue Fund); Proprietary (Food Service Fund); and Fiduciary (Agency Funds). In addition to the major fund types, two Account Groups are maintained for the purpose

of measuring financial position and are **not** involved with the measurement of results of operations. These two Account Groups include General Fixed Assets and General Long-Term Debt.

**Basis of Accounting**

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds of the School District. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. The Proprietary Fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned and expenses are recognized when they are incurred.

**Investment Policy**

The School Code authorizes the School District to invest in U.S. Treasury bills, short-term obligations of the U.S. Government or its agencies or instrumentalities, deposits in savings accounts, or time deposits or share accounts of institutions insured by the FDIC; obligations of the United States or the Commonwealth, or any of their agencies or instrumentalities, backed by the full faith and credit of the United States or the Commonwealth, respectively.

[This space intentionally left blank.]

**CRESTWOOD SCHOOL DISTRICT**  
**SUMMARY OF GENERAL FUND ASSETS AND LIABILITIES**  
For Fiscal Years Ending June 30,

	Fiscal Year Ending June 30,				
	2021	2022	2023	2024	2025
<b>Assets:</b>					
Cash & Equivalents	\$4,871,421	\$3,439,569	\$4,542,463	\$6,325,908	\$8,195,173
Interfund Receivables	-	-	-	1,425	-
Intergovernmental Receivables	2,224,804	2,134,180	2,853,241	2,838,512	2,255,477
Taxes Receivable	1,320,218	1,473,760	1,065,213	990,676	1,174,209
Other Receivables	5,995	268	46,248	87,147	88,100
<b>TOTAL ASSETS</b>	<u>\$8,422,438</u>	<u>\$7,047,777</u>	<u>\$8,507,165</u>	<u>\$10,243,668</u>	<u>\$11,712,959</u>
<b>Liabilities &amp; Fund Balances:</b>					
Liabilities:					
Accrued Salaries & Benefits	\$2,833,156	\$2,938,362	\$4,279,993	\$3,911,010	\$3,947,135
Accounts Payable	609,193	473,339	652,584	1,278,455	2,051,365
Due to Other Funds	-	63,279	393,212	364,869	542,766
Payroll Deductions & Withholdings	1,854,722	1,885,355	1,774,768	1,707,883	1,758,064
Unearned Revenue	11,363	-	-	-	-
Deferred Revenues	-	211,796	-	250,000	50,000
<b>TOTAL LIABILITIES</b>	<u>\$5,308,434</u>	<u>\$5,572,131</u>	<u>\$7,100,557</u>	<u>\$7,512,217</u>	<u>\$8,349,330</u>
Deferred Inflows of Resources					
Unavailable Revenues – Real Estate Taxes	\$346,722	\$366,185	\$32,563	\$31,023	\$111,166
Fund Balances:					
Assigned	\$250,000	\$250,000	\$250,000	\$275,000	\$250,000
Unreserved-Undesignated/Unassigned	2,517,282	859,461	1,124,045	2,425,428	3,002,463
<b>TOTAL FUND BALANCES</b>	<u>\$2,767,282</u>	<u>\$1,109,461</u>	<u>\$1,374,054</u>	<u>\$2,700,428</u>	<u>\$3,252,463</u>
<b>TOTAL LIABILITIES &amp; FUND BALANCES</b>	<u>\$8,422,438</u>	<u>\$7,047,777</u>	<u>\$8,507,165</u>	<u>\$10,243,668</u>	<u>\$11,712,959</u>

SOURCE: School District Annual Audited Financial Reports

[This space intentionally left blank.]

**CRESTWOOD SCHOOL DISTRICT**  
**Comparative Statement of General Fund Financial**  
**Condition for Fiscal Years Ending 2021-2025**

	<b>Fiscal Year Ending June 30,</b>				
	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
REVENUES & OTHER FINANCING SOURCES					
REVENUES					
Local Sources	\$25,301,217	\$26,784,985	\$27,855,218	\$28,399,747	\$29,188,694
State Sources	15,242,246	15,705,851	16,601,580	17,210,955	18,280,582
Federal Sources	858,065	2,201,137	2,739,093	2,312,897	925,245
TOTAL REVENUES	<u>\$41,401,528</u>	<u>\$44,691,973</u>	<u>\$47,195,891</u>	<u>\$47,923,599</u>	<u>\$48,394,521</u>
EXPENDITURES					
Instruction	\$27,721,344	\$30,323,598	\$31,962,909	\$29,860,586	\$30,175,289
Support Services:	10,280,836	10,654,448	10,226,783	11,342,629	11,360,577
Operation of Non-Instruction Services	1,028,734	1,256,339	1,381,254	1,375,496	1,401,131
Capital Outlay	-	31,270,400	124,916	-	-
Debt Service	-	1,679,000	1,759,741	1,814,400	1,864,800
TOTAL EXPENDITURES	<u>\$39,030,914</u>	<u>\$75,183,785</u>	<u>\$45,455,603</u>	<u>\$44,393,111</u>	<u>\$44,801,797</u>
OTHER FINANCING USES/(SOURCES)					
Interfund Transfers	\$911,096	\$2,436,409	\$1,722,594	\$2,204,105	\$3,040,689
Gain on Sale of Capital Assets	-	-	(246,890)	-	-
Lease Acquisition	-	(31,270,400)	-	-	-
Refunds of Prior Years Receipts	10,145	-	-	-	-
Budgetary Reserve	-	-	-	-	-
TOTAL OTHER FINANCING USES/(SOURCES)	<u>\$921,241</u>	<u>(\$28,833,991)</u>	<u>\$1,475,704</u>	<u>\$2,204,105</u>	<u>\$3,040,689</u>
TOTAL EXPENDITURES & OTHER FINANCING USES	<u>\$39,952,155</u>	<u>\$46,349,794</u>	<u>\$46,931,307</u>	<u>\$46,597,216</u>	<u>\$47,842,486</u>
EXCESS (DEFICIENCY) OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	\$1,449,373	(\$1,657,821)	\$264,584	\$1,326,383	\$552,035
FUND BALANCE, BEGINNING OF FISCAL YEAR (JULY 1)	<u>\$1,317,909</u>	<u>\$2,767,282</u>	<u>\$1,109,461</u>	<u>\$1,374,045</u>	<u>\$2,700,428</u>
FUND BALANCE, END OF YEAR	<u>\$2,767,282</u>	<u>\$1,109,461</u>	<u>\$1,374,045</u>	<u>\$2,700,428</u>	<u>\$3,252,463</u>

Source: School District FYs 2021-2025 Audited Financial Statements

**CRESTWOOD SCHOOL DISTRICT  
GENERAL FUND BUDGET  
For Fiscal Years Ending June 30,**

	<u>2026</u>
<b>Revenues</b>	
Local Sources	\$29,127,074
State Sources	19,185,035
Federal Sources	<u>761,242</u>
<b>TOTAL REVENUES</b>	<u>\$49,073,351</u>
<b>Expenditures</b>	
Instruction	\$31,642,926
Support Services	14,103,963
Noninstructional Services	1,481,694
Facilities Acquisition, Construction and Improvement Services	15,000
<b>TOTAL EXPENDITURES</b>	<u>\$47,243,583</u>
<b>Other Financing Sources (Uses):</b>	
Debt Service	<u>\$2,406,292</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>\$2,406,292</u>
<b>TOTAL EXPENDITURES &amp; OTHER FINANCING SOURCES (USES)</b>	\$49,649,875
ESTIMATED ENDING ASSIGNED FUND BALANCE	\$2,123,903
ENDING UNASSIGNED FUND BALANCE	-
<b>TOTAL ENDING FUND BALANCE — COMMITTED, ASSIGNED, AND UNASSIGNED</b>	<u>\$2,123,903</u>
 ENDING UNASSIGNED FUND BALANCE AS A PERCENTAGE (%) OF TOTAL BUDGETED EXPENDITURES	 0.0%

SOURCE: School District Budget Reports filed with Pennsylvania Department of Education

**SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS**

Shown below is a summary of the School District's outstanding debt (after issuance of the Bonds):

	<b>Gross Amount Outstanding</b>	<b>School District Share</b>
<b>Direct Debt:</b>		
General Obligation Debt <sup>(1)</sup>		
Series of 2026 Bonds .....	\$ 8,275,000*	\$ 8,275,000*
Series of 2021A Note .....	475,000	475,000
Series of 2021 Bonds .....	3,635,000	3,635,000
Series of 2020 A Notes .....	8,775,000	8,775,000
Series of 2020 B Notes .....	1,245,000	1,245,000
Series of 2017 Bonds .....	<u>4,265,000</u>	<u>4,265,000</u>
<b>Total General Obligation Debt (Direct Debt)</b>	<u>\$ 26,670,000*</u>	<u>\$26,670,000*</u>
<b>Overlapping Debt:</b>		
Luzerne County <sup>(2)</sup> .....	\$ 13,878,248	\$ 13,878,248
Municipalities <sup>(3)</sup> .....	<u>2,692,004</u>	<u>2,692,004</u>
<b>Total Overlapping Debt</b> .....	<u>\$ 16,570,252</u>	<u>\$ 16,570,252</u>
 <b>Net Direct &amp; Overlapping Debt</b> .....	 <u>\$ 43,240,252*</u>	 <u>\$ 43,240,252*</u>

(1) Includes the Bonds issued herein; does not include the Series 2025 Note to be refunded by the Bonds.

(2) As of April 2026, Luzerne County had outstanding debt of \$150,735,686. The School District's proportionate share, 9.21%, is determined by dividing the School District's 2024 assessed value of \$1,909,864,200, by \$20,743,590,480, the total 2024 assessed value of all the municipalities within the County.

(3) According to the most recent data available from DCED. Does not include debt approved by DCED for exclusion.

\* Preliminary, subject to change.

**Debt Ratio Calculations (including issuance of the Bonds)**

	<u>Gross Outstanding</u>	<u>Local Share</u>
Net Direct Debt Per Capita	\$1,296.99	\$1,296.99
Net Direct Debt to Market Value	1.43%	1.43%
Net Direct and Overlapping Debt Per Capita	\$2,102.82	\$2,102.82
Net Direct and Overlapping Debt to Market Value	2.31%	2.31%
Population (2024 ACS 5-Year Survey)	20,563	
2024 STEB Market Value	\$1,870,928,603	

**DEBT LIMITS AND REMAINING BORROWING CAPACITY OF THE SCHOOL DISTRICT**

**Borrowing Capacity**

The borrowing capacity of the School District is calculated in accordance with provisions of the Act, which describes the applicable debt limits for local government units, including school districts and municipalities. Under the Act, the School District may incur electoral debt, which is debt approved by a majority of the School District’s voters at either a general or special election, in an unlimited amount. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and other forms of agreement evidencing the acquisition of a capital asset) incurred on behalf of the School District may not exceed 225% of the School District’s Borrowing Base. The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Act), less any deductions or exceptions (as specified in the Act), for the three full fiscal years next preceding the date of incurring debt.

The current Borrowing Base of the School District is shown herein, and the current schedule of existing electoral, nonelectoral and lease rental debt is shown herein under the heading “**SCHEDULE OF DIRECT AND OVERLAPPING DEBT AND DEBT RATIOS IN APPENDIX B**”. The section “Calculation of Debt Limits and Remaining Borrowing Capacity” reflects the resulting maximum levels of nonelectoral and lease rental debt which the School District will be permitted to incur after the issuance and sale of the Bonds.

	<b>Fiscal Year Ended June 30</b>		
	<u>2023</u>	<u>2024</u>	<u>2025</u>
Gross Revenues	\$47,229,288	\$47,965,561	\$48,585,008
Less: Statutory Deductions	-	-	-
a. Subsidy Rental and Sinking Fund Payments	-	-	-
b. Revenues Pledged for Self-Liquidating Debt	-	-	-
c. Interest on Sinking Funds	-	-	-
d. Grants and Gifts for Special Federally Funded Projects	-	-	-
e. Disposition of Assets and Nonrecurring Items	-	-	-
Total Deductions	=	=	=
Total Revenues	\$47,229,288	\$47,965,561	\$48,585,008
Total Revenues for Three Years			\$143,779,857
Borrowing Base-Average Total Revenues for Three Year Period			\$47,926,619

**Remaining Borrowing Capacity (Under the Local Government Unit Debt Act)**

Debt Limit – 225% of Borrowing Base	\$107,834,893
Less: Outstanding Net Lease Rental Debt and Net Non-Electoral Debt (including this issue)	<u>\$26,670,000</u>
Current Borrowing Capacity	\$81,164,893

**TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT**

**General**

The School District is empowered to impose the following taxes under the School Code; subject, however, to the application of Act 1 of Special Session 2006:

1. An annual tax on all taxable real estate, not to exceed 2 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An annual tax on all taxable real estate without limit to provide for the payment of:
  - (a) Salaries and increments of the teaching and supervisory staff.
  - (b) Rentals due any municipal authority, non-profit corporation or the State Public School Building Authority.
  - (c) Interest and Principal on any indebtedness incurred under the Act or any prior or subsequent act governing the incurrence of indebtedness of the School District, and
  - (d) The amortization of a bond issue which financed the construction of school facilities if issued prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident over eighteen years of age of not more than \$5.00.

The School District may also levy under The Local Tax Enabling Act, Act No. 511, approved December 31, 1965, as amended (the "Tax Enabling Act"), an additional per capita tax, wage taxes, and other taxes as provided for therein; provided, however, that the aggregate amount of taxes imposed under the Tax Enabling Act may not exceed 1.25% of the market valuation of the real estate in the School District as determined by the State Tax Equalization Board, and subject to certain other limitations.

These taxes are also subject to apportionment between overlapping municipalities and the School District where such municipalities exercise the right of such apportionment.

**Current Tax Structure (Fiscal Year 2026)**

Municipality	<b>Realty Tax Rates Real Estate (Mills)</b>			<b>Total</b>
	<b>School District (2025-26)</b>	<b>Municipal (2026)</b>	<b>County (2026)</b>	
Dennison Township.....	12.9182	0.7500	6.4494	20.1176
Dorrance Township.....	12.9182	0.7500	6.4494	20.1176
Fairview Township.....	12.9182	1.4900 <sup>(1)</sup>	6.4494	20.8576
Nuangola Borough .....	12.9182	0.5550	6.4494	19.9226
Penn Lake Park Borough.....	12.9182	4.6000	6.4494	23.9676
Rice Township.....	12.9182	1.0800 <sup>(1)</sup>	6.4494	20.4476
Slocum Township.....	12.9182	0.0000	6.4494	19.3676
White Haven Borough.....	12.9182	8.2600 <sup>(1)</sup>	6.4494	27.6276
Wright Township.....	12.9182	1.3000	6.4494	20.6676

Source: School District Officials; Pennsylvania Department of Community and Economic Development (DCED).

(1) Includes millage for fire equipment, firehouses and street lighting.

**Ten Largest Real Property Taxpayers**

The ten largest real property taxpayers, together with their current assessed values, are shown below:

<b><u>Taxpayer</u></b>	<b><u>Description</u></b>	<b><u>Assessed Valuation</u></b>
Exeter 545 Oak Hill LLC	Real Estate Management	\$23,023,000
Exeter 59-63 Elmwood LLC	Real Estate Management	18,620,000
Icon Mars Property Owner Pool 4	Industrial Property Management	15,500,000
Exeter 995 Oak Hill LP	Real Estate Management	11,400,000
Berry Global Films LLC	Plastic Film Manufacturing	10,400,000
SVC Manufacturing Inc (Quaker Oats)	Soft Drinks	9,800,000
Exeter 31-45 Elmwood LLC	Real Estate Management	9,310,000
Cornell Iron Works Inc	Security Doors & Closures Mfg.	9,257,400
Fairchild Semiconductor Corporation	Semiconductor Manufacturing	8,400,000
19-23 Elmwood LLC	Industrial Property Management	<u>7,250,000</u>
	Total	\$122,960,400

The assessed value of the top ten real estate taxpayers is equal to 6.3% of the 2025 assessed value of taxable property within the School District which is \$1,943,546,000.

SOURCE: School District Administrative Officials.

**Real Estate Tax Collection Data**

<u>Fiscal Year</u>	<u>Tax Levy</u>	<u>Current Year Collections</u>	<u>Percent Collected (Current)</u>	<u>Prior Years' Collections</u>	<u>Total Collections</u>	<u>Percent Collected (Total)</u>
2020-21	21,011,204	19,563,495	93.1	1,096,044	20,659,539	98.3
2021-22	22,326,542	20,668,200	92.6	929,526	21,597,726	96.7
2022-23	22,949,348	21,508,196	93.7	1,117,573	22,625,770	98.6
2023-24	23,742,478	21,745,924	91.2	939,475	22,685,399	95.5
2024-25	24,566,616	22,602,925	92.0	974,141	23,577,066	96.0

SOURCE: School District Officials.

\*The School District did not sell its delinquent taxes in fiscal year 2017

**Property Assessments**

The following tables show a comparison of the market values and assessed values of the real property located in the School District.

<u>School Year</u>	<u>Assessed Valuation</u>	<u>Market Value</u>	<u>Common Level Ratio</u>
2019-20	1,865,581,100	1,527,513,598	122.1
2020-21	1,878,228,300	1,584,447,218	118.5
2021-22	1,907,454,500	1,734,134,986	110.0
2022-23	1,917,733,900	1,852,898,086	109.8
2023-24	1,909,864,200	1,870,928,603	102.1

SOURCE: Pennsylvania State Tax Equalization Board.

**Major Employers**

Major employers located in Luzerne County are listed below:

<u>Employer</u>	<u>Service/Product</u>
U.S. Government.....	Federal Government
Commonwealth of Pennsylvania.....	State Government
Geisinger-Wyoming Valley Medical Center.....	Health Care
Amazon.com Services LLC.....	Transportation and Warehousing
Geisinger Clinic.....	Health Care
TJ Maxx Distribution Center.....	Retail
Luzerne County Government.....	Public Administration
Chewy Inc.....	Pet Retail
Hazleton Area School District.....	Public Education
Wal-Mart Associates Inc.....	Retail

Source: Center for Workforce Information and Analysis – L & I, 3rd Quarter 2025. L & I does not report employee numbers due to employer privacy.

[This space intentionally left blank.]

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**APPENDIX B**  
**OPERATING AND FINANCIAL DATA**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

## REGIONAL DEMOGRAPHIC AND ECONOMIC INFORMATION

The text, charts and tables within this Appendix (unless otherwise footnoted) set forth regional demographic and economic data and descriptions which were obtained from recognized published statistical and governmental reporting services. While the School District does not guarantee the accuracy of such data, it does confirm that the same has been obtained from sources deemed to be reliable and that the School District has no information which would suggest such data is inaccurate or misleading.

### The Region

Luzerne County is the most populated county in Northeastern Pennsylvania.

### Recreational Activity

School District residents have access to a variety of recreational facilities through public, private and quasi-public agencies. These include a wide range of recreational facilities featuring, the Scranton/Wilkes-Barre RailRiders Triple A baseball team affiliate of the New York Yankees, the Wilkes-Barre/Scranton Penguins of the American Hockey League, a Convention Center/Civic Arena, over 40 golf courses, including Glenmaura National Golf Club in Moosic, parks, playgrounds, the Pocono Mountain ski resorts, Pocono Downs harness racing, and the nearby Pocono International Raceway which hosts NASCAR, SCCA, and IMSA racing.

### Transportation

*Highways.* Interstate 81 and Pennsylvania Route 309 traverses the School District north and south and Interstate 80 runs east-west. The Northeast Turnpike extension is approximately 6 miles from the School District.

*Bus Service.* The School District is served by the Luzerne County Transportation Authority Bus Service. Long distance bus service is available through Martz and Greyhound Bus Lines in the City of Wilkes-Barre.

*Air Service.* The Wilkes-Barre/Scranton International Airport is located 12 miles to the north of the School District, providing passenger and freight service to all parts of the United States, plus many international destinations.

### Higher Education

Within the County, there are several colleges and universities including: Luzerne County Community College, Misericordia University, King’s College, Wilkes University, Penn State Hazleton and Penn State Wilkes-Barre.

### Medical Facilities

There are 3 acute care hospitals, 1 psychiatric hospital, 1 rehabilitation hospital, 1 Veterans’ Administration hospital, and 1 long term acute care hospital that serve Luzerne County. These hospitals, their licensed bed capacities, and number of full-time and part-time employees are as follows:

<u>Institution</u>	<u>Location</u>	<u>Licensed Beds</u>	<u>Staff</u>	
			<u>Full-Time</u>	<u>Part-Time</u>
Wyoming Valley Behavioral Hospital .....	Wilkes-Barre	82	93	37
Geisinger Wyoming Valley Medical Center .....	Wilkes-Barre	318	3,771	743
John Heinz Institute of Rehabilitation .....	Wilkes-Barre	47	118	114
Lehigh Valley Hospital - Hazleton .....	Hazleton	150	481	174
Veterans Administration Medical Center <sup>(1)</sup> .....	Wilkes-Barre	70*	-	-
Wilkes-Barre General Hospital <sup>(2)</sup> .....	Wilkes-Barre	369	888	336
PAM Specialty Hospital of Wilkes-Barre .....	Wilkes-Barre	36	0	0

Source: Pennsylvania Department of Health, Bureau of Health Statistics; 2024 reporting period.

(1) Information for Veterans Administration Hospital is not included in Bureau of Health Statistics 2024 report.

(2) Part of the Wyoming Valley Health Care System.

\* Set-up and staffed. Federal Hospitals are not licensed/approved by either the Pennsylvania Department of Health or Pennsylvania Department of Welfare.

### Population Composition — 2010 - 2024

	<u>2010</u>	<u>2020</u>	<u>2024</u>	<u>% Change 2010-2024</u>
Crestwood School District	20,018	20,342	20,563	2.7
Luzerne County	320,918	325,594	327,675	2.1
Pennsylvania	12,702,379	13,002,700	13,018,639	2.5

SOURCE: United States Census Bureau, 2019-2024 American Community Survey 5-Year Estimates.

**Family and Household Income -- 2024**

	<b>Household Income Median</b>	<b>Family Income Median</b>
Crestwood School District	\$102,808	\$120,110
Luzerne County	63,691	83,347
Pennsylvania	77,971	100,262

SOURCE: United States Census Bureau, 2019-2024 American Community Survey 5-Year Estimates.

**Population, Poverty and Education -- 2024**

	<b>Population</b>		<b>Poverty Level</b>		<b>Education 25 years and Over</b>	
	<b>Total Persons</b>	<b>Total Occupied Households</b>	<b>Persons Below</b>	<b>Families Below</b>	<b>High School Graduate</b>	<b>College Graduate</b>
Crestwood School District	20,563	8,159	6.0%	2.8%	96.9%	41.3%
Luzerne County	327,675	135,055	15.3	11.3	90.2	25.3
Pennsylvania	13,018,639	5,274,853	11.7	8.0	92.1	35.2

SOURCE: United States Census Bureau, 2019-2024 American Community Survey 5-Year Estimates.

**Housing Units -- 2024**

	<b>Number</b>	<b>Owner Occupied Median Value</b>	<b>Renter Occupied Median Rent</b>
Crestwood School District	8,776	\$282,700	\$891
Luzerne County	151,287	\$174,100	\$1,004
Pennsylvania	5,806,452	\$254,500	\$1,209

SOURCE: United States Census Bureau, 2019-2024 American Community Survey 5-Year Estimates.

**Unemployment Rates (%)**

	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>	<b>2026<sup>(2)</sup></b>
Luzerne County	6.2%	5.9%	5.5%	5.5%	10.6%	7.5%	5.0%	4.6%	4.5%	4.5% <sup>(1)</sup>	4.9%
Pennsylvania	5.3%	5.0%	4.4%	4.3%	8.8%	5.9%	4.2%	3.7%	3.8%	4.3%	4.6%
United States	4.9%	4.4%	3.9%	3.7%	8.1%	5.3%	3.6%	3.6%	4.0%	4.3%	4.7%

SOURCE: U.S. Department of Labor and Industry, Pennsylvania Bureau of Employment.

(1) Preliminary, as of December 2025. Annualized figure unavailable

(2) Preliminary, as of February 2026.

**Tax and Revenue Anticipation Borrowing**

<b>Fiscal Year Ending June 30,</b>	<b>Amount of Tax Anticipation Bond</b>
2025	\$3,750,000
2024	4,150,000
2023	4,700,000
2022	4,500,000
2021	3,425,000
2020	4,660,000
2019	4,660,000
2018	-0-
2017	-0-
2016	-0-

**APPENDIX C**  
**AUDITED FINANCIAL STATEMENTS**  
**(FISCAL YEAR ENDED JUNE 30, 2025)**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**CRESTWOOD SCHOOL DISTRICT**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2025**

CRESTWOOD SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Financial Statements	1 - 3
Management's Discussion and Analysis	4 - 12
Basic Financial Statements	
Government-wide Financial Statements	
Statement of Net Position	13
Statement of Activities	14
Fund Financial Statements	
Balance Sheet – Governmental Funds	15
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	16
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – General Fund	19
Statement of Net Position – Proprietary Funds	20
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds	21
Statement of Cash Flows – Proprietary Funds	22
Statement of Net Positions – Fiduciary Funds	23
Statement of Revenues, Expenses, and Changes in Fund Net Position – Fiduciary Funds	24
Notes to Financial Statements	25 - 51
Required Supplementary Information	
Schedule of Changes in the Total OPEB Liability and Related Ratios – Retirees Health Plan	52
Schedule of the District's Proportionate Share of the Net OPEB Liability – PSERS Plan	53
Schedule of the District's OPEB Contributions – PSERS Plan	54
Schedule of the District's Proportionate Share of the Net Pension Liability	55
Schedule of District Pension Contributions	56



# *Zelenkofske Axlerod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

## INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors  
Crestwood School District

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement for the General Fund of Crestwood School District (the "School District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement for the General Fund of the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (GAS), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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.

#### ***Responsibilities of Management for the Financial Statements***

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

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

#### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS will always detect a material misstatement when it exists.



# *Zelenkofske Axlerod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and GAS, we:

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

### ***Adoption of Governmental Accounting Standards Boards Statements***

The District adopted the provisions of Governmental Accounting Standards Board's Statement No. 101, *Compensated Absences* and Statement No. 102, *Certain Risk Disclosures*. Our opinion is not modified with respect to these matters.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in the total OPEB liability and related ratios – retirees health plan, the schedule of the District's proportionate share of the net OPEB liability – PSERS plan, the schedule of the District's OPEB contributions – PSERS plan, the schedule of the District's proportionate share of the net pension liability, and the schedule of district pension contributions on pages 4-12 and 52-56 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.



# *Zelenkofske Axlerod LLC*

**CERTIFIED PUBLIC ACCOUNTANTS**

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

## ***Other Reporting Required by Government Auditing Standards***

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

*Zelenkofske Axlerod LLC*

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania  
March 31, 2026

**Crestwood School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

This Management's Discussion and Analysis is intended to provide a narrative overview and analysis of the financial statements of the Crestwood School District (the "District") for the year ended June 30, 2025. The District's financial performance is discussed and analyzed within the context of the financial statements and the disclosures that follow. This discussion focuses on the School District's financial performance as a whole; readers should also review the basic financial statements and the notes thereto to enhance their understanding of the School District's financial performance.

**Financial Highlights**

The total net position (deficit) of the District decreased by \$794,124 in 2025 to (\$68,240,271) at June 30, 2025. The net deficit of governmental activities decreased by \$1,035,263 and the net deficit of the business-type activity increased by (\$241,139).

The District had \$47,629,888 in expenses related to governmental activities in 2025; of these expenses, \$10,602,472 was offset by program specific charges for services and operating grants and contributions. General revenues (primarily taxes and state subsidies) of \$38,062,679 was enough to provide for these programs resulting in an increase in net position of \$1,035,263.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. These statements are prepared using the accrual basis of accounting. The focus of these statements is long-term.

The statement of net position (deficit) presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference reported as net position (deficit). Over time, increases or decreases in net position (deficit) may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

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

Both of the governmental-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a portion of their costs through user fees and charges (business-type activities). The governmental activities include all the District's instructional programs and support services except for its food service operation, which is considered a business type activity.

**Crestwood School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

The government-wide financial statements can be found on pages 13 and 14 of this report.

**Fund Financial Statements**

A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The focus of fund financial statements is short-term. Fund financial statements are prepared using the modified accrual basis of accounting. The District uses several different types of funds but the two most significant types are the governmental and proprietary fund types.

**Governmental Funds**

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the District's funds (General Fund, Capital Projects Fund and Debt Service Fund). The basic governmental fund financial statements can be found on pages 15 through 18 of this report.

The District adopts an annual budget for its General Fund. A budgetary comparison statement for the General Fund has been provided on page 19 of this report to demonstrate compliance with this budget.

**Proprietary Fund**

The District accounts for its food service operation in a proprietary fund, which reports the same functions presented as business type activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 20 through 22 of this report.

**Crestwood School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

**Fiduciary Funds**

The District is the fiduciary for assets that belong to others, consisting of scholarship funds and student activity funds. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs.

The fiduciary fund financial statements can be found on pages 23 and 24 of this report.

**Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 25 through 51 of this report.

**Government-Wide Financial Analysis**

The District's government-wide financial statements are presented comparatively as follows:

	<b>Statement of Net Position</b>					
	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Totals</b>	
	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>	<b>2025</b>	<b>2024</b>
Assets and Deferred Outflows of Resources						
Current Assets	\$ 13,875,537	\$ 10,465,513	\$ 7,950	\$ 356,223	\$ 13,883,487	\$ 10,821,736
Noncurrent Assets	34,501,125	40,170,181	169,376	203,186	34,670,501	40,373,367
Deferred Outflows of Resources	15,481,664	12,651,226	315,952	258,188	15,797,616	12,909,414
Total	<u>\$ 63,858,326</u>	<u>\$ 63,286,920</u>	<u>\$ 493,278</u>	<u>\$ 817,597</u>	<u>\$ 64,351,604</u>	<u>\$ 64,104,517</u>
Liabilities, Deferred Inflows of Resources, and Net Position						
Current Liabilities	\$ 14,480,111	\$ 10,650,546	\$ 45,426	\$ 117,321	\$ 14,525,537	\$ 10,767,867
Long-Term Liabilities	109,424,411	109,438,736	1,302,992	1,320,354	110,727,403	110,759,090
Deferred Inflows of Resources	7,192,156	6,894,400	146,779	140,702	7,338,935	7,035,102
Total	<u>131,096,678</u>	<u>126,983,682</u>	<u>1,495,197</u>	<u>1,578,377</u>	<u>132,591,875</u>	<u>128,562,059</u>
Net Position (Deficit)						
Net Investment in Capital Assets	(9,947,218)	(6,613,739)	169,376	203,186	(9,777,842)	(6,410,553)
Unrestricted	<u>(57,291,134)</u>	<u>(57,083,023)</u>	<u>(1,171,295)</u>	<u>(963,966)</u>	<u>(58,462,429)</u>	<u>(58,046,989)</u>
Total	<u>\$ (67,238,352)</u>	<u>\$ (63,696,762)</u>	<u>\$ (1,001,919)</u>	<u>\$ (760,780)</u>	<u>\$ (68,240,271)</u>	<u>\$ (64,457,542)</u>

**Crestwood School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

	Statement of Activities					
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 245,252	\$ 286,199	\$ 525,653	\$ 493,952	\$ 770,905	\$ 780,151
Operating Grants and Contributions	10,182,220	10,827,962	885,556	887,408	11,067,776	11,715,370
Capital Grants	175,000	-	-	-	175,000	-
General Revenues						
Taxes	28,112,593	27,384,545	-	-	28,112,593	27,384,545
Unrestricted Grants and Subsidies	9,362,082	9,088,782	-	-	9,362,082	9,088,782
Unrestricted Investment Earnings	498,164	253,562	1,627	713	499,791	254,275
Miscellaneous Income	89,840	122,971	-	-	89,840	122,971
<b>Total Revenues</b>	<b>48,665,151</b>	<b>47,964,021</b>	<b>1,412,836</b>	<b>1,382,073</b>	<b>50,077,987</b>	<b>49,346,094</b>
<b>Expenses</b>						
Instruction	27,266,405	28,434,907	-	-	27,266,405	28,434,907
Instructional Student Support	2,350,964	2,726,854	-	-	2,350,964	2,726,854
Administrative and Financial						
Support Services	5,163,337	3,176,897	-	-	5,163,337	3,176,897
Operation and Maintenance of						
Plant Services	3,264,645	3,228,645	-	-	3,264,645	3,228,645
Pupil Transportation	1,890,884	1,859,520	-	-	1,890,884	1,859,520
Student Activities	1,270,557	1,209,826	-	-	1,270,557	1,209,826
Community Services	22,428	103,414	-	-	22,428	103,414
Interest on Long-Term Debt	486,513	554,487	-	-	486,513	554,487
Unallocated Depreciation Expense	5,914,155	6,080,801	-	-	5,914,155	6,080,801
Food Service	-	-	1,653,975	1,406,831	1,653,975	1,406,831
<b>Total Expenses</b>	<b>47,629,888</b>	<b>47,375,351</b>	<b>1,653,975</b>	<b>1,406,831</b>	<b>49,283,863</b>	<b>48,782,182</b>
Change in Net Deficit	1,035,263	588,670	(241,139)	(24,758)	794,124	563,912
Net Deficit, Beginning of year (as previously reported)	(63,696,762)	(64,285,432)	(760,780)	(736,022)	(64,457,542)	(65,021,454)
Restatement	(4,576,853)	-	-	-	(4,576,853)	-
Net Deficit, Beginning of year (as restated)	(68,273,615)	(64,285,432)	(760,780)	(736,022)	(69,034,395)	(65,021,454)
Net Deficit, End of year	<b>\$ (67,238,352)</b>	<b>\$ (63,696,762)</b>	<b>\$ (1,001,919)</b>	<b>\$ (760,780)</b>	<b>\$ (68,240,271)</b>	<b>\$ (64,457,542)</b>

**Governmental Activities**

Revenues increased \$701,130 or 1.5% primarily related to real estate taxes along with increases in state subsidies, and investment earnings. Expenditures increased \$254,537 or .5%.

**Business-Type Activity**

The net deficit of the food service operation increased (\$241,139) in 2025. Revenues increased \$30,763 with local revenues increasing \$32,615. State and federal subsidies decreased by \$1,852. Expenses increased by \$247,144 from the previous year.

The food service operation is a non-profit program and as such the Districts food service account should retain a maximum balance of three (3) months operating expenses as required under 7 CFR § 210.9(b)(2).

**Crestwood School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

**General Fund (Major)**

The following represents a summary of General Fund revenue, by source, along with changes from the prior year.

	<u>June 30,</u>		<b>Increase (Decrease)</b>	<b>% Change</b>
	<b>2025</b>	<b>2024</b>		
Local	\$ 29,188,694	\$ 28,399,747	\$ 788,947	3%
State	18,280,582	17,210,955	1,069,627	6%
Federal	925,245	2,312,897	(1,387,652)	-60%
	<u>\$ 48,394,521</u>	<u>\$ 47,923,599</u>	<u>\$ 470,922</u>	<u>-51%</u>

**Local Sources**

The majority of the local source revenue is derived from the real estate tax. The real estate tax levy was \$24,540,438 for 2025. Total current real estate collections were \$22,602,924, less \$397,128.91 in discounts, in 2025, which in total represents an increase of approximately \$459,873 over 2024. Also contributing to the local source revenue fluctuation were increases in interest income.

The following summarizes the real estate tax levied by the District for the last five years:

<u>Years Ended June 30</u>	<u>Tax Levy</u>	<u>% Change</u>	<u>Millage</u>	<u>Change</u>
2025	\$ 24,540,438	3.09%	12.6401	2.00%
2024	23,804,556	1.97%	12.3923	3.00%
2023	23,344,824	11.11%	12.0314	2.40%
2022	21,011,199	2.23%	11.7494	3.70%
2021	20,551,970	2.11%	11.3302	2.50%

**State Sources**

The increase in state source revenue resulted primarily from an increase in the state's "Adequacy Grant", combined with modest increases in basic education and special education subsidies.

**Federal Sources**

The decrease in federal source revenue is due to decreased usage of federal pandemic grant funds as those programs conclude.

**Crestwood School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

**General Fund Expenditures**

	June 30,		Increase (Decrease)
	2025	2024	
Instructional Services	\$ 30,175,289	\$ 29,860,586	\$ 314,703
Support Services	11,360,577	11,342,629	17,948
Noninstructional Services	1,401,131	1,375,496	25,635
Debt Service	1,864,800	1,814,400	50,400
Other Financing Uses	3,040,689	2,204,105	836,584
	<u>\$ 47,842,486</u>	<u>\$ 46,597,216</u>	<u>\$ 1,245,270</u>

**Instruction**

The increase of \$314,703 is primarily related to increases in salaries and benefits for teaching faculty.

**Support Services**

Costs remained flat year-over-year.

**Noninstructional Services and Other**

Costs remained flat year-over-year.

**Debt Service**

The increase of \$50,400 aligns with our long-term capital debt amortization schedule.

**Other Financing Uses**

The increase of \$836,584 is the result of a series of transfers from the General Fund.

**Debt Service Fund (Nonmajor)**

The Debt Service Fund is used to account for resources accumulated for the payment of long-term obligations. It is normally used to account for refunding of bond issues and the payment of the annual debt service on existing bonds. The District periodically reviews its existing debt and refunds such debt when economically feasible.

The fund received a transfer in of \$1,890,688 and expended \$1,890,688,000 to satisfy the District's debt service requirements. The fund balance of the Debt Fund at June 30, 2025 was \$0.

**Capital Projects Fund (Major)**

The Capital Project Fund accounts for major construction projects in the District. The fund earned \$13,376 of interest income, received \$175,000 in grant funds and \$1,678,000 in capital loan funds and received \$1,150,000 as a transfer from the General Fund. The fund expended \$2,285,000 primarily on a safety and security project in the district's elementary schools and renovations in the multi-purpose stadium on the secondary campus. The fund balance of the Capital Projects Fund at June 30, 2025 was \$1,319,985.

**Crestwood School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

**General Fund Budgetary Highlights**

The District prepares a budget each year for its General fund according to Pennsylvania law. The budget complied with all applicable state laws and financial policies approved by the Board of Directors.

The General Fund's approved budget for 2025 included revenue of \$47,698,106 and expenditures and other financing uses of \$47,616,177. There were no amendments made to the budget in 2025.

Actual revenues exceeded budgeted revenues in 2025 by \$696,415 (1.5% of budget).

Local source revenue exceeded budget by \$479,592 due to higher-than-expected earned income taxes, and investment earnings. State source revenue exceeded budgetary expectations by \$239,698 due to higher-than-expected adequacy gap revenue. Federal source revenue fell below budgetary expectations by \$22,875 due to lower-than-expected Title Funding

Actual expenditures and other financing uses were \$226,309 over budget in 2025 (0.5% of budget).

**Capital Assets**

The District's investment in capital assets at June 30, 2025 is summarized below.

	<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Totals</b>
Land	\$ 1,354,095	\$ -	\$ 1,354,095
Land Improvements	14,819,162	-	14,819,162
Buildings and Improvements	30,526,858	-	30,526,858
Furniture and Equipment	36,689,072	1,015,599	37,704,671
Total	83,389,187	1,015,599	84,404,786
Less: Accumulated Depreciation	(48,888,062)	(846,223)	(49,734,285)
Total	<u>\$ 34,501,125</u>	<u>\$ 169,376</u>	<u>\$ 34,670,501</u>

**Long-Term Debt**

At June 30, 2025, the District's general obligation debt was \$21,466,000. Debt Service of \$1,768,000 is scheduled for payment in the 2025-2026 school year.

The current Standard and Poor's rating on the District's bonds remained at BBB in 2025 while the outlook was upgraded 2 levels from negative to positive based on improving finances.

**Crestwood School District  
Management’s Discussion and Analysis (Unaudited)  
June 30, 2025**

**Pension**

Retirement costs associated with District personnel continue to present a major challenge to the District. Retirement rates are set by the Public-School Employees' Retirement System. The Commonwealth of Pennsylvania reimburses the District approximately 50% of the total cost. The table below illustrates the current rates charged the District and projected future rates.

<b>Years</b>	<b>District Rate of Covered Payroll</b>
2026	34.00%
2025	33.90%
2024	34.00%
2023	35.26%
2022	34.94%

**Economic Condition and Outlook**

2024-25 marked the 3rd straight year that the district’s fund balance increased. S&P upgraded the financial outlook for the district from Negative to positive (2 step increase). The districts cash position continues to show marked Y/Y improvement.

This strong financial performance was driven primarily by strict cost controls and higher-than-expected-revenue in the following areas:

- Local Earned Income Tax (EIT)
- State Adequacy Gap Subsidy
- Earned Interest from Cash Accounts

The 2024–2025 fiscal year also marked the first time the District operated without federal funding assistance from ARP/ESSER programs since the COVID-19 pandemic. Despite the loss of this revenue, the district’s revenue exceeded expenses and performed favorably to budget.

The district projects a mix of financial headwinds and favorable conditions in the near term.

***Expected Drivers of Financial Improvement:***

- Increased State Subsidies (adequacy gap)
- Increased property assessments (new construction and property improvements)
- Increased Local Earned Income Tax
- Charter School Cost Stabilization and State Reimbursements

***Financial Headwinds***

- Expected Volatility in Interest Rates on Cash Accounts
- Healthcare Inflation
- Infrastructure Investment
- Contractual Wage Increases

**Crestwood School District  
Management's Discussion and Analysis (Unaudited)  
June 30, 2025**

The District's commitment to financial stability is evident in the structurally balanced budgets adopted in recent years, strong performance versus budget, a reduction in employee headcount, and growth in both fund balance and cash position. While the district has not yet fully achieved its financial goals, recent improvements in key metrics clearly indicate meaningful progress toward long-term fiscal health.

**Employee Relations**

The District's contract with the Crestwood Education Association expired August 31, 2025.

The District's contract with the Crestwood Educational Support Personnel Association, which covers clerical, aides and maintenance personnel, expires June 30, 2026.

The District's agreement with its Act 93 professionals expires June 30, 2026.

**Requests for Information**

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Superintendent, Crestwood School District, 281 South Mountain Boulevard, Mountaintop, Pennsylvania 18707.

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
<u>ASSETS</u>			
Current Assets			
Cash and Cash Equivalents	\$ 10,340,508	\$ 6,486	\$ 10,346,994
Taxes Receivable, net	1,174,209	-	1,174,209
Internal Balances	17,243	(17,243)	-
Due from Other Governments	2,255,477	-	2,255,477
Other Receivables	88,100	5,206	93,306
Inventories	-	13,501	13,501
Total Current Assets	<u>13,875,537</u>	<u>7,950</u>	<u>13,883,487</u>
Noncurrent Assets			
Capital Assets, not being depreciated	1,354,095	-	1,354,095
Capital Assets, being depreciated, net	<u>33,147,030</u>	<u>169,376</u>	<u>33,316,406</u>
Total Noncurrent Assets	<u>34,501,125</u>	<u>169,376</u>	<u>34,670,501</u>
TOTAL ASSETS	<u>48,376,662</u>	<u>177,326</u>	<u>48,553,988</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
OPEB	7,617,651	155,462	7,773,113
Pensions	<u>7,864,013</u>	<u>160,490</u>	<u>8,024,503</u>
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>15,481,664</u>	<u>315,952</u>	<u>15,797,616</u>
<u>LIABILITIES</u>			
Current Liabilities			
Accounts Payable	3,436,724	8,432	3,445,156
Accrued Salaries and Benefits	3,947,135	-	3,947,135
Payroll Deductions and Withholdings	1,758,064	-	1,758,064
Unearned Revenues	50,000	36,994	86,994
Current Portion of Leases	1,891,520	-	1,891,520
Current Portion of Long-Term Debt	1,768,000	-	1,768,000
Current Portion of Compensated Absences	980,554	-	980,554
Current Portion of Net OPEB Liability	453,579	-	453,579
Accrued Interest on Long-Term Debt	194,535	-	194,535
Total Current Liabilities	<u>14,480,111</u>	<u>45,426</u>	<u>14,525,537</u>
Noncurrent Liabilities			
Bonds and Note Payable	19,757,608	-	19,757,608
Compensated Absences	3,922,578	-	3,922,578
Leases	22,351,200	-	22,351,200
Net Pension Liability	49,672,280	1,013,720	50,686,000
Net OPEB Liability	<u>13,720,745</u>	<u>289,272</u>	<u>14,010,017</u>
Total Noncurrent Liabilities	<u>109,424,411</u>	<u>1,302,992</u>	<u>110,727,403</u>
TOTAL LIABILITIES	<u>123,904,522</u>	<u>1,348,418</u>	<u>125,252,940</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
OPEB	3,285,876	67,059	3,352,935
Pension	<u>3,906,280</u>	<u>79,720</u>	<u>3,986,000</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>7,192,156</u>	<u>146,779</u>	<u>7,338,935</u>
<u>NET POSITION</u>			
Net Investment in Capital Assets	(9,947,218)	169,376	(9,777,842)
Unrestricted	<u>(57,291,134)</u>	<u>(1,171,295)</u>	<u>(58,462,429)</u>
TOTAL NET POSITION	<u>\$ (67,238,352)</u>	<u>\$ (1,001,919)</u>	<u>\$ (68,240,271)</u>

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

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenue			Net Revenue (Expense) and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
<b>Governmental Activities:</b>							
Instruction	\$ 27,266,405	\$ 245,252	\$ 7,506,361	\$ -	\$ (19,514,792)	\$ -	\$ (19,514,792)
Instructional Student Support	2,350,964	-	407,236	-	(1,943,728)	-	(1,943,728)
Administrative and Financial Support Services	5,163,337	-	261,999	-	(4,901,338)	-	(4,901,338)
Operation and Maintenance of Plant Services	3,264,645	-	225,678	175,000	(2,863,967)	-	(2,863,967)
Pupil Transportation	1,890,884	-	1,614,188	-	(276,696)	-	(276,696)
Student Activities	1,270,557	-	166,758	-	(1,103,799)	-	(1,103,799)
Community Services	22,428	-	-	-	(22,428)	-	(22,428)
Interest on Long-Term Debt	486,513	-	-	-	(486,513)	-	(486,513)
Unallocated Depreciation Expense	5,914,155	-	-	-	(5,914,155)	-	(5,914,155)
<b>Total Governmental Activities</b>	<b>47,629,888</b>	<b>245,252</b>	<b>10,182,220</b>	<b>175,000</b>	<b>(37,027,416)</b>	<b>-</b>	<b>(37,027,416)</b>
<b>Business-Type Activities:</b>							
Food Services	1,653,975	525,653	885,556	-	-	(242,766)	(242,766)
<b>Total Primary Government</b>	<b>\$ 49,283,863</b>	<b>\$ 770,905</b>	<b>\$ 11,067,776</b>	<b>\$ 175,000</b>	<b>(37,027,416)</b>	<b>(242,766)</b>	<b>(37,270,182)</b>
<b>General Revenues:</b>							
<b>Taxes:</b>							
Real Estate Taxes					23,260,080	-	23,260,080
Earned Income Tax					4,252,783	-	4,252,783
Other Tax					599,730	-	599,730
Unrestricted Grants and Subsidies					9,362,082	-	9,362,082
Unrestricted Investment Earnings					498,164	1,627	499,791
Miscellaneous Income					89,840	-	89,840
<b>Total General Revenues</b>					<b>38,062,679</b>	<b>1,627</b>	<b>38,064,306</b>
Changes in Net Position					1,035,263	(241,139)	794,124
Net deficit - beginning of year (as previously reported)					(63,696,762)	(760,780)	(64,457,542)
Restatement (GASB 101 Implementation)					(4,576,853)	-	(4,576,853)
Net deficit - beginning of year (as restated)					(68,273,615)	(760,780)	(69,034,395)
Net deficit - end of year					<b>\$ (67,238,352)</b>	<b>\$ (1,001,919)</b>	<b>\$ (68,240,271)</b>

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

CRESTWOOD SCHOOL DISTRICT  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2025

	Major Funds		Total Governmental Funds
	General Fund	Capital Projects Fund	
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 8,195,173	\$ 2,145,335	\$ 10,340,508
Taxes Receivable, net allowance	1,174,209	-	1,174,209
Due from Other Funds	-	560,009	560,009
Due From Other Governments	2,255,477	-	2,255,477
Other Receivables	88,100	-	88,100
<b>TOTAL ASSETS</b>	<b>\$ 11,712,959</b>	<b>\$ 2,705,344</b>	<b>\$ 14,418,303</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>			
<b>CURRENT LIABILITIES</b>			
Accounts Payable	\$ 2,051,365	\$ 1,385,359	\$ 3,436,724
Accrued Salaries and Benefits	3,947,135	-	3,947,135
Payroll Deductions and Withholdings	1,758,064	-	1,758,064
Due to Other Funds	542,766	-	542,766
Deferred Revenue	50,000	-	50,000
<b>TOTAL CURRENT LIABILITIES</b>	<b>8,349,330</b>	<b>1,385,359</b>	<b>9,734,689</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable Tax Revenues - Property Taxes	111,166	-	111,166
<b>FUND BALANCES</b>			
Restricted For:			
Capital Projects	-	1,319,985	1,319,985
Assigned	250,000	-	250,000
Unassigned	3,002,463	-	3,002,463
<b>TOTAL FUND BALANCES</b>	<b>3,252,463</b>	<b>1,319,985</b>	<b>4,572,448</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 11,712,959</b>	<b>\$ 2,705,344</b>	<b>\$ 14,418,303</b>

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

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

Total fund balance - governmental funds \$ 4,572,448

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

Capital assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in governmental funds. Those assets consist of:

Land	\$ 1,354,095
Land Improvements, net of \$11,277,158 accumulated depreciation	3,542,004
Buildings and Improvements, net of \$14,604,845 accumulated depreciation	15,922,013
Furniture and Equipment, net of \$23,006,059 accumulated depreciation	<u>13,683,013</u>

Total capital assets 34,501,125

Property taxes receivable are available for collection this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.

111,166

Long-term liabilities, including bonds 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:

Bonds Payable	(21,466,000)
Accrued Interest on Long-Term Debt	(194,535)
Leases	(24,242,720)
Net Pension Liability	(49,672,280)
Deferred Outflows of Resources - Pensions	7,864,013
Deferred Inflows of Resources - Pensions	(3,906,280)
Bond Premium/Discount, net of Amortization	(59,608)
Compensated Absences	(4,903,132)
Other Post-Employment Benefits (OPEB)	(14,174,324)
Deferred Outflows of Resources - OPEB	7,617,651
Deferred Inflows of Resources - OPEB	<u>(3,285,876)</u>
	<u>(106,423,091)</u>

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES \$ (67,238,352)

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

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

	Major Funds		Non-Major Fund	Total Governmental Funds
	General Fund	Capital Projects Fund	Debt Service Fund	
<b>REVENUES</b>				
Local Sources	\$ 29,188,694	\$ 188,376	\$ -	\$ 29,377,070
State Sources	18,280,582	2,111	-	18,282,693
Federal Sources	925,245	-	-	925,245
<b>Total Revenues</b>	<b>48,394,521</b>	<b>190,487</b>	<b>-</b>	<b>48,585,008</b>
<b>EXPENDITURES</b>				
Instructional Services	30,175,289	-	-	30,175,289
Support Services	11,360,577	2,040,118	-	13,400,695
Noninstructional Services	1,401,131	-	-	1,401,131
Capital Outlay	-	245,099	-	245,099
Debt Service	1,864,800	-	1,890,688	3,755,488
<b>Total Expenditures</b>	<b>44,801,797</b>	<b>2,285,217</b>	<b>1,890,688</b>	<b>48,977,702</b>
Excess of Revenues Over (Under) Expenditures	3,592,724	(2,094,730)	(1,890,688)	(392,694)
<b>OTHER FINANCING SOURCES (USES)</b>				
Issuance of refunding bonds	-	1,678,000	-	1,678,000
Transfers In	-	1,150,001	1,890,688	3,040,689
Transfers Out	(3,040,689)	-	-	(3,040,689)
<b>Total Other Financing Sources</b>	<b>(3,040,689)</b>	<b>2,828,001</b>	<b>1,890,688</b>	<b>1,678,000</b>
Net Changes in Fund Balance	552,035	733,271	-	1,285,306
Fund Balances - Beginning of Year	2,700,428	586,714	-	3,287,142
Fund Balances - End of Year	<b>\$ 3,252,463</b>	<b>\$ 1,319,985</b>	<b>\$ -</b>	<b>\$ 4,572,448</b>

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

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

Net changes in fund balances - total governmental funds \$ 1,285,306

The change in net assets reported for governmental activities in the statement of activities is different because:

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 and reported as depreciation expense. The amount by which depreciation exceeds capital outlays in the period is as follows:

Depreciation expense	\$ (5,914,155)	
Capital outlays	<u>245,099</u>	(5,669,056)

Bond proceeds are reported as financing sources in governmental funds and thus contribute to the change in fund balance. In the statement of net assets, however, issuing debt increases long-term liabilities and does not affect the statement of activities. Similarly, repayment of principal is an expenditure in the governmental funds but reduces the liability in the statement of net position.

Debt issuance	(1,678,000)	
Principal payments	1,347,000	
Lease payments	1,834,840	1,503,840

Under the modified accrual basis of accounting used in the governmental funds, expenditures are not recognized for transactions that are not normally paid with expendable available financial resources. In the statement of activities, however, which is presented on the accrual basis, expenses and liabilities are reported regardless of when financial resources are available. In addition, interest on long-term debt is not recognized under the modified accrual basis of accounting until due, rather than as it accrues. The differences for the items discussed above are:

Compensated absences expense	364,484	
Pension benefit expense	1,741,431	
Other postemployment benefits expense	1,641,980	
Amortization of debt premium/discount	98,466	
Accrued interest on long-term debt	<u>(11,331)</u>	3,835,030

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

80,143

Change in net position of governmental activities \$ 1,035,263

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

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -  
BUDGET AND ACTUAL  
GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual Amounts	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Local Sources	\$ 28,709,102	\$ 28,709,102	\$ 29,188,694	\$ 479,592
State Sources	18,040,884	18,040,884	18,280,582	239,698
Federal Sources	948,120	948,120	925,245	(22,875)
Total Revenues	47,698,106	47,698,106	48,394,521	696,415
<b>EXPENDITURES</b>				
Instructional Services	31,584,918	31,584,918	30,175,289	(1,409,629)
Support Services	12,264,831	12,264,831	11,360,577	(904,254)
Noninstructional Services	1,495,594	1,495,594	1,401,131	(94,463)
Debt Service	-	-	1,864,800	1,864,800
Total Expenditures	45,345,343	45,345,343	44,801,797	(543,546)
Excess of Revenues Over (Under) Expenditures	2,352,763	2,352,763	3,592,724	1,239,961
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers Out	(2,270,834)	(2,270,834)	(3,040,689)	(769,855)
Total Other Financing Sources	(2,270,834)	(2,270,834)	(3,040,689)	(769,855)
Net Changes in Fund Balance	81,929	81,929	552,035	470,106
Fund Balances - Beginning of Year	2,700,428	2,700,428	2,700,428	-
Noncurrent Liabilities	\$ 2,782,357	\$ 2,782,357	\$ 3,252,463	470,106

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

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
JUNE 30, 2025

	Enterprise Fund
	Food Service
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents	\$ 6,486
Other Receivables	5,206
Inventories	13,501
Due from Other Funds	37,766
Total Current Assets	62,959
Noncurrent Assets	
Furniture and equipment, net	169,376
Total Noncurrent Assets	169,376
TOTAL ASSETS	232,335
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
OPEB	155,462
Pensions	160,490
TOTAL DEFERRED OUTFLOWS OF RESOURCES	315,952
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable	8,432
Due to Other Funds	55,009
Unearned Revenue	36,994
Total Current Liabilities	100,435
Noncurrent Liabilities	
Net Pension Liability	1,013,720
Net OPEB Liability	289,272
Total Noncurrent Liabilities	1,302,992
TOTAL LIABILITIES	1,403,427
<u>Noncurrent Liabilities</u>	
OPEB	67,059
Pensions	79,720
TOTAL DEFERRED INFLOWS OF RESOURCES	146,779
<u>NET POSITION</u>	
Net Investment in Capital Assets	169,376
Unrestricted	(1,171,295)
TOTAL NET POSITION	\$ (1,001,919)

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

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Fund
	Food Service
Operating Revenues	
Food Service Revenue	\$ 525,653
Total Operating Revenues	525,653
Operating Expenses	
Salaries	460,613
Employee Benefits	331,525
Other Purchased Services	746,966
Supplies	80,398
Depreciation	33,810
Miscellaneous	663
Total Operating Expenses	1,653,975
Operating Loss	(1,128,322)
Nonoperating Revenues (Expenses)	
Federal	568,823
State	254,762
Donated Commodities	61,971
Investment Earnings	1,627
Total Nonoperating Revenues	887,183
Change in Net Position	(241,139)
Net Position - Beginning of year	(760,780)
Net Position - End of Year	\$ (1,001,919)

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

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

	Enterprise Fund Food Service
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from User Charges	\$ 520,447
Cash Payments to Employees for Services	(861,187)
Cash Payments to Suppliers for Goods and Services	(906,175)
Net Cash Provided by Operating Activities	(1,246,915)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Federal Sources	633,009
State Sources	254,762
Internal Activity	327,103
Net Cash Used in Capital Financing Activities	1,214,874
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Earnings	964
Net Cash Provided by Investing Activities	964
<b>INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	(31,077)
Cash and Cash Equivalents - Beginning of Year	37,563
Cash and Cash Equivalents - End of Year	\$ 6,486
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH TRANSACTIONS:</b>	
Donated Commodities	\$ 61,971
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Operating Loss	\$ (1,128,322)
<b>Noncurrent Liabilities</b>	
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>	
Depreciation	33,810
Change in assets and liabilities	
Accounts Receivable	(5,206)
Inventory	(4,701)
Accounts Payable	(74,110)
Net Pension Liability and Pension Deferred Inflows/Outflows	(35,539)
Other Postemployment Benefits and Deferred Inflows/Outflows	(33,510)
Total Adjustments	(153,066)
Net Cash Provided by Operating Activities	\$ (1,247,578)

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

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF NET POSITION - FIDUCIARY FUNDS  
JUNE 30, 2025

	Private Purpose Trust Fund	Custodial Fund
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ 82,165	\$ 213,245
Total Assets	82,165	213,245
<u>LIABILITIES</u>		
Accounts Payable	-	-
Total Liabilities	-	-
<u>NET POSITION</u>		
Restricted for Scholarships	82,165	-
Restricted for Student Activities	-	213,245
TOTAL NET POSITION	\$ 82,165	\$ 213,245

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

CRESTWOOD SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION  
FIDUCIARY FUNDS  
FOR THE YEAR ENDED JUNE 30, 2025

	<u>Private Purpose Trust Fund</u>	<u>Custodial Fund</u>
Revenues		
Net Investment Income (Loss)	\$ 1,117	\$ -
Student Activities	-	223,900
Total Operating Revenues	<u>1,117</u>	<u>223,900</u>
Expenses		
Student Activities	-	180,091
Bank Charges	-	-
Total Operating Expenses	<u>-</u>	<u>180,091</u>
Operating Gain (Loss)	<u>1,117</u>	<u>43,809</u>
Net Position - Beginning of year	<u>81,048</u>	<u>169,436</u>
Net Position - End of Year	<u><u>\$ 82,165</u></u>	<u><u>\$ 213,245</u></u>

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

**Crestwood School District  
Notes to Financial Statements  
June 30, 2025**

**1. Nature of Operations and Summary of Significant Accounting Policies**

The major accounting principles and practices followed by the Crestwood School District (the "District") are summarized below:

**Nature of Operations**

The District provides elementary and secondary education to the residents of the following municipalities:

Dennison Township	Wright Township
Dorrance Township	Borough of Nuangola
Fairview Township	Borough of Penn Lake Park
Rice Township	Borough of White Haven
Slocum Township	

The District assesses the taxpayers of these municipalities based upon taxing powers at its disposal. The ability of the District's taxpayers to pay their assessments is dependent upon economic and other factors affecting the taxpayers.

**Reporting Entity**

The reporting entity has been defined in accordance with the criteria established in Governmental Accounting Standards Board (GASB) Statement No. 14, as amended. The specific criteria used in determining whether other organizations should be included in the District's financial reporting entity are financial accountability, fiscal dependency and legal separation.

Based on these criteria, the District has determined that there are not related organizations that should be included in the District's financial statements, nor is the District considered to be a component unit of any other government.

**Basis of Presentation, Government-Wide Financial Statements**

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements report financial information for the District as a whole, excluding fiduciary activities, on a full accrual, economic resource basis. Individual funds are not displayed but the statements distinguish governmental activities, supported by taxes and District general revenues, from business-type activities, financed in whole or in part with fees charged to customers. The District's General, Capital Projects and Debt Service Funds are classified as governmental activities. The District's Food Service Fund is classified as a business-type activity.

The statement of activities reports the expenses of a given function or program offset by program revenues directly connected with that function or program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include (1) charges for services to users of the District's services, (2) operating grants and contributions that finance annual operating activities and (3) capital grants and contributions that fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions to these program uses. Taxes and other revenue sources not properly included with program revenues are reported as general revenues.

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

**Basis of Presentation, Fund Financial Statements**

The accounts of the District are organized on the basis of funds, each of which constitutes a separate accounting entity. The operations of each fund are accounted for within a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund balances, revenues and expenditures/expenses and other financing sources/uses. Resources are allocated to and accounted for in individual funds based upon the purpose for which they are to be spent. The District uses the following fund types:

**Governmental Fund Types**

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities are accounted for through governmental funds. The following are the District's governmental funds:

**General Fund (Major)**

The General Fund accounts for the general operations of the District and all financial transactions not accounted for in another fund.

**Capital Projects Fund (Major)**

The Capital Projects Fund accounts for the financial resources to be used for acquisition, renovation or construction of major capital facilities.

**Debt Service Fund (Nonmajor)**

The Debt Service Fund accounts for resources accumulated for the purpose of funding general long-term debt obligations.

**Proprietary Fund Type**

Proprietary funds account for the operations of the District that are financed and operated in a manner similar to those often found in the private sector. The fund included in this category is the Food Service Fund, an Enterprise fund-type, which accounts for the food service operations of the District. The Food Service Fund distinguishes between operating revenues and expenses and nonoperating items. Operating revenues consist of charges for food served. Operating expenses consist mainly of food and food preparation costs, supplies and other direct costs. All other revenues and expenses are nonoperating.

**Fiduciary Fund Types**

Fiduciary funds account for the assets held by the District as a trustee or agent for individuals, private organizations and/or other governmental units. The funds included in this category are:

**Custodial Fund**

The Custodial Fund is used to account for the activity of various student activities and clubs.

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

**Private Purpose Trust Fund**

The Private Purpose Trust Fund accounts for the activity of scholarship accounts that provides scholarship grants to students of the District.

**Measurement Focus**

**Government-Wide Financial Statements**

The government-wide financial statements are prepared using the economic resources measurement focus. With this measurement focus, all assets, deferred outflows of resources, liabilities and deferred inflows of resources associated with the operation of the District are included on the statement of net deficit. The statement of activities presents increases (i.e., revenues) and decreases (i.e., expenses) in the District's total net deficit.

**Fund Financial Statements**

Governmental funds are accounted for using the flow of current financial resources measurement focus. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, and deferred inflows of resources generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. Proprietary and fiduciary funds are accounted for using the economic resources measurement focus.

**Basis of Accounting**

Basis of accounting refers to the point at which revenues or expenditures/expenses are recognized in the accounts and reported in the financial statements. It relates to the timing of the measurements made regardless of the measurement focus applied.

**Accrual Basis**

Government-wide financial statements and the proprietary and fiduciary fund type financial statements are prepared using the accrual basis of accounting. For exchange transactions, revenues are recognized when earned and expenses are recognized when incurred. Nonexchange transactions, in which the District receives value without directly giving equal value in return, requires tax revenues to be recognized in the year levied while grant revenue is recognized when grantor eligibility requirements are met.

**Modified Accrual Basis**

Governmental funds use the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay the liabilities of the current period. The District considers property and other taxes as available if they are collected within 60 days after year-end. A one-year availability period is used for revenue recognition for all other governmental fund revenues. Expenditures, other than principal and interest on bonds payable, compensated absences, and pensions and other postemployment obligations (OPEB) are recorded when the related fund

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

liability is incurred. Principal and interest on bonds payable, compensated absences, and pension and OPEB are recorded as fund liabilities when due and unpaid.

The District reports unearned revenue in both the government-wide and fund financial statements. Unearned revenue arises when potential revenues do not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenues may also arise when the District receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

**Allocation of Indirect Expenses**

The District does not allocate any indirect expenses including depreciation.

**Budgetary Data**

An operating budget is adopted each year for the General Fund on the modified accrual basis of accounting. The District utilizes the Executive Budget approach to budgetary control. This approach requires the superintendent, together with the business office, to prepare and submit a plan of financial operation to the Board of Directors.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash and liquid asset funds, which are carried at cost. The District considers all investment purchased with an original maturity of three months or less to be cash equivalents.

**Inventories**

Inventories are valued at the lower of cost (first-in, first-out method) or market except for donated inventories, which are valued at fair market value as determined by the U.S. Department of Agriculture at the date of donation. Textbooks and instructional and custodial supplies are charged to expense upon acquisition.

Food Service Fund inventories consist entirely of donated commodities, which are valued at fair market value as determined by the U.S. Department of Agriculture at the date of donation.

**Capital Assets**

General capital assets are those assets not specifically related to activities reported in the proprietary fund. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net deficit and in the fund financial statements due to the measurement focus of the proprietary fund.

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

All capital assets are stated at cost or estimated cost, net of accumulated depreciation. Donated capital assets are reported at their fair value at date of receipt. The District maintains a capitalization threshold of \$1,000. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All capital assets except land are depreciated. Construction-in-progress costs are accumulated until the project is complete and placed in service. At that time, the costs are transferred to the appropriate asset class and depreciation begins.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	Governmental Activities	Business-Type Activities
Land Improvements	7-30 years	N/A
Buildings and Improvements	50 years	N/A
Furniture and Equipment	5-25 years	5-15 years

The District does not have any infrastructure capital assets.

If applicable, interest is capitalized on Food Service Fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. However, no interest is capitalized on general capital assets.

**Assets Held for Capital Projects**

Assets held for capital projects represent unspent funds from bond issues held in money market accounts.

**Compensated Absences**

The School District reports a liability for all types of compensated absences attributable to services already rendered, including vacation, and accumulated sick leave, in the government-wide financial statements. The liability is calculated based on pay rates in effect as of the financial statement date and includes salary-related payments. Sick leave is included in the liability if it is accumulating and more likely than not to be used for time off or paid upon separation.

In the governmental fund financial statements, liabilities for compensated absences are recognized only to the extent they are due and payable as of year-end.

**Leases**

The District is a lessee of noncancellable leases for furniture and equipment. The District recognized a lease liability and intangible right-to-use lease asset in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$10,000 or more.

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

### **Pensions/OPEB**

The District provides eligible employees with retirement and OPEB benefits through the Commonwealth of Pennsylvania Public School Employer's Retirement System (PSERS), a governmental cost-sharing multiple-employer defined benefit pension plan. PSERS was established as of July 18, 1917, under the provisions of Public Law 1043, No. 343. In addition, the District provides eligible employees with OPEB benefits through a single employer defined benefit plan sponsored by the District (District Plan).

For purposes of measuring the PSERS net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions/OPEB and pension/OPEB expense, information about the fiduciary net position of 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 (including refund of employee contributions) are recognized when due and payable in accordance with the benefit terms.

### **Governmental Fund Balance Classifications**

Fund balances are classified based on the level of constraints placed on the usage of fund resources.

- *Nonspendable* fund balances are amounts that cannot be spent because they are either not in spendable form or, are legally or contractually required to be maintained intact. There were no spendable fund balances at June 30, 2025.

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

- *Restricted* fund balances are amounts that are restricted to specific purposes by constraints placed on their use that are externally imposed by creditors, grantors, contributions, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Amounts reported in the Capital Projects Fund are restricted by the terms of the related bond issues to expenditures for capital assets.
- *Committed* fund balances are amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolution of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specific use by taking the same action it employed to previously commit the amounts. There was no committed fund balance at June 30, 2025.
- *Assigned* fund balances are amounts constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. The Board of Directors has designated the business manager to assign fund balance amounts as deemed financially necessary and appropriate. At June 30, 2025, the business manager assigned \$250,000 of fund balance for healthcare costs.
- *Unassigned* fund balance is a residual classification and represents amounts that have not been assigned to other funds, and have not been restricted, committed or assigned to a specific purpose within the General Fund.

**Deferred Outflows/Inflows of Resources**

Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District reports certain changes in its net pension/OPEB liabilities in the government-wide statement of net deficit in this category.

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Under the modified accrual basis of accounting, the District has one item that qualifies for reporting in this category. Accordingly, the item, unearned revenues, is reported only in the governmental funds balance sheet. The governmental funds report unearned revenues from real estate taxes not yet collected which are deferred and recognized as an inflow of resources in the period that the amounts become available. The District also reports certain changes in its net position/OPEB liabilities in the government-wide statement of net deficit in this category.

**Eliminations and Internal Balances**

Transactions and balances between governmental activities have been eliminated in the government-wide financial statements. Residual amounts due between governmental and business-type activities are labeled "internal balances" on the statement of net position.

**Use of Restricted Net Position/Fund Balances**

When both restricted and unrestricted resources are available for use, the District's policy is to use restricted resources first, and then unrestricted resources as needed. Unrestricted resources are used in the following order: committed, assigned, then unrestricted.

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

**Use of Estimates**

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

**Accounting Standards Adopted in the Current Year**

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The adoption of this statement had no effect on previously reported amounts.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The adoption of this statement resulted in the restatement of the District's beginning net position as of 7/1/2024. See Note 14 for more information on the restatement.

**Future Accounting Principle to be Adopted**

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The District is required to adopt Statement No. 103 for its fiscal year 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The District is required to adopt Statement No. 104 for its fiscal year 2026 statements.

In December 2025, the GASB issued Statement No. 105, *Subsequent Events*. The District is required to adopt Statement No. 105 for its fiscal year 2026 statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

**2. Deposits with Financial Institutions and Investments**

The Pennsylvania Public School Code of 1949, as amended, permits the District to invest only in certain types of investments. The District's deposits and investments adhere to these statutes.

**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 to it. The District does not have a formal policy for custodial credit risk. At June 30, 2025, the bank balance of the District's deposits with financial institutions, including cash equivalent, was \$11,475,340 compared to the carrying amount of \$10,642,404. The difference is primarily caused by items in transit and outstanding checks. \$10,929,365 of the District's deposits were exposed to custodial credit risk at June 30, 2025 and were uninsured but collateralized by securities pledged by the financial institutions for such funds but not in the District's name in accordance with the collateralization provisions of Commonwealth of Pennsylvania Act 72 of 1971, as amended.

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

**3. Real Estate Taxes**

The real estate taxes for the District are collected from three Boroughs and six Townships. The tax on real estate, as levied by the School Board, was 12.6401 mills (\$1 per \$1,000 of assessed valuation) for fiscal year 2025. Luzerne County determines the assessed value of property and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

August 1	Levy date
August 1 – September 30	2% discount period
October 1 – December 31	Face payment period
January 1	Lien date

Taxes receivable at June 30, 2025, totaled \$1,174,209 and includes \$178,672 of interim real estate taxes, \$46,961 of real estate transfer taxes, \$913,753 of earned income taxes and \$34,823 of other taxes.

During the year the District sold their outstanding delinquent taxes, see Note 13.

**4. Due From Other Governments**

Due from other governments in the General Fund at June 30, 2025 is summarized below:

Pennsylvania Department of Education (PDE):	
State Sources	\$ 1,572,255
Federal Sources	436,083
Other School Districts	<u>247,139</u>
Total	<u>\$ 2,255,477</u>

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

**5. Capital Assets**

The changes in the District's capital assets in 2025 are summarized as follows:

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital Assets not Being Depreciated (cost):				
Land	\$ 1,354,095	\$ -	\$ -	\$ 1,354,095
Total Capital Assets not Being Depreciated	1,354,095	-	-	1,354,095
Capital Assets Being Depreciated:				
Land Improvements	14,574,063	245,099	-	14,819,162
Building and Building Improvements	30,526,858	-	-	30,526,858
Furniture and Equipment	5,418,672	-	-	5,418,672
Furniture and Equipment - Leased	31,270,400	-	-	31,270,400
Total Capital Assets Being Depreciated	81,789,993	245,099	-	82,035,092
Less Accumulated Depreciation for:				
Land Improvements	(10,815,686)	(461,472)	-	(11,277,158)
Building and Building Improvements	(13,765,517)	(839,328)	-	(14,604,845)
Furniture and Equipment	(9,269,487)	(4,467,200)	-	(13,736,687)
Furniture and Equipment - Leased	(9,123,217)	(146,155)	-	(9,269,372)
Total Accumulated Depreciation	(42,973,907)	(5,914,155)	-	(48,888,062)
Capital Assets Being Depreciated, Net	38,816,086	(5,669,056)	-	33,147,030
Governmental Activities, Capital Assets, Net	<u>\$ 40,170,181</u>	<u>\$ (5,669,056)</u>	<u>\$ -</u>	<u>\$ 34,501,125</u>

Depreciation expense was not allocated to functions and is shown separately

	Balance July 1, 2024	Additions	Disposals	Balance June 30, 2025
Capital Assets Being Depreciated:				
Furniture and Equipment	\$ 1,015,599	\$ -	\$ -	\$ 1,015,599
Less Accumulated Depreciation	(812,413)	(33,810)		(846,223)
Business-Type Activities, Capital Assets, Net	<u>\$ 203,186</u>	<u>\$ (33,810)</u>	<u>\$ -</u>	<u>\$ 169,376</u>

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

**6. Long-Term Liabilities**

The following summarizes the changes in the District's long-term liabilities in 2025:

	Balance at July 1, 2024	Additions	Reductions	Balance at June 30, 2025	Due Within One Year
<u>Governmental activities</u>					
Series of 2017 GOB	\$ 4,430,000	\$ -	\$ (80,000)	\$ 4,350,000	\$ 85,000
Series A of 2020 GOB	8,785,000	-	(5,000)	8,780,000	5,000
Series B of 2020 GOB	2,430,000	-	(585,000)	1,845,000	600,000
Series of 2021 GOB	4,940,000	-	(640,000)	4,300,000	665,000
Series of 2021 GON	550,000	-	(37,000)	513,000	38,000
Series of 2025 GON	-	1,678,000	-	1,678,000	375,000
	21,135,000	1,678,000	(1,347,000)	21,466,000	1,768,000
Net premiums (discount)	158,074	-	(98,466)	59,608	-
Total Debt	21,293,074	1,678,000	(1,445,466)	21,525,608	1,768,000
Leases	26,077,560	-	(1,834,840)	24,242,720	1,891,520
Net Pension Liability	54,975,060	-	(5,302,780)	49,672,280	-
Other Postemployment Benefits	9,722,273	4,452,051	-	14,174,324	453,579
Compensated absences	5,267,616	-	(364,484)	4,903,132	980,554
	<u>\$ 117,335,583</u>	<u>\$ 6,130,051</u>	<u>\$ (8,947,570)</u>	<u>\$ 114,518,064</u>	<u>\$ 5,093,653</u>
<u>Business-type activities</u>					
Net Pension Liability	\$ 1,121,940	\$ -	\$ (108,220)	\$ 1,013,720	\$ -
Other Postemployment Benefits	198,414	90,858	-	289,272	-
	<u>\$ 1,320,354</u>	<u>\$ 90,858</u>	<u>\$ (108,220)</u>	<u>\$ 1,302,992</u>	<u>\$ -</u>

The Series of 2017 general obligation bonds are due in varying annual installments plus interest ranging from 1.10% to 3.05% with final maturity scheduled for 2037.

The Series A of 2020 general obligation bonds are due in varying annual installments plus interest ranging from 1.50% to 2.63% with final maturity scheduled for 2040.

The Series B of 2020 general obligation bonds are due in varying annual installments plus interest ranging from 1.92% to 2.59% with final maturity scheduled for 2028. This is considered a direct placement borrowing.

The 2021 Note is due in varying annual installments plus interest at a rate of 2.37% with final maturity scheduled for 2036. This note was issued to finance the boiler replacement project. This is considered a direct placement borrowing.

The Series of 2021 general obligation bonds are due in varying annual installments plus interest at rates ranging from 2.00% to 4.00% with final maturity scheduled for 2031.

The 2025 Note is due in varying annual installments plus interest at a rate of 4.01% with final maturity scheduled for 2029. This note was issued to finance improvements to existing facilities and purchase capital equipment. This is considered a direct placement borrowing.

Total interest paid in 2025 was \$573,648. No interest was capitalized during the year. No interest is reported as a direct expense in the statement of activities.

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

The following summarizes the District's scheduled future debt service requirements as of June 30, 2025.

Years Ended June 30:	Principal Retirements	Interest Requirements	Total Debt Service Requirements
2026	\$ 1,768,000	\$ 572,920	\$ 2,340,920
2027	1,855,000	517,638	2,372,638
2028	1,913,000	453,746	2,366,746
2029	1,962,000	401,674	2,363,674
2030	1,531,000	358,931	1,889,931
2031-2035	7,040,000	1,285,819	8,325,819
2036-2040	5,397,000	382,617	5,779,617
	<u>\$ 21,466,000</u>	<u>\$ 3,973,345</u>	<u>\$ 25,439,345</u>

**7. Leases**

The School District entered into a fifteen-year lease agreement for busing services. Annual payments total \$142,200 at the commencement of the lease and increase 3% each year thereafter. The incremental borrowing rate is 3.00%. The principal amount of the lease is \$31,270,400. This amount has been added to capital assets and long-term liabilities in the government-wide financial statements. As of June 30, 2025, the outstanding lease liability for buses is \$24,242,720.

The following is a schedule by fiscal year of future minimum payments due for leases with the present value of the net minimum lease payments as of June 30, 2025.

Years Ended June 30:	Principal Retirements	Interest Requirements	Total
2026	\$ 1,891,520	\$ 30,880	\$ 1,922,400
2027	1,948,200	31,800	1,980,000
2028	2,004,880	32,720	2,037,600
2029	2,068,640	33,760	2,102,400
2030	2,132,400	34,800	2,167,200
2031-2035	11,653,800	190,200	11,844,000
2036	2,543,280	41,520	2,584,800
	<u>\$ 24,242,720</u>	<u>\$ 395,680</u>	<u>\$ 24,638,400</u>

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

**8. Compensated Absences**

The following summarizes the changes in compensated absences in 2025:

	Governmental Activities
Balance July 1, 2024	\$ 5,267,616
Change	(364,484)
Balance June 30, 2025	\$ 4,903,132

The District normally pays its compensated absences from the General Fund.

**9. Retirement Plan**

**Plan Description**

The Pennsylvania Public School Employees' Retirement System ("PSERS") is a governmental cost-sharing multi-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

The administrative staff of PSERS administers the plan. The control and management of PSERS, including the investment of its assets, is vested in the Board of Trustees (Board). The Board has fifteen members including the Commonwealth's Secretary of Education, the Commonwealth's Secretary of Banking and Securities, the State Treasurer, the Executive Director of the Pennsylvania School Boards Association, one member appointed by the Governor, six elected members (three from among the System's certified members, one from among the System's noncertified members, one from among the System's annuitants, and one from among school board members in Pennsylvania), two members from the Senate, and two members from the House of Representatives. The chairman of the Board is elected by the Board members. Each ex officio member of the Board and each legislative member of the Board may appoint a duly authorized designee to act in their stead.

PSERS was established on July 18, 1917, under the provisions of Pamphlet Law, No. 343. Benefit payments to members and contribution provision by employers and employees are specified in the Pennsylvania Public School Employees' Retirement Code ("Code"). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Under the provisions of the 1975 revision of the Code by the Pennsylvania General Assembly, 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) preserved the benefits of existing members and introduced benefit reductions

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

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 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 equal to 1% 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. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and T-F members, the right to benefits is vested after ten years of service.

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

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

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

**Member Contributions**

Member contribution rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contribution rate are as follows:

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit Contribution Rate	Defined 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%*	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%*	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%*	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%*	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%

*\*This contribution rate is subject to a shared risk provision below.*

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

**District Contributions**

The contribution policy is set by the Code. The District's contractually required contribution rate for fiscal year ended June 30, 2025, was 33.27% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to PSERS from the District were approximately \$6,355,503 for the year ended June 30, 2025.

**Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources**

At June 30, 2025, the District reported a liability of \$50,686,000 for its proportionate share of the PSERS net pension liability. The PSERS net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2023, to June 30, 2024. The District's proportion of the PSERS net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was .1211%, which was a decrease of .005% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized PSERS pension expense of \$4,589,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 797,000
Changes in proportion	830,000	3,189,000
Difference between projected and actual investment earnings	839,000	-
Contributions subsequent to the measurement date	<u>6,355,503</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 8,024,503</u></b>	<b><u>\$ 3,986,000</u></b>
Split of Deferred Outflows/Inflows of Resources:		
Governmental Activities	\$ 7,864,013	\$ 3,906,280
Business-Type Activities	<u>160,490</u>	<u>79,720</u>
<b>Total</b>	<b><u>\$ 8,024,503</u></b>	<b><u>\$ 3,986,000</u></b>

\$6,355,503 is reported as deferred outflows of resources resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Governmental Activities</u>	<u>Business- Type Activities</u>	<u>Total</u>
Year ended June 30:			
2026	\$ (1,803,200)	\$ (36,800)	\$ (1,840,000)
2027	7,840	160	8,000
2028	(309,680)	(6,320)	(316,000)
2029	<u>(165,620)</u>	<u>(3,380)</u>	<u>(169,000)</u>
	<b><u>\$ (2,270,660)</u></b>	<b><u>\$ (46,340)</u></b>	<b><u>\$ (2,317,000)</u></b>

**Actuarial Assumptions**

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

- Valuation Date – June 30, 2023
- Actuarial cost method – Entry Age Normal – level 1% 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

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023, and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00% respectively.
  - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of MP-2015 Morality Improvement Scale. Effective with the June 30, 2021, actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	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%
	100.0%	

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

**Discount Rate**

The discount 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

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

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

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
	<i>(in Thousands)</i>		
District’s share of the net pension liability	\$ 66,769	\$ 50,686	\$ 37,105

**Payable to the Pension Plan**

At June 30, 2025, the District reported a payable of \$1,691,200 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2025.

**Pension Plan Fiduciary Net Position**

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

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

**10. Internal Balances/Interfund Balances and Transfers**

The following summarizes the interfund transfers in 2025:

	Due from Other Funds	Due to Other Funds
<u>Governmental Funds:</u>		
General Fund	\$ -	\$ 542,766
Capital Projects	560,009	-
Total Governmental Funds	560,009	542,766
<u>Proprietary Funds:</u>		
<u>Enterprise Funds:</u>		
Food Service	37,766	55,009
Total Proprietary Funds	37,766	55,009
Total	\$ 597,775	\$ 597,775
<u>Transfers In</u> <u>Transfers Out</u>		
<u>Governmental Funds:</u>		
General Fund	\$ -	\$ 3,040,689
Capital Projects	1,150,001	-
Debt Service Fund	1,890,688	-
Total Governmental Funds	3,040,689	3,040,689
Total	\$ 3,040,689	\$ 3,040,689

The General Fund transferred funds to the Debt Service Fund and the Capital Projects Fund to pay long-term obligations as it came due and to fund capital projects.

**11. Contingencies**

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

The District is involved, from time to time, in various legal actions. In the opinion of the District, these matter either are adequately covered by insurance or will not have a material effect on the District's financial statements.

**12. Other Postemployment Benefits (OPEB)**

**District OPEB Plan**

**Plan Description and Benefits**

The District provides postemployment healthcare benefits for its employees who retire under PSERS under a plan that is considered a single employer plan.

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

For administrators who retired prior to September 1, 2009 and teachers who retired prior to September 1, 2011, benefits include payment of 100% of the premiums less the \$100 PSERS supplement for medical and prescription drug for the employees and their spouses until the employee is age 65. The employee and spouse may continue coverage for dental and vision by paying the full premium. Life insurance of \$50,000 is offered until age 65, then drops to \$10,000 until age 70, and then drops to \$5,000 until age 75.

For other administrators and teachers, the District pays the premium, until the employee is age 65, for medical and prescription drug coverage, less a contribution from the employee based on a sliding scale, currently 6.00% of the 2016 medical and prescription drug premium. For spousal and dependent coverage, the employee pays 100% of any additional premium above single coverage for the rates in effect for 2016. The employee and spouse may continue coverage for dental and vision by paying the full premium. Life insurance of \$50,000 is offered until age 65, then drops to \$10,000 until age 70, and then drops to \$5,000 until age 75.

For secretaries, the District will pay the full premium for medical and prescription drug coverage for the employee and their spouse until the employee reaches age 65. The employee and spouse may continue coverage for dental and vision by paying the full premium. Life insurance of \$50,000 is offered until age 65, then drops to \$10,000 until age 70, and then drops to \$5,000 until age 75.

For support staff, the employee and spouse can continue coverage for medical, prescription drug, dental and vision by paying the full premium in effect at retirement until the employee is age 65. The District pays for any increase in premium after retirement. Life insurance of \$50,000 is offered until age 65, then drops to \$10,000 until age 70, and then drops to \$5,000 until age 75.

The contribution requirements of plan members and the District are established and may be amended by the Board of Directors. The plan is funded on a pay-as-you-go basis, i.e., premiums are paid annually to fund the health care benefits provided to current retirees. As such, the plan is unfunded, there is no underlying trust and no financial report is prepared.

**Employees Covered by District Plan**

At July 1, 2024 (the date of the last valuation report), the following employees were covered by the District Plan:

Active Participants	214
Retired Participants	<u>69</u>
Total	<u><u>283</u></u>

**District Plan Total OPEB Liability**

The District Plan's total OPEB liability of \$12,328,596 at June 30, 2024, was measured as of July 1, 2024, and based on an actuarial valuation as of July 1, 2024.

**District Plan Actuarial Assumptions**

The District Plan total OPEB liability was determined using the following actuarial assumptions:

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

- Discount rate – 4.29% based on the S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2024.
- Salary increases – 2.50% cost of living adjustment, 1.50% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.
- Mortality rates – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.
- Healthcare cost trend rates – 7.0% in 2024 with a 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.40% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

**Changes in the District Plan Total OPEB Liability**

	Total OPEB Liability
Balance at 6/30/2023, beginning of year	\$ 7,640,687
Changes for the year:	
Service Cost	363,294
Interest	325,143
Changes of Benefit Terms	(2,242,993)
Differences between expected and actual experience	6,463,229
Changes in Assumptions	21,556
Benefit Payments	(242,320)
Net Changes	4,687,909
Balance at 6/30/2023, end of year	\$ 12,328,596
Split of Total OPEB Liability, end of year:	
Governmental Activities	\$ 12,082,024
Business-Type Activities	246,572
Total	\$ 12,328,596

Changes in assumptions includes a change in the discount rate from 4.13% to 4.29%.

**Sensitivity to Changes in the Healthcare Cost Trend Rates**

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 1-percentage point lower (3.29%) or 1-percentage higher (5.29%) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Total OPEB Liability	\$ 13,227,869	\$ 12,328,596	\$ 11,483,348

**Sensitivity to Changes in the Healthcare Cost Trend Rates**

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 healthcare cost trend rate that is 1-percentage point lower (6.0%) or 1-percentage higher (8.0%) than the current discount rate:

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

	1% Decrease 6.00%	Medical Trend Rate 7.00%	1% Increase 8.00%
Total OPEB Liability	\$ 11,088,739	\$ 12,328,596	\$ 13,754,375

**District Plan OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources**

For the year ended June 30, 2025, the District recognized OPEB expense of (\$1,042,236) for the District Plan. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the District Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 6,106,392	\$ 1,064,065
Changes in assumptions	651,560	1,673,870
Contributions subsequent to the measurement date	585,813	-
<b>Total</b>	<b>\$ 7,343,765</b>	<b>\$ 2,737,935</b>
Split of Deferred Outflows/Inflows of Resources:		
Governmental Activities	\$ 7,196,890	\$ 2,683,176
Business-Type Activities	146,875	54,759
<b>Total</b>	<b>\$ 7,343,765</b>	<b>\$ 2,737,935</b>

\$585,813 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Governmental Activities	Business- Type Activities	Total
Year ended June 30:			
2026	\$ 502,074	\$ 10,246	\$ 512,320
2027	502,075	10,246	512,321
2028	444,795	9,077	453,872
2029	469,844	9,589	479,433
2030	280,270	5,720	285,990
Thereafter	1,740,559	35,522	1,776,081

**PSERS Plan**

**Plan Description**

The Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public-school employees of the Commonwealth of Pennsylvania. Under the PSERS

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

Plan, employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of premium assistance benefits for each succeeding year.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the fifteen-member Board of Trustees (Board). The Commonwealth's General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing bills in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at [www.psers.state.pa.us](http://www.psers.state.pa.us).

### **Benefits**

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, 2022 there were no assumed future benefit increases to participating eligible retirees.

### **Premium Assistance Eligibility Criteria**

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age

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 reserved all or part of their distributions.

### **District Contributions**

The Districts' contractually required contribution rate for fiscal year ended June 30, 2025 was 0.63% of covered payroll, an actuarially determined 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 PSERS Plan from the District were \$120,348 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$2,135,000 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 PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of

**Crestwood School District**  
**Notes to Financial Statements (Continued)**  
**June 30, 2025**

the net OPEB liability was calculated utilizing the District's one-year reported covered payroll. At June 30, 2025, the District's proportion was .1202%, which was a decrease of .0058% from its proportion as of June 30, 2024.

For the year ended June 30, 2024, the District recognized OPEB expense of \$73,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 2,000	\$ -
Changes in assumptions	130,000	326,000
Changes in proportion	169,000	257,000
Difference between expected and actual experience	8,000	32,000
Contributions subsequent to the measurement date	120,348	-
<b>Total</b>	<b>\$ 429,348</b>	<b>\$ 615,000</b>
Split of Deferred Outflows/Inflows of Resources:		
Governmental Activities	\$ 420,761	\$ 602,700
Business-Type Activities	8,587	12,300
<b>Total</b>	<b>\$ 429,348</b>	<b>\$ 615,000</b>

The \$120,348 is reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date and will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in OPEB expense as follows:

Year ended June 30:	Governmental Activities	Business- Type Activities	Total
2026	\$ (30,380)	\$ (620)	\$ (31,000)
2027	(106,820)	(2,180)	(109,000)
2028	(83,300)	(1,700)	(85,000)
2029	(52,920)	(1,080)	(54,000)
2030	(26,480)	(520)	(27,000)
Thereafter	-	-	-

**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 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 capped at \$1,200 per year.

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

- 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 following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

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

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

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

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

**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%

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

**Sensitivity to Change in Healthcare Cost Trend Rates**

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

The following presents the District's net OPEB liability for June 30, 2024, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease 6.00%	Medical Trend Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net OPEB liability	\$ 2,135,000	\$ 2,135,000	\$ 2,135,000

**Sensitivity to Changes in the Discount Rate**

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	\$ 2,412,000	\$ 2,135,000	\$ 1,903,000

**Payable to the Plan**

At June 30, 2025, the District reported a payable of \$32,025 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2025.

**OPEB Plan Fiduciary Net Position**

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on PSERS' website at [www.psers.pa.gov](http://www.psers.pa.gov).

**Crestwood School District  
Notes to Financial Statements (Continued)  
June 30, 2025**

**13. Tax Monetization**

During the fiscal year 2024-2025 the District entered into an agreement for the sale of their outstanding delinquent real estate taxes to Municipal Revenue Services.

The District received \$974,191 from the sale of their delinquent real estate taxes.

**14. Restatement of Net Position**

Effective for the current year, the District implemented GASB Statement No. 101, *Compensated Absences*. GASB 101 establishes new recognition and measurement criteria for compensated absences, requiring governments to record a liability for all leave when earned, not just when payable.

As a result of the implementation, the beginning net position of the District as of 7/1/2024 has been restated. The restatement reflects the initial recognition of liabilities for earned compensated absences that were not previously recorded under the prior standard.

	<b>Government-Wide</b>
	<b>Governmental Activities</b>
Beginning Net Position (Deficit), previously reported	\$ (63,696,762)
Restatement	(4,576,853)
Beginning Net Position (Deficit), as restated	\$ (68,273,615)

**15. Subsequent Events**

In preparing the financial statements, the School District evaluated events and transactions for potential recognition or disclosure through March 31, 2026, the date the financial statements were available to be issued, in accordance with GASB Statement No. 102, *Certain Risk Disclosures*.

Management evaluated whether any events occurring after year-end presented significant risks that (1) existed at the date of the financial statements or (2) arose after year-end but before the financial statements were available to be issued. Management has determined that no events occurring subsequent to June 30, 2025, required adjustment of, or disclosure in, the financial statements, and no significant risks were identified that met the criteria for disclosure under GASB 102.

CRESTWOOD SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS - RETIREES HEALTH PLAN

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total OPEB liability								
Service cost	\$ 405,704	\$ 421,359	\$ 473,980	\$ 474,271	\$ 664,424	\$ 662,576	\$ 340,372	\$ 363,294
Interest	159,690	216,556	230,369	269,615	194,851	245,081	297,685	325,143
Changes of benefit terms	-	-	-	-	-	-	-	(2,242,993)
Differences between expected and actual experience	-	357,292	-	634,276	-	(1,596,097)	-	6,463,229
Changes of assumptions or other inputs	192,334	(4,342)	(230,047)	1,106,731	(310,091)	(2,135,925)	131,204	21,556
Benefit payments	(254,991)	(278,838)	(191,834)	(171,541)	(267,334)	(279,742)	(262,574)	(242,320)
Net change in total OPEB liability	502,737	712,027	282,468	2,313,352	281,850	(3,104,107)	506,687	4,687,909
Total OPEB liability - beginning	6,145,673	6,648,410	7,360,437	7,642,905	9,956,257	10,238,107	7,134,000	7,640,687
Total OPEB liability - ending	<u>\$ 6,648,410</u>	<u>\$ 7,360,437</u>	<u>\$ 7,642,905</u>	<u>\$ 9,956,257</u>	<u>\$ 10,238,107</u>	<u>\$ 7,134,000</u>	<u>\$ 7,640,687</u>	<u>\$ 12,328,596</u>
Covered payroll	\$ 14,423,626	\$ 15,111,985	\$ 15,111,985	\$ 16,032,175	\$ 16,032,175	\$ 17,376,126	\$ 17,376,126	\$ 15,857,878
District's total OPEB liability as a percentage of covered payroll	46.09%	48.71%	50.58%	62.10%	63.86%	41.06%	43.97%	77.74%

Changes of Assumptions

Effective 7/1/24 - The discount rate changed from 4.13% to 4.21%  
 Effective 7/1/23 - The discount rate changed from 4.06% to 4.13%  
 Effective 7/1/22 - The discount rate changed from 2.28% to 4.06%  
 Effective 7/1/21 - The discount rate changed from 1.86% to 2.28%  
 Effective 7/1/20 - The discount rate changed from 3.36% to 1.86%

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

CRESTWOOD SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY - PSERS PLAN

	Measurement Date June 30,								
	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net OPEB liability	0.1234%	0.1204%	0.1113%	0.1204%	0.1230%	0.1259%	0.1330%	0.1260%	0.1202%
District's proportionate share of the net OPEB liability	\$ 2,658,000	\$ 2,454,000	\$ 2,321,000	\$ 2,844,000	\$ 2,658,000	\$ 2,984,000	\$ 2,448,000	\$ 2,280,000	\$ 2,135,000
District's covered payroll	\$ 15,978,000	\$ 16,034,488	\$ 14,982,426	\$ 18,439,091	\$ 17,271,151	\$ 17,848,603	\$ 19,554,708	\$ 19,309,388	\$ 19,087,695
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	17%	15%	15%	15%	15%	17%	13%	12%	11%
Plan fiduciary net position as a percentage of the total OPEB liability	5%	6%	6%	6%	6%	6%	7%	7%	7%

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

CRESTWOOD SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB CONTRIBUTIONS - PSERS PLAN

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually determined contribution	\$ 134,000	\$ 143,000	\$ 144,000	\$ 147,000	\$ 147,000	\$ 161,339	\$ 155,000	\$ 121,907	\$ 120,348
Contributions in relation to the contractually determined contribution	134,000	143,000	144,000	147,000	147,000	161,339	155,000	121,907	120,348
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 16,034,000	\$ 14,982,426	\$ 18,439,091	\$ 17,271,151	\$ 17,848,603	\$ 19,544,708	\$ 19,309,388	\$ 19,087,695	\$ 19,583,276
Contributions as a percentage of covered payroll	0.84%	0.95%	0.78%	0.85%	0.82%	0.83%	0.80%	0.64%	0.61%

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

CRESTWOOD SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension liability	0.1172%	0.1234%	0.1204%	0.1113%	0.1337%	0.1232%	0.1260%	0.1332%	0.1261%	0.1211%
District's proportionate share of the net pension liability	\$ 50,766,000	\$ 61,153,000	\$ 59,464,000	\$ 53,430,000	\$ 62,548,000	\$ 60,662,000	\$ 51,731,000	\$ 59,219,000	\$ 56,097,000	\$ 50,686,000
District's covered payroll	\$ 15,076,000	\$ 15,978,000	\$ 16,034,488	\$ 14,982,426	\$ 18,439,091	\$ 17,271,151	\$ 17,848,603	\$ 19,544,708	\$ 19,309,388	\$ 19,087,695
District's proportionate share of the net pension liability as a percentage of its covered payroll	337%	383%	371%	357%	339%	351%	290%	303%	291%	266%
Plan fiduciary net position as a percentage of the total pension liability	54%	50%	52%	54%	56%	54%	64%	61%	62%	65%

CRESTWOOD SCHOOL DISTRICT  
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Contractually required contribution	\$ 3,939,000	\$ 4,703,000	\$ 5,099,000	\$ 5,662,000	\$ 5,833,000	\$ 6,012,000	\$ 6,628,681	\$ 6,638,996	\$ 6,362,533	\$ 6,355,503
Contributions in relation to the contractually required contribution	<u>3,939,000</u>	<u>4,703,000</u>	<u>5,099,000</u>	<u>5,662,000</u>	<u>5,833,000</u>	<u>6,012,000</u>	<u>6,628,681</u>	<u>6,638,996</u>	<u>6,362,533</u>	<u>6,355,503</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	\$ 15,978,000	\$ 16,034,488	\$ 14,982,426	\$ 18,439,091	\$ 17,271,151	\$ 17,848,603	\$ 19,544,708	\$ 19,309,388	\$ 19,087,695	\$ 19,583,276
Contributions as a percentage of covered - payroll	24.65%	29.33%	34.03%	30.71%	33.77%	33.68%	33.92%	34.38%	33.33%	32.45%

**APPENDIX D**

**PROPOSED FORM OF OPINION OF BOND COUNSEL**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

# Stevens & Lee

1460 Wyoming Avenue  
Forty Fort, PA 18704  
(570) 718-0300  
www.stevenslee.com

\_\_\_\_\_, 2026

RE: \$\_\_\_\_\_ Crestwood School District, Luzerne County, Pennsylvania, General  
Obligation Bonds, Series of 2026

TO: THE REGISTERED OWNERS OF THE ABOVE-CAPTIONED BONDS

We have served as Bond Counsel in connection with the issuance by Crestwood School District, Luzerne County, Pennsylvania (the “School District”), of its \$\_\_\_\_\_ aggregate principal amount General Obligation Bonds, Series of 2026, dated and bearing interest from \_\_\_\_\_, 2026 (the “Bonds”). The Bonds are being issued, without the assent of the electors, in registered form, without coupons, in the aggregate principal amount of \$\_\_\_\_\_, pursuant to the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as amended, 53 Pa.C.S. Chs. 80-82 (the “Act”), and a Resolution adopted by the Board of School Directors of the School District (the “Board of School Directors”) on May 20, 2026 (the “Resolution”).

The Bonds are being issued to provide funds for a project consisting of the following: (1) refunding the School District’s General Obligation Note, Series of 2025; (2) planning designing, acquiring, constructing, installing, furnishing and equipping of alterations, renovations, additions and improvements to existing facilities of the School District; (3) purchasing capital equipment for use in or in connection with the facilities of the School District; (4) additional capital projects of the School District to the extent approved by the Board of School Directors of the School District; and (5) paying the costs and expenses of issuance of the Bonds (collectively, the “Project”).

The School District has covenanted in the Resolution that it will make no use of the proceeds of the Bonds and it has neither done nor suffered and will neither do nor suffer any other action which, if such use or action had been reasonably expected on the date of issue of the Bonds, would cause the Bonds to be “arbitrage bonds,” or “private activity bonds” as those terms are defined in the Internal Revenue Code of 1986, as amended (the “Code”), and the applicable regulations thereunder. The School District has further covenanted that it will comply with the requirements of Section 148 and Section 141 of the Code and with the applicable regulations thereunder throughout the term of the Bonds. Further, the School District has designated each of the Bonds as a “qualified tax-exempt obligation” within the meaning and for the purposes of Section 265(b)(3) of the Code.

In the Resolution, the School District has covenanted that (1) it will include in its budget in each fiscal year the amount required to pay debt service on the Bonds for such year, (2) it will appropriate from its general revenues in each such fiscal year, the amount required to pay debt service on the Bonds for such year, and (3) it will duly and punctually pay or cause to be paid

# Stevens & Lee

\_\_\_\_\_, 2026  
Page 2

when due, from its sinking fund or any other of its revenues or funds, the principal of and interest on the Bonds at the dates and place and in the manner stated therein, according to the true intent and meaning thereof. For such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power, subject to such limitations provided by law. In addition, the School District has established with Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania (the “Paying Agent”), as paying agent and sinking fund depository, a sinking fund, and has covenanted to deposit into such sinking fund amounts sufficient to pay the principal of and interest on the Bonds as the same shall become due and payable.

In our capacity as Bond Counsel, we have reviewed: (a) a certified copy of the Resolution; (b) the sworn debt statement and borrowing base certificate of the School District filed with the Department of Community and Economic Development of the Commonwealth of Pennsylvania (the “Department”) in accordance with the provisions of the Act; (c) the proceedings of the School District and the various proofs of publication in connection with the advertisement of the Resolution, all of which were filed with the Department as required by the provisions of the Act; (d) the approval of the Department; (e) a specimen copy of one of the Bonds; (f) the Nonarbitrage Certificate of the School District executed and delivered pursuant to the provisions of the Code and the regulations applicable thereto; (g) the General Certificate signed by officials of the School District; (h) a completed and executed Form 8038-G to be filed with the Internal Revenue Service; (i) the opinion of Christopher B. Slusser, Esquire, of The Slusser Law Firm, Hazleton, Pennsylvania, Solicitor to the School District (the “Solicitor’s Opinion”); (j) the Certificate of Stifel, Nicolaus & Company, Incorporated, Conshohocken, Pennsylvania, as purchaser of the Bonds, dated the date hereof; (k) the Certificate of FSL Public Finance, LLC, Scranton, Pennsylvania, as municipal advisor to the School District with regard to the Bonds, dated the date hereof; and (l) the other documents, certificates and opinions executed and delivered at or in connection with the closing for the Bonds held this day.

Based and in reliance upon our review of the foregoing, our attendance at the closing for the Bonds held this day and subject to the qualifications set forth herein, it is our opinion that, as of the date hereof, under existing law:

1. The School District is empowered under provisions of the Constitution and laws of the Commonwealth of Pennsylvania to issue the Bonds.
2. The Resolution was duly adopted by the Board of School Directors and continues to be in full force and effect as of the date hereof.
3. The Bonds have been duly authorized and executed and constitute valid and binding obligations of the School District, enforceable in accordance with their terms, except as the legality, validity, binding nature and enforceability thereof may be limited by (a) applicable bankruptcy, insolvency or other laws or

equitable principles now or hereafter affecting the enforcement of creditors' rights generally or (b) general principles of equity.

4. Interest on the Bonds is not includable in gross income for federal income tax purposes under Section 103(a) of the Code.
5. Under the laws of the Commonwealth of Pennsylvania, the Bonds and interest on the Bonds shall be free from taxation for State and local purposes within the Commonwealth of Pennsylvania, but this exemption shall not extend to gift, estate, succession or inheritance taxes or other taxes not levied directly on the Bonds or the interest thereon. Under the laws of the Commonwealth of Pennsylvania, profits, gains or income derived from the sale, exchange or other disposition of the Bonds are subject to State and local taxation within the Commonwealth of Pennsylvania.
6. Under the Code, interest on the Bonds do not constitute an item of tax preference under Section 57 of the Code and thus are not subject to alternative minimum tax on individuals and corporations for federal income tax purposes; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

---

In connection with providing the foregoing opinions, we call to your attention to the following:

- A. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other documents, agreements, instruments, reports and certificates furnished to us at or in connection with the issuance of the Bonds (including, without limitation, certificates and agreements by the School District as to the expected use of proceeds of the Bonds, and as to its continuing compliance with Sections 148 and 141 of the Code to assure that the Bonds do not become "arbitrage bonds" or "private activity bonds" and its expectations with respect to the issuance of additional, tax-exempt obligations within this calendar year) without undertaking to verify the same by independent investigation. We have also relied upon the accuracy of the representations and warranties and the performance of the covenants and agreements of the School District set forth in the Resolution and the various certificates and other agreements delivered at or in connection with the closing for the Bonds held this day.

# Stevens & Lee

\_\_\_\_\_, 2026  
Page 4

- B. In providing the opinions set forth in paragraphs 2 and 3 above, we have relied, without independent investigation, on the Solicitor's Opinion.
- C. In providing the opinion set forth in paragraph 4, above, we have assumed continuing compliance by the School District with the requirements of the Code and applicable regulations thereunder which must be met subsequent to the issuance of the Bonds in order that the interest thereon be and remain excluded from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds.
- D. Except as specifically set forth above, we express no opinion regarding other state or federal income tax consequences arising with respect to the Bonds, including, without limitation, the treatment for state or federal income tax purposes of gain or loss, if any, upon the sale, redemption, or other disposition of the Bonds prior to maturity of the Bonds subject to original issue discount and the effect, if any, of certain other provisions of state law or the Code which could result in collateral state or federal income tax consequences to certain investors as a result of adjustments in the computation of tax liability dependent on tax-exempt interest.
- E. We have not been engaged to verify, nor have we independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in the Preliminary Official Statement, dated \_\_\_\_\_, 2026 (the "Preliminary Official Statement"), or the Official Statement, dated \_\_\_\_\_, 2026 (the "Official Statement"), or otherwise used in connection with the offer and sale of the Bonds or set forth in or delivered by the School District officials.
- F. We express no opinion with respect to whether the School District, in connection with the sale of the Bonds or the preparation of the Preliminary Official Statement or the Official Statement, has made any untrue statement of a material fact or omitted to state any material fact necessary to make any statements made in connection therewith, in light of the circumstances under which they were made, not misleading.
- G. We have not verified, and express no opinion as to the accuracy of, any "CUSIP" identification number which may be printed on any Bond. We have also assumed the genuineness of the signatures appearing upon all the certificates, documents and instruments executed and delivered at or in connection with the closing for the Bonds held this day.
- H. The opinions expressed herein are based on an analysis of existing laws, regulations, rulings, and court decisions and cover certain matters not directly

# Stevens & Lee

\_\_\_\_\_, 2026  
Page 5

addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine, or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement as Bond Counsel has concluded with the issuance of the Bonds and we disclaim any obligation to update this letter.

STEVENS & LEE, P.C.

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

**APPENDIX E**

**PROPOSED FORM OF CONTINUING DISCLOSURE CERTIFICATE**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]

§ \_\_\_\_\_  
AGGREGATE PRINCIPAL AMOUNT  
CRESTWOOD SCHOOL DISTRICT  
LUZERNE COUNTY, PENNSYLVANIA  
GENERAL OBLIGATION BONDS  
SERIES OF 2026

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by Crestwood School District, Luzerne County, Pennsylvania (the "School District"), in connection with the issuance of \$ \_\_\_\_\_ aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the School District, adopted on May 20, 2026 (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.

"Bond Insurance Company" shall mean \_\_\_\_\_, its successors and assigns.

"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:

Municipal Securities Rulemaking Board  
1300 I Street NW, Suite 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](http://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 275 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:

(a) a copy of the School District's annual financial statements prepared in accordance with the guidelines adopted by the Government Accounting Standards Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of State and Local Government;

(b) a summary of (or a copy of) the budget for the current fiscal year;  
and

(c) an update of the following information set forth in Appendix A of the Official Statement, dated \_\_\_\_\_, 2026, under the following headings:

(i) DEBT LIMITS AND REMAINING BORROWING CAPACITY OF THE SCHOOL DISTRICT – Borrowing Capacity”;

(ii) “TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT – Current Tax Structure”;

(iii) “TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT – Ten Largest Real Property Taxpayers”; and

(iv) “TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT – Real Estate Tax Collection Data”.

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) 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;

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

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

(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)(i)(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 attorneys' 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. Disclosure to Bond Insurance Company. As long as the municipal bond insurance policy issued by Bond Insurance Company insuring the payment when due of the principal of and interest on the Bonds is in full force and effect, the School District shall provide a copy of (a) each Annual Report distributed pursuant to Section 3 hereof and (b) each notice of the occurrence of a Listed Event distributed pursuant to Section 5 hereof to Bond Insurance Company, if any.

SECTION 15. 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).

*[The remainder of this page intentionally left blank.]*

SECTION 16. 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, the Bond Insurance Company and the Holders from time to time of the Bonds and shall create no rights in any other person or entity.

CRESTWOOD SCHOOL DISTRICT  
Luzerne County, Pennsylvania

By: \_\_\_\_\_  
President

Attest: \_\_\_\_\_  
Secretary

(SEAL)

Date: \_\_\_\_\_, 2026

EXHIBIT A<sup>1</sup>

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Crestwood School District  
Luzerne County, Pennsylvania

Name of Bond Issue: Crestwood School District  
Luzerne County, Pennsylvania  
\$\_\_\_\_\_ aggregate principal amount General Obligation Bonds,  
Series of 2026 (the "Bonds")

Date of Issuance: \_\_\_\_\_, 2026

NOTICE IS HEREBY GIVEN that Crestwood School District, Luzerne 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 \_\_\_\_\_.

Dated: \_\_\_\_\_

CRESTWOOD SCHOOL DISTRICT, LUZERNE  
COUNTY, PENNSYLVANIA, [OR  
DISSEMINATION AGENT ON BEHALF OF  
CRESTWOOD SCHOOL DISTRICT, LUZERNE  
COUNTY, PENNSYLVANIA]

cc: Paying Agent

---

<sup>1</sup> 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.

**APPENDIX F**

**SPECIMEN OF MUNICIPAL BOND INSURANCE POLICY**

[ THIS PAGE INTENTIONALLY LEFT BLANK ]