

PRELIMINARY OFFICIAL STATEMENT DATED OCTOBER 13, 2026

NEW ISSUE-BOOK-ENTRY ONLY

RATINGS: S&P: “_” (_ Outlook) (_ Insured)
S&P: “AA-” (Stable Outlook) (Underlying)
(See “RATINGS” herein)

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not an item of tax preference for purposes of calculating the federal alternative minimum tax imposed on individuals. The Bonds, and interest income therefrom, are free from taxation for purposes of personal, and corporate net, income taxes within the Commonwealth of Pennsylvania.

The School District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code. For a more complete discussion, see “TAX MATTERS” herein.

\$5,260,000*
Neshannock Township School District
Lawrence County, Pennsylvania
General Obligation Bonds, Series of 2026

Dated: Date of Delivery

Principal Due: September 1, as shown on inside cover

Interest Due: March 1 and September 1

First Interest Payment: March 1, 2027

The General Obligation Bonds, Series of 2026 (the “Bonds”), in the aggregate principal amount of \$5,260,000*, will be issued in registered form in denominations of \$5,000 and integral multiples thereof. All Bonds will be registered in the name of Cede & Co., as the nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. Purchasers of the Bonds must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Neshannock Township School District, Lawrence County, Pennsylvania (the “School District”) payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District pledged its full faith, credit and taxing power, within the limits provided by law (*but see “SECURITY FOR THE BONDS” and “TAXING POWERS – The Taxpayer Relief Act (Act 1)” herein*).

Interest on each of the Bonds is payable initially on March 1, 2027, and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Manufacturers and Traders Trust Company (the “Paying Agent”), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the book-entry only system for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its specified corporate trust office presently located in Harrisburg, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (see “THE BONDS” herein).

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

Proceeds of the Bonds will be used towards: (1) the construction and renovation of Outdoor Restrooms and Locker Rooms at the Stadium, renovations to the High School, and other various capital improvement projects throughout the School District; and (2) the payment of all costs and expenses incurred by the School District in connection with the issuance, insurance, and sale of the Bonds.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by _____ (“_”).

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS
See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of Dinsmore & Shohl LLP, of Pittsburgh, Pennsylvania, Bond Counsel, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Medure Bonner Bellissimo, LLC, of New Castle, Pennsylvania, School District Solicitor, and for the Underwriter by Dodaro, Dalonso, Matta & Cambest, P.C., Canonsburg, Pennsylvania, Limited Scope Underwriter’s Counsel. PFM Financial Advisors LLC serves as the School District’s Municipal Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC on or about _____, 2026.

STIFEL

Dated: _____

*Estimated, subject to change

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

\$5,260,000*
Neshannock Township School District
Lawrence County, Pennsylvania
General Obligation Bonds, Series of 2026

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

Principal Due: September 1, as shown below
First Interest Payment: March 1, 2027

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

Year of Maturity (September 1)	Principal Maturity Amount	Interest Rate	Yields	Initial Offering Prices	CUSIP Numbers⁽¹⁾
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					

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

^{*}Estimated, subject to change

NESHANNOCK TOWNSHIP SCHOOL DISTRICT

Lawrence County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

PJ Copple.....	President
Kelly Corey	Vice-President
Karen Houk	Treasurer
David Antuono	Member
Mark Hasson.....	Member
Autumn Schachern.....	Member
John Lambo	Member
Joy Measel	Member
Dawn Mozzocio.....	Member

SUPERINTENDENT

DR. TERENCE P. MEEHAN

BUSINESS MANAGER

JUSTIN DIMUCCIO

SOLICITOR TO THE SCHOOL DISTRICT

MEDURE BONNER BELLISSIMO, LLC
New Castle, Pennsylvania

BOND COUNSEL

DINSMORE & SHOHL LLP
Pittsburgh, Pennsylvania

MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

PAYING AGENT

MANUFACTURERS AND TRADERS TRUST COMPNAY
Harrisburg, Pennsylvania

UNDERWRITER

STIFEL, NICOLAUS & COMPANY, INCORPORATED
Pittsburgh, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

DODARO, DALFONSO, MATTA & CAMBEST, P.C.
Canonsburg, Pennsylvania

SCHOOL DISTRICT ADDRESS

3834 Mitchell Road
New Castle, Pennsylvania 16105

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Preliminary Official Statements, and if given or made, such other information or representations must not be relied upon. This Preliminary Official Statements does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statements 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 UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRELIMINARY OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS PRELIMINARY OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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

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PRELIMINARY OFFICIAL STATEMENT

\$5,260,000*

**Neshannock Township School District
Lawrence County, Pennsylvania
General Obligation Bonds, Series of 2026**

INTRODUCTION

This Preliminary Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by Neshannock Township School District, Lawrence County, Pennsylvania (the "School District"), in connection with the offering of its \$5,260,000* General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds will be dated as of the date of delivery and are being issued pursuant to a resolution of the Board of School Directors of the School District adopted on May 14, 2026 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), as codified by Act No. 177 of 1996 approved December 19, 1996, P.L. 1158, as amended (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used towards: (1) the construction and renovation of Outdoor Restrooms and Locker Rooms at the Stadium, renovations to the High School, and other various capital improvement projects throughout the School District; and (2) the payment of all costs and expenses incurred by the School District in connection with the issuance, insurance, and sale of the Bonds.

Estimated Sources and Uses of Bond Proceeds

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

<u>Sources of Funds</u>	<u>Total</u>
Par Amount	
Net Original Issue Premium/(Discount)	
<i>Total Sources of Funds</i>	
<u>Uses of Funds</u>	
Deposit to Construction Fund.....	
Costs of Issuance ⁽¹⁾	
<i>Total Uses of Funds</i>	

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

*Estimated, subject to change.

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THE BONDS

Description

The Bonds will be issued in fully registered form, in denominations of \$5,000 or any integral multiple thereof, will be dated as of the Delivery Date and will bear interest at the rates and mature in the amounts and at the times set forth on the inside cover page of this Preliminary Official Statement. Interest on the Bonds will be computed on the basis of a 30-day month and 360-day year and will be payable initially on March 1, 2027, and thereafter, semiannually on March 1 and September 1, until the principal sum is paid.

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

Payment of Principal and Interest

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

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

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

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding March 1, 2027, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially March 1, 2027, and thereafter, semiannually on March 1 and September 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth day of February and August, respectively (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owner of such Bond not less than ten (10) nor more than fifteen (15) days preceding such special record date.

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

Transfer, Exchange and Registration of Bonds

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

*Estimated, subject to change.

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

SECURITY FOR THE BONDS

Pledge of the School District's Full Faith, Credit and Taxing Power

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation, and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power presently includes the power to levy ad valorem taxes on all taxable property within the School District, within the limits provided by law (See **"TAXING POWERS—The Taxpayer Relief Act (Act 1)" herein**). The Act presently provides for enforcement of debt service payments as hereinafter described (see **"DEFAULTS AND REMEDIES" herein**), and the Public School Code presently provides for the withholding and application of subsidies in the event of failure to pay debt service (see **"Commonwealth Enforcement of Debt Service Payments" herein**).

Commonwealth Enforcement of Debt Service Payments

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

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

Pennsylvania Budget Adoption

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

After over a month delay, a \$45.5 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included \$8.4 billion for the basic education funding appropriation. The total amount was a \$796.6 million (10.45%) 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 \$1.3 billion. Certain funds authorized within the 2023-2024 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 districts (including the School District) received additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts received an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

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

On June 30, 2026 Pennsylvania lawmakers missed the June 30th deadline to pass the state budget for the fifth consecutive year. Governor Josh Shapiro has proposed a \$53.3 billion spending plan for the 2026-2027 fiscal year. On July 12, 2026, Governor Josh Shapiro signed the state's budget for the 2026-2027 fiscal year. The \$50.85 billion budget includes \$11.85 billion for basic education funding appropriation.

In light of this history, no assurance can be provided 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.

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

Act 85 of 2016

On July 13, 2016, the then-Governor Tom Wolf (hereinafter "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 Pennsylvania Department of Education ("PDE") 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, including the Bonds, are subject to Section 633 of the Public School Code.

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

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

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

The total of all intercept payments under Article 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 PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

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

Sinking Fund

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

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

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

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on September 1, 20__ are subject to redemption prior to maturity as required by the Resolution, in the amounts and on September 1 of the years shown below, from moneys in the Sinking Fund created pursuant to the Resolution, upon payment of the principal amount thereof together with interest accrued to the date fixed for redemption.

Bonds stated to mature September 1, 20__

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

*Final Stated Maturity.

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

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

Optional Redemption

The Bonds stated to mature on or after September 1, 20__ are subject to redemption prior to maturity at the option of the School District on _____ or any date thereafter, as a whole or from time to time in part, in such order of maturity or portion of each maturity as may be designated by the School District and within a maturity by lot, upon payment of a redemption price of 100% of the principal amount, together with accrued interest to the date fixed for redemption.

If less than an entire year's maturity of Bonds are to be redeemed at any particular time, such Bonds so to be called for redemption shall be chosen by lot by the Paying Agent.

Notice of Redemption

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

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

Manner of Redemption

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

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

BOND INSURANCE

[TBD]

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 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 issuer which is recovered by the issuer from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the Issuer unless the 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 Insurer without appropriate consent. The Insurer may direct and must consent to any remedies that the Paying Agent exercises and the Insurer's consent may be required in connection with amendments to the applicable Agreements or Resolution.

In the event the 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 Resolution or default provisions of the Act. In the event the 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 Insurer and its claim paying ability. The 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 Insurer and of the ratings on the Bonds insured by the 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 of "RATINGS" herein.

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

Neither the Issuer or Underwriter have made independent investigation into the claims paying ability of the Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Insurer is given.

Thus, when making an investment decision, potential investors should carefully consider the ability of the Issuer to pay principal and interest on the Bonds and the claims paying ability of the Insurer, particularly over the life of the investment. See "BOND INSURANCE" herein for further information provided by the Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Insurer.

BOOK-ENTRY ONLY SYSTEM

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

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

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

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

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not 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. Beneficial Owners of Securities may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Securities, such as redemptions, tenders, defaults, and proposed amendments to the Security documents. For example, Beneficial Owners of Securities may wish to ascertain that the nominee holding the Securities for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

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

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

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

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

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

THE SCHOOL DISTRICT

Introduction

The School District, a school district of the Third Class, is in Lawrence County, in western Pennsylvania. It is located 60 minutes north of Pittsburgh, 30 minutes southeast of Sharon and 5 minutes north of New Castle. The School District is comprised of Neshannock Township in Lawrence County.

Administration

The School District became effective prior to 1900. It is governed by a nine member Board of School Directors, (the “School Board”), elected for four-year terms. The superintendent is the chief administrative officer of the School District, with overall responsibility for all aspect of operations, including education and finance, budget and financial operations. The Superintendent is selected by the School Board.

School Facilities

The School District presently operates one elementary and one Junior/Senior High School, as described on the following table. Students in grades 10 through 12 also attend the Lawrence County Career and Technical Center.

**TABLE 1
NESHANNOCK TOWNSHIP SCHOOL DISTRICT FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades Housed	Student Capacity	2026-27 Enrollment
<i>Elementary:</i>					
Neshannock Memorial.....	1955	1964/1988/2004	K-6	850	714
<i>High School:</i>					
Neshannock Junior-Senior.....	1957	1966/1984 1995/2004/2007	7-12	914	544

Source: School District officials.

Enrollment Trends

Table 2 presents recent trends in school enrollment and projections of enrollment for the next 5 years, as prepared by School District officials. The table shows a stable trend of enrollments.

**TABLE 2
NESHANNOCK TOWNSHIP SCHOOL DISTRICT ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2022-23	663	539	1,202	2027-28	752	603	1,355
2023-24	675	530	1,205	2028-29	766	618	1,384
2024-25	692	550	1,242	2029-30	761	655	1,416
2025-26	729	578	1,307	2030-31	771	670	1,441
2026-27	714	544	1,258	2031-32	764	693	1,457

Source: School District Officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District keeps its books and prepares its financial reports according to a modified accrual basis of accounting. Major accrual items are payroll, taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. Although the School District's financial statements, to date, have not been prepared in accordance with GASB, the School District's reporting entity will apply all relevant Governmental Accounting Standards Board (GASB) pronouncements in the future. Its financial statements are audited by an independent certified public accountant, as required by Commonwealth law.

The firm of William M Hauser, CPA, LLC, Ellwood City, Pennsylvania serves as the current School District auditor.

Budgeting Process as modified by Act 1 of 2006 (Taxpayer Relief Act)

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

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

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

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

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

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

Summary and Discussion of Financial Results

A summary of the General Fund Balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for fiscal year 2022 through 2025, estimated 2026, and the 2026-27 budget. The budget for 2026-27 proposes revenues of \$26,108,977 and expenditures of \$26,992,449.

TABLE 3
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ended June 30)

ASSETS	Actual				
	2021	2022	2023	2024	2025
Cash and Cash Equivalents.....	\$6,614,804	\$6,874,233	\$8,452,794	\$9,509,818	\$9,075,681
Investments.....	944,103	0	0	0	0
Taxes Receivable.....	0	875,698	632,791	620,671	700,252
Interfund Receivable.....	0	762,007	0	0	0
Intergovernmental Receivable.....	1,223,147	1,232,264	1,630,121	1,158,842	1,200,514
Other Receivables.....	9,664	14,921	1,388	26,223	11,915
TOTAL ASSETS	\$8,791,718	\$9,759,123	\$10,717,094	\$11,315,554	\$10,988,362
LIABILITIES					
Due to Other Funds.....	\$48,679	\$215,716	\$215,953	\$303,281	\$311,725
Accounts Payable.....	277,111	220,835	455,191	928,166	668,534
Accrued Salaries and Benefits.....	1,295,317	1,343,620	1,430,144	1,400,361	1,621,825
Payroll Deducts & Withholdings.....	693,486	728,690	706,341	702,863	682,325
Deferred Revenues.....	0	725	32,425	25,320	35,400
TOTAL LIABILITIES	\$2,314,593	\$2,509,586	\$2,840,054	\$3,359,991	\$3,319,809
<i>Deferred Inflows of Resources</i>	\$633,576	\$504,080	\$362,221	\$376,508	\$511,694
FUND EQUITIES					
Assigned Fund Balance.....	\$4,500,000	\$4,995,457	\$5,664,819	\$5,811,688	\$5,289,880
Unassigned Fund Balance.....	1,343,549	1,750,000	1,850,000	1,767,367	1,866,979
TOTAL FUND EQUITIES	\$5,843,549	\$6,745,457	\$7,514,819	\$7,579,055	\$7,156,859
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	\$8,791,718	\$9,759,123	\$10,717,094	\$11,315,554	\$10,988,362

Source: School District PDE-2057 Annual Financial Reports.

TABLE 4
NESHANNOCK TOWNSHIP SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*
(Years Ended June 30)

	Actual				Estimated	Budget
	2022	2023	2024	2025	2026	2027⁽¹⁾
Beginning Fund Balance	\$5,843,549	\$6,745,458	\$7,514,818	\$7,579,054	\$7,156,859	\$6,695,087
Revenues over (under) Expenditure...	901,909	769,361	64,236	(422,196)	(461,772)	(883,472)
Ending Fund Balance	\$6,745,458	\$7,514,818	\$7,579,054	\$7,156,859	\$6,695,087	\$5,811,615

*Totals may not add due to rounding.

⁽¹⁾ Budget, as adopted June 11, 2026.

Source: School District PDE-2057 Annual Financial Reports, PDE-2028 2026-27 Budget, and School District Officials.

Revenue

The School District received an estimated \$25,539,728 in revenue in 2025-26 and budgeted revenue of \$26,108,977 in 2026-27. Local sources increased as a share of total revenue in the past five years, from 65.29 percent in 2021-22 to an estimated 68.35 percent in 2025-26. Revenue from State sources increased as a share of total revenue from 30.06 percent to 31.64 percent over this period. Revenue from Federal and Other sources decreased as a share total of revenue from 4.64 percent to less than one percent over this period.

TABLE 5
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(For years ended June 30)

REVENUE:	Actual				Estimated	Budget
	2022	2023	2024	2025	2026	2027⁽¹⁾
Local Sources:						
Real Estate Taxes	\$11,432,227	\$12,051,102	\$12,667,985	\$13,365,349	\$13,796,218	\$14,274,976
Total Act 511 Taxes.....	1,895,654	1,953,766	2,195,900	2,090,227	2,023,000	2,025,000
Per Capita (Sec. 679) Taxes	30,471	22,830	26,373	26,202	32,865	30,000
Payments in Lieu of Current Taxes/State & Local	197	197	197	688	196	196
Public Utility Realty Tax	13,044	13,212	12,699	13,935	13,000	13,000
Delinquency on Taxes Levied	837,907	604,125	540,968	431,086	617,650	568,500
Earnings from Investments	12,448	361,095	553,583	542,129	225,000	200,000
Revenues from LEA Activities.....	57,682	92,241	85,001	120,275	82,000	102,000
Tuition	10,479	70,376	125,549	82,194	135,000	0
Receipts from Other LEAS in PA - Education	32,198	144,144	153,375	159,479	364,205	371,000
Contributions & Donations from Private Sources	150	13,870	10,600	960	163,000	135,000
Federal Revenue Received from Other Sources.....	166,876	128,790	176,242	164,701	0	0
Rentals.....	0	2,720	1,150	1,365	0	0
Federal IDEA Pass Through Revenue	213,586	183,077	206,659	201,677	0	0
Refunds of Prior Year's Expenditures	30,440	16,515	10,518	6,094	5,000	5,000
All Other Local Revenues Not Specified	736	327	13,103	34,789	0	0
Total Local	\$14,734,094	\$15,658,386	\$16,779,899	\$17,241,149	\$17,457,134	\$17,724,672
State Sources:						
Basic Instructional Subsidy	\$3,351,942	\$3,516,774	\$3,695,640	\$3,769,190	\$3,769,000	\$3,815,000
Charter Schools.....	0	0	0	40,447	0	0
Tuition - Orphans & Children Placed in Private Homes	23,174	23,566	22,895	34,337	10,000	20,000
Special Education.....	715,392	760,167	790,611	839,087	850,000	865,000
Transportation	225,833	225,439	258,887	203,658	225,000	225,000
Rentals and Sinking Fund Payments	161,038	203,227	198,826	193,129	148,000	148,000
Health Services	22,564	21,741	22,283	21,960	22,000	22,000
Feminine Hygiene Product Funding	0	0	0	2,109	0	0
State Property Tax Reduction Allocation	196,479	247,779	248,543	312,532	359,975	355,920
School Safety and Security Grants	0	0	0	140,063	0	0
Ready to Learn Block Grant	140,499	140,499	140,499	318,059	427,000	577,550
Revenue for Social Security	344,625	371,388	386,555	406,491	425,931	445,958
Revenue for Retirement	1,602,863	1,655,131	1,659,197	1,747,810	1,844,938	1,908,377
Other Sources	0	0	0	0	0	0
Total State Sources	\$6,784,408	\$7,165,712	\$7,423,935	\$8,028,871	\$8,081,844	\$8,382,805
Federal Sources:						
Total Federal Sources	\$1,047,444	\$518,891	\$11,873	\$1,884	\$750	\$1,500
Other Sources:						
Total Other Sources	\$0	\$247,069	\$0	\$0	\$0	\$0
TOTAL REVENUE	\$22,565,947	\$23,590,059	\$24,215,707	\$25,271,905	\$25,539,728	\$26,108,977
EXPENDITURES:						
Instruction	\$12,540,696	\$12,614,284	\$13,261,315	\$13,957,045	\$14,522,062	\$15,092,641
Pupil Personnel	539,366	579,481	613,808	630,418	686,273	763,277
Instructional Staff.....	484,952	531,396	568,489	572,210	564,351	454,122
Administration.....	1,323,330	1,399,555	1,470,586	1,523,247	1,558,095	1,739,240
Pupil Health	295,205	285,708	294,131	473,965	344,589	304,768
Business	184,125	232,477	256,633	241,340	237,880	246,807
Central.....	799,111	1,191,264	889,833	947,307	1,097,440	1,231,515
Operation and Maintenance	1,992,966	1,979,302	1,937,841	2,374,216	2,612,325	2,447,230
Student Transportation	787,156	986,289	1,026,588	1,332,937	1,054,962	1,153,750
Other Support Services	20,693	18,566	18,410	17,803	19,500	19,500
Operation of Noninstructional Services	664,385	748,184	764,052	791,940	867,958	1,078,948
Facilities Acquisition, Construction & Improvement Services	0	0	575,500	304,770	0	0
Debt Service ⁽²⁾	182,462	226,926	225,241	72,912	0	0
Fund Transfers ⁽³⁾	1,849,592	2,027,265	2,249,044	2,453,990	2,436,065	2,460,651
TOTAL EXPENDITURES	\$21,664,038	\$22,820,698	\$24,151,471	\$25,694,100	\$26,001,500	\$26,992,449
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$901,909	\$769,361	\$64,236	(\$422,196)	(\$461,772)	(\$883,472)

⁽¹⁾ Budget, as adopted June 11, 2026.

⁽²⁾ The School District maintains a separate, dedicated debt service fund.

⁽³⁾ A portion of the fund transfers represent debt service. Please refer to Appendix C of this Preliminary Official Statement for total debt service payments.

Source: School District PDE-2057 Annual Financial Reports, PDE-2028 2026-27 Budget, and School District Officials.

TAXING POWERS

In General

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.

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.

The taxing powers described under “General” above have been modified and are limited by the provisions of the Taxpayer Relief Act, Act 1 of Special Session 2006. See “**The Taxpayer Relief Act (Act 1)**” herein.

The Taxpayer Relief Act (Act 1)

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

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

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

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

than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

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

<u>Fiscal Year</u>	<u>Index (%)</u>
2026-27	4.3
2025-26	4.9
2024-25	6.5
2023-24	5.0
2022-23	4.1
2021-22	3.6

Source: Pennsylvania Department of Education website.

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

There can be no assurance that approval will be given by the board of school directors to submit a referendum question to the voters in any future fiscal year or years.

Act 24 of 2001

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

Limitation on Estimated Ending Unreserved Undesignated Fund Balances

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes unless the school district has adopted a budget for such school 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⁽¹⁾</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

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

*Applicable to the School District.

⁽¹⁾ Effective June 30, 2011, GASB 54 fund designations renamed.

Tax Levy Trends

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

**TABLE 6
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
TAX RATES**

<u>Fiscal Year</u>	Real Estate <u>(mills)</u>	Per Capita⁽¹⁾ <u>(\$)</u>	Real Estate Transfer <u>(%)</u>	Wage and Income <u>(%)</u>	Local Services <u>(\$)</u>
2022-23	17.6955	15.00	0.50	0.50	10.00
2023-24	18.5802	15.00	0.50	0.50	10.00
2024-25	19.5802	15.00	0.50	0.50	10.00
2025-26	20.0802	15.00	0.50	0.50	10.00
2026-27	20.9436	15.00	0.50	0.50	10.00

⁽¹⁾ The School District levies \$10.00 under Act 511 and \$5.00 under Section 679.

Source: School District Officials, PDE-2028 Budgets.

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

	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
School District.....	17.6955	18.5802	19.5802	20.0802	20.9436
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Neshannock Township	2.8500	3.0500	3.2500	3.4000	3.4000
Lawrence County	8.3090	8.3090	8.3090	8.3090	8.3090

Source: School District Officials, PDE-2028 Budgets, and PA Department of Community & Economic Development – Municipal Statistics.

Real Property Tax

The real property tax (excluding delinquent collections) produced an estimated \$13,726,796 in 2025-26, or approximately 53.75 percent of total revenue. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2 percent discount, and those who remit after November 1 are assessed a 10 percent penalty. Eligible property taxpayers could opt into the installment method of payment for their school taxes. Installment payments are based upon four (4) payments of the base tax amount. The due dates for installment payments are August 31, September 30 and October 31.

The last county-wide assessment occurred in Lawrence County and was implemented in the 2003 tax year.

**TABLE 8
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

<u>Year</u>	Market <u>Value</u>	Assessed <u>Value</u>	<u>Ratio</u>
2021-22	\$754,200,643	\$715,528,036	94.87%
2022-23	803,511,016	725,619,841	90.31%
2023-24	807,795,840	728,923,071	90.24%
2024-25	863,060,584	731,888,541	84.80%
2025-26	868,966,795	737,128,511	84.83%

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

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TABLE 9
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2024-25	2024-25	2025-26	2025-26
	Market	Assessed	Market	Assessed
	<u>Value</u>	<u>Value</u>	<u>Value</u>	<u>Value</u>
School District	\$863,060,584	\$731,888,541	\$868,966,795	\$737,128,511
Neshannock Township	863,060,584	731,888,541	868,966,795	737,128,511
Lawrence County	5,121,952,168	3,751,043,646	5,149,915,144	3,766,508,896

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

TABLE 10
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Residential	\$524,161,556	\$528,150,341	\$533,206,031	\$532,120,711	\$534,104,191
Trailers	562,000	556,900	443,700	388,700	388,700
Lots	16,295,200	16,294,300	14,442,400	14,321,500	14,148,300
Industrial	28,980,000	30,156,400	30,030,300	30,003,900	27,886,800
Commercial	129,024,700	131,584,720	131,752,660	135,776,450	141,643,540
Agriculture	11,339,700	13,853,300	14,609,700	14,742,500	14,587,100
Land	5,164,880	5,023,880	4,438,280	4,534,780	4,369,880
Total.....	<u>\$715,528,036</u>	<u>\$725,619,841</u>	<u>\$728,923,071</u>	<u>\$731,888,541</u>	<u>\$737,128,511</u>

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

TABLE 11
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

<u>Year</u>	Gross	Current	Current	Total	
	Adjusted	Year	Year	Current	Total
	<u>Levy⁽¹⁾</u>	<u>Collections</u>	<u>Collections</u>	<u>Plus</u>	<u>Collections</u>
		<u>(July-June)</u>	<u>as Percent</u>	<u>Delinquent</u>	<u>as Percent</u>
				<u>Collections⁽²⁾</u>	
2021-22	\$12,269,543	\$11,473,603	93.51%	\$12,251,228	99.85%
2022-23	12,585,527	12,051,185	95.75%	12,641,396	100.44%
2023-24	13,321,025	12,667,985	95.10%	13,190,153	99.02%
2024-25	14,018,687	13,406,568	95.63%	13,816,855	98.56%
2025-26 (estimated).....	14,519,511	13,726,796	94.54%	13,862,232	95.47%

⁽¹⁾ Flat billing plus penalties, less discounts, rebates and exonerations.

⁽²⁾ Includes delinquent, real estate taxes only.

Source: School District Officials.

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Table 12 shows the ten largest real property taxpayers of the School District, together with the 2026-27 assessed values. The aggregate assessed value of these ten taxpayers totals approximately 4.96 percent of total assessed value.

TABLE 12
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2026-27

<u>Owner</u>	<u>2026-27 Assessed Value</u>
UDE of Meadows Village Ltd.	\$5,176,700
Jam Prop 1 LLC	4,989,000
Measel/Bruce Inc.	4,294,600
UDE of Mitchell Rd Limited	4,105,700
Rosecroft Center LLC.....	3,708,666
Silgan Ipec Corp	3,589,500
BFH Dev Co	2,950,000
Community Practice Development	2,871,500
Havana Cigar Shop Inc.	2,500,000
Measel-Bruce Inc.	2,375,000
Total	\$36,560,666

Source: School District Officials.

Other Taxes

The School District under Act 511 collected an estimated \$ 2,023,000 in other taxes in 2025-26 according to the School District's PDE-2057 Annual Financial Report. Of the various taxes authorized by Act 511, the Earned Income, Real Estate Transfer, Local Services Tax (formerly Emergency and Municipal Services Tax) and Per Capita taxes are levied by the School District. Its limit under Act 511, equal to 12 mills on the market value of real property, was approximately \$10,427,602.

Real Estate Transfer. A tax of one-half percent of the value of real estate transfers yielded an estimated \$225,000 in 2025-26, or less than one percent of total revenue.

Wage and Income Tax. A Tax of 1.0% is levied on which is shared at the rate of 50% on the earned income of residents of the School District. In 2025-26, the School District collected an estimated \$1,700,000 or 6.66 percent of total revenue.

Per Capita Taxes. The School District collects \$10.00 under Act 511 and \$5.00 under the School Code. The collected portion of this tax in 2025-26 yielded an estimated \$53,000 or less than one percent of total revenue.

Local Services Tax (formerly Emergency and Municipal Services Tax). A tax of \$10.00 is levied on each person with an occupation. In 2025-26 the collected portion of this tax yielded an estimated \$45,000 or less than one percent of total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2023-24 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on certain bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the “Reimbursable Percentage” assigned to certain bonds by the PDE and the School District’s permanent Capital Account Reimbursement Fraction (“CARF”) (31.67%) or the wealth based Market Value Aid Ratio (“MVAR”) currently (51.38%), whichever is higher. The Reimbursable Percentage is determined through a process known as the “Planning and Construction Workbook” or “PlanCon”.

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

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 (“Act 25”), which contains authorization for the Commonwealth Finance Authority (“CFA”) to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year. On June 28, 2019, the Governor approved and signed House Bill 1615, known as Act 16 of 2019, that included a continuation of the moratorium on new PlanCon Part A submittals through the end of the 2019-20 fiscal year. Act 30 of 2020 extended the moratorium on new PlanCon Part A submittals through the end of the 2020-21 fiscal year. On June 30, 2021, the Governor approved and signed Senate Bill 381, known as Act 26 of 2021, extended the moratorium on new PlanCon Part A submittals through the end of the 2021-2022 fiscal year, and the 2022-23 Commonwealth Budget, as adopted, extended it once again through June 30, 2023.

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

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

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

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DEBT AND DEBT LIMITS

Debt Statement

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

TABLE 13
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
DEBT STATEMENT
(As of October 1, 2026)*

	Gross Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2026 (last maturity 2041)	\$5,260,000*
General Obligation Bonds, Series of 2023 (last maturity 2039)	8,790,000
General Obligation Bonds, Series A of 2021 (last maturity 2035)	1,980,000
General Obligation Bonds, Series AA of 2019 (last maturity 2031)	865,000
General Obligation Bonds, Series A of 2019 (last maturity 2034)	2,490,000
General Obligation Bonds, Series of 2019 (last maturity 2032)	8,465,000
TOTAL NONELECTORAL DEBT	\$27,850,000
TOTAL LEASE RENTAL DEBT	\$0
TOTAL PRINCIPAL OF NONELECTORAL AND LEASE RENTAL DEBT	\$27,850,000

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

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the estimated Bonds, the principal of direct debt of the School District will total \$27,850,000. After adjustment for available funds and estimated State Aid, and assuming approval by the Department of Education, local effort of direct debt will total \$27,117,014.

TABLE 14
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of October 1, 2026)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
DIRECT DEBT		
Nonelectoral Debt	\$27,850,000	\$27,117,014
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	<u>\$27,850,000</u>	<u>\$27,117,014</u>
OVERLAPPING DEBT		
Lawrence County, General Obligation ⁽²⁾	\$4,845,681	\$4,845,681
Municipal Debt.....	20,580,000	20,580,000
TOTAL OVERLAPPING DEBT	<u>\$25,425,681</u>	<u>\$25,425,681</u>
TOTAL DIRECT AND OVERLAPPING DEBT	<u>\$53,275,681</u>	<u>\$52,542,695</u>
DEBT RATIOS		
Direct Debt Per Capita (2020 Population).....	\$2,829.42	\$2,754.95
Direct Debt 2025-26 Assessed Value	3.78%	3.68%
Direct Debt 2025-26 Market Value	3.20%	3.12%
Direct & Overlapping Debt Per Capita (2020 Population)	\$5,412.55	\$5,338.08
Direct & Overlapping Debt 2025-26 Assessed Value	7.23%	7.13%
Direct & Overlapping Debt 2025-26 Market Value	6.13%	6.05%

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

⁽¹⁾ Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See “COMMONWEALTH AID TO SCHOOL DISTRICTS” herein.

⁽²⁾ Pro rata 19.6 percent of \$24,760,000 principal amount outstanding.

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Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2023-24.....	\$24,005,680
Total Revenues for 2024-25.....	25,078,776
Total Revenues for 2025-26 (estimated).....	<u>25,391,728</u>
Total.....	\$74,476,184
Annual Arithmetic Average (Borrowing Base)	\$24,825,395

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

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$55,857,138	\$27,850,000	\$28,007,138

*Includes the principal amount of the estimated Bonds described herein; does not reflect credit against gross indebtedness that may be claimed for the portion of principal of the Bonds to be reimbursed by Commonwealth aid.

Debt Service Requirements

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

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

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

TABLE 15
NESHANNOCK TOWNSHIP SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS

<u>Fiscal Year</u>	<u>Existing General Obligation Debt</u>	<u>Series of 2026</u>			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2026-27	\$2,376,690				
2027-28	2,347,050				
2028-29	2,350,170				
2029-30	2,346,890				
2030-31	2,352,085				
2031-32	2,367,110				
2032-33	2,335,625				
2033-34	2,219,925				
2034-35	2,219,875				
2035-36	2,216,975				
2036-37	2,218,000				
2037-38	2,216,125				
2038-39	2,219,250				
2039-40	1,578,500				
2040-41	0				
2041-42	0				
Total	<u>\$31,364,270</u>	<u></u>	<u></u>	<u></u>	<u></u>

*Totals may not add due to rounding.

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

2024-25 State Aid Received.....	\$8,028,871
2024-25 Debt Service Requirements.....	\$2,476,902
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2024-25 Debt Service Requirements	3.24 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds...	times

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

Future Financing

The School District does not anticipate issuing additional long-term debt in the next 1-3 years.

LABOR RELATIONS

School District Employees

There are presently 153 employees of the School District, including 88 teachers, 8 administrators and 57 support personnel. The support personnel include secretaries, custodial, transportation, maintenance, teacher’s aides, management, and business supervision.

The School District's teachers are represented by the Neshannock Township Education Association (the "Association"), an affiliate of the Pennsylvania State Education Association (PSEA) under a contract which expires June 30, 2031. The School District’s transportation, secretarial, paraprofessional, and maintenance employees are represented by the Neshannock Education Support Personnel Association/PSEA under a contract which expires June 30, 2028.

Pension Program

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

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

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

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

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

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

Annual School District contributions have been as follows:

2020-21	\$3,064,898
2021-22	\$3,203,238
2022-23	\$3,313,405
2023-24	\$3,323,610
2024-25	\$3,484,746
2025-26 (budgeted)	\$3,689,876

At June 30, 2025, the School District reported a liability of \$25,908,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2025, the School District's proportion was 0.0619% which was an increase of 0.0008% from its proportion measured as of June 30, 2024.

As of June 30, 2025, the PSERS plan was approximately 68.0% funded, with an employer net pension liability of approximately \$38.3 billion. The unfunded actuarial accrued liability was approximately \$42.3 billion as of June 30, 2024. PSERS' rate of return for the fiscal year ended June 30, 2025 was 9.67%. The Fund had plan net assets of \$83.7 billion at June 30, 2025. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District provides post-employment health care benefits to qualified teachers and administrative personnel, and/or their spouses, who retire from the District as detailed in the collective bargaining agreement between the District and the Neshannock Area Education Association.

A qualified employee is eligible for full postemployment health benefits until she/he becomes eligible for Medicare. If spouse is younger than employee she/he remains eligible until she/he becomes eligible for Medicare.

If employee dies before she/he becomes eligible for Medicare, surviving spouse remains eligible for 5 years or until she/he becomes eligible for Medicare whichever comes first. Children of employees are eligible until they are 26 years of age as long as they remain in school. If children are not in school, they are ineligible when they become 19 years old.

For a full description of the School District's OPEB plan, see Appendix C – Audited Financial Statements – Note 10.

LITIGATION

At the time of settlement, the School Board will deliver a certificate and the Solicitor will deliver an opinion stating that there is no litigation pending with respect to the Bonds, the Resolution or the right of the School District to issue Bonds.

DEFAULTS AND REMEDIES

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

TAX MATTERS

State Tax Matters

In the opinion of Bond Counsel, the Bonds, and the interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.

The residence of a holder of a Bond in a state other than Pennsylvania, or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such other state or its political subdivisions based on the interest or other income from the Bonds.

Federal Income Tax Matters

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including for this purpose, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and accrued value) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds is not a specific item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the “Code”) for purposes of Federal alternative minimum taxes on individuals.

Original Issue Discount

The Bonds that mature on _____ and on _____ (collectively, the “Tax-Exempt Discount Bonds”) are being offered and sold to the public at an original issue discount (“OID”) from the amounts payable at their maturity. OID is the excess of the stated redemption price of a bond at maturity (par) over the price to the public at which a substantial amount of bonds of the same maturity are sold pursuant to the initial offering. Under the Code, OID on each Tax-Exempt Discount Bond will accrue over its term and the amount of accretion will be based on the yield to maturity, compounded semi-annually. The amount of OID that accrues during each semi-annual period will do so ratably within that period on a daily basis. With respect to an initial purchaser of a Tax-Exempt Discount Bond at its initial offering price, the portion of OID that accrues during the period that such purchaser owns such Bond is added to the purchaser’s tax basis for purposes of determining gain or loss at the maturity, redemption, sale, or other disposition of that Tax-Exempt Discount Bond and thus, in practical effect, is treated as interest, which is excludable from gross income for federal income tax purposes.

Holders of Tax-Exempt Discount Bonds should consult their own tax advisors as to the effect of OID with respect to their federal tax liability.

Original Issue Premium

The Bonds that mature on _____ and on _____ (collectively, the “Tax-Exempt Premium Bonds”) are being sold at an original issue premium (“OIP”). An amount equal to the excess of the issue price of a Tax-Exempt Premium Bond over its stated redemption price at maturity constitutes OIP on such Tax-Exempt Premium Bond. An initial purchaser of a Tax-Exempt Premium Bond must amortize any OIP over such Tax-Exempt Premium Bond’s term using constant yield principles, based on the purchaser’s yield to maturity (or, in the case of Tax-Exempt Premium Bonds callable prior to their maturity, by amortizing the OIP to the call date, based on the purchaser’s yield to the call date and giving effect to any call premium). As OIP is amortized, the amount of the amortization decreases the purchaser’s basis in such Tax-Exempt Premium Bond resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or disposition of such Tax-Exempt Premium Bond prior to its maturity. Even though the purchaser’s basis may be reduced, no federal income tax deduction is allowed. Purchasers of the Tax-Exempt Premium Bonds should consult with their tax advisors with respect to the determination and treatment of OIP for federal income tax purposes and with respect to the state and local tax consequences of owning a Tax-Exempt Premium Bond.

Interest Expense Deductions for Financial Institutions

Under Section 265 of the Code, financial institutions are denied any deduction for interest expenses that are allocable, by a formula, to tax-exempt obligations acquired after August 7, 1986. An exception, which permits a deduction for 80% of such interest expenses, is provided in respect of certain tax-exempt obligations issued by a qualified issuer that specifically designates such obligations as “qualified tax-exempt obligations” under Section 265 of the Code.

The School District has designated the Bonds as “qualified tax-exempt obligations” for the purposes and effect contemplated by Section 265 of the Code.

Continuing Compliance

The Code imposes various terms, restrictions, conditions and requirements relating to the exclusion from gross income for Federal income tax purposes of interest on obligations such as the Bonds. The School District has covenanted to comply with all such requirements, including non-arbitrage requirements under Section 148 of the Code, that are necessary to ensure that interest on the Bonds will not be includable in gross income for Federal income tax purposes. Failure to comply with these covenants could result in interest on the Bonds being includable in gross income for Federal income tax purposes and such inclusion could be required retroactively to the date of issuance of the Bonds. The opinion of Bond Counsel assumes compliance with the aforesaid covenants. Moreover, Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may adversely affect the tax-exempt status of the interest on the Bonds.

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Such changes or actions could constitute an exchange or other tax event with respect to the Bonds, which could result in gain or loss to the holder of a Bond, and a consequent tax liability.

Pursuant to its continuing disclosure obligations made pursuant to SEC Rule 15c2-12 (see “Continuing Disclosure Undertaking” herein), the School District may be required to provide notice of such changes or actions, as Material Events under said Rule. However, holders of the Bonds should consult their own tax advisors as to the effect of such changes or actions with respect to their federal tax liability.

Collateral Tax Liabilities

Although Bond Counsel has rendered an opinion that interest on the Bonds is excludable from gross income for Federal and Pennsylvania income tax purposes, the ownership or disposition of, or the accrual or receipt of interest on, the Bonds may result in other collateral effects on a Bondholder's Federal, state or local tax liabilities. The nature and extent of these other tax consequences may depend upon the particular tax status of the Bondholder or the Bondholder's other items of income or deduction. Bond Counsel expresses no opinions regarding any tax consequences other than what is set forth in its opinion; each Bondholder or potential Bondholder is urged to consult with its own tax advisors with respect to the effects of purchasing, holding or disposing of the Bonds on its tax liabilities.

Examples of tax consequences for certain taxpayers include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits under Section 86 of the Code, limiting the use of the Earned Income Credit under Section 32 of the Code, limiting the use of the refundable credit for coverage under a qualified health plan under Section 36B of the Code, and denying an interest expense deduction to certain financial institutions under Section 265 of the Code (unless, and in the circumstance when, the Bonds have been designated by the issuer as "qualified tax-exempt obligations").

Change in Law; Adverse Determinations

From time to time, certain legislative proposals may be introduced, or are pending, in the Congress of the United States or the various state legislatures, including some that carry retroactive effective dates, that, if, enacted, could alter or amend the federal and state tax matters described above or affect the market value of the Bonds. No prediction can be made whether or in what form any such proposal or proposals might be enacted into law or whether, if enacted, the same would apply to bonds issued prior to enactment. Prospective purchasers of the Bonds should consult their own tax advisors regarding any pending or proposed federal tax legislation. Bond Counsel expresses no opinion regarding any pending or proposed federal tax legislation.

The Internal Revenue Service (the "Service") regularly audits tax-exempt obligations to determine whether, in the view of the Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No prediction can be made whether or not the Service will commence an audit of the Bonds. If an audit is commenced, under current procedures, the Service may treat the School District as a taxpayer and the Bondholders may have no right to participate in such procedure. The commencement of an audit could adversely affect the market value and liquidity of the Bonds until such time as the audit is concluded, regardless of the ultimate outcome.

Payments of interest on, and proceeds of the sale, redemption or maturity of, tax-exempt obligations, such as the Bonds, are in certain cases required to be reported to the Service. Additionally, backup withholding may apply to any such payments to any Bondholder who fails to provide an accurate Form W-9 Request for Taxpayer Identification Number and Certification, or to any Bondholder who is notified by the Service of a failure to report any interest or dividends required to be shown on federal income tax returns.

THE FOREGOING IS NOT INTENDED AS AN EXHAUSTIVE LIST OF THE PROVISIONS OF FEDERAL, STATE AND LOCAL TAX LAWS WHICH MAY HAVE AN EFFECT ON INDIVIDUALS AND CORPORATIONS HOLDING THE BONDS OR RECEIVING INTEREST THEREON. PROSPECTIVE PURCHASERS SHOULD CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE EFFECT ON THEIR FEDERAL, STATE OR LOCAL TAX LIABILITY AND GENERAL FINANCIAL AFFAIRS OF HOLDING THE BONDS OR RECEIVING INTEREST THEREON.

BONDHOLDER CONSIDERATIONS

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

Cybersecurity

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

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

Climate

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

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the 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 Undertaking. See Appendix D for the proposed form of Continuing Disclosure Undertaking (the “Continuing Disclosure Undertaking”).

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 Preliminary Official Statements prepared by the School District for bond issues as well as other publicly available information. In connection with the Continuing Disclosure Undertaking 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.

RATINGS

S&P Global Ratings has assigned the School District an underlying rating of “AA-” (Stable Outlook) to the Bonds. S&P has also assigned its municipal bond rating of “__” (__ Outlook) to this issue of Bonds, and has done so with the understanding that upon delivery of the Bonds, the Municipal Bond Insurance Policy will be issued by __. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Standard & Poor’s Ratings Group, 55 Water Street, 38th Floor, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue

for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated (the “Underwriter” or “Stifel”) has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased for a purchase price of \$__, equal to the par value of the Bonds less an underwriter’s discount of \$__ plus/(minus) net original issue premium/(discount) of \$__, plus accrued interest from the dated date to the date of delivery of the Bonds.

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.

LEGAL OPINION

The Bonds are offered subject to the receipt of the qualified approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, Pittsburgh, Pennsylvania. Certain other legal matters will be passed upon for the School District by Medure Bonner Bellissimo, LLC, New Castle, Pennsylvania, School District Solicitor, and for the Underwriter by Dodaro, Dalfonso, Matta & Cambest, P.C., Canonsburg, Pennsylvania, Limited Scope Underwriter’s Counsel.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Lawrence County, Pennsylvania

By: _____
President, Board of School Directors

APPENDIX A
Demographic and Economic Information
Relating to the Neshannock Township School District

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Introduction

The School District, a school district of the Third Class, is in Lawrence County, in western Pennsylvania. It is located 60 minutes north of Pittsburgh, 30 minutes southeast of Sharon and 5 minutes north of New Castle. The School District is comprised of Neshannock Township in Lawrence County.

Population

Table A-1 shows population trends for the School District, Lawrence County, and the Commonwealth of Pennsylvania (the “State”). The School District’s population increased from 9,609 to 9,843 between 2010 and 2020, an increase of 234 people in that period. Table A-2 shows 2024 age composition and average number of persons per household in Lawrence County and for the State.

**TABLE A-1
POPULATION TRENDS**

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
<i>School District</i>	9,609	9,843	0.24%
<i>Lawrence County</i>	91,108	86,070	-0.57%
<i>Pennsylvania</i>	12,702,379	13,002,700	0.23%

Source: U.S. Census Bureau - Decennial Census for 2010 & 2020.

**TABLE A-2
AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	Persons Per <u>Household</u>
Lawrence County	24.6%	51.0%	24.4%	2.29
Pennsylvania	25.2%	54.4%	20.4%	2.39

Source: U.S. Census Bureau – American Community Survey Estimates for 2020-2024.

Income

The data on Table A-5 shows trends in per capita income for the School District, Lawrence County and the State over the 2010-2020 period. Per capita income in the School District is higher than per capita income in the County and the State.

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

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
School District	\$32,741	\$45,197	3.28%
Lawrence County	20,157	28,898	3.67%
Pennsylvania	26,374	35,518	3.02%

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

Source: U.S. Census Bureau - American Community Survey Estimates for 2010 & 2020.

Employment

Overall employment data are not compiled for the School District or municipalities within it, but such data are compiled for the Pittsburgh Metropolitan Statistical Market Area (the “MSA”) as shown below. The table below shows this data for July 2026.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
Pittsburgh Metropolitan Statistical Area
(Allegheny, Armstrong, Beaver, Butler, Fayette, Lawrence, Washington, and Westmoreland Counties)
NONFARM JOBS – NOT SEASONALLY ADJUSTED

<i>ESTABLISHMENT DATA</i>	Industry Employment				Net Change From:	
	Jul 2026	Jun 2026	May 2026	Jul 2025	Jun 2026	Jul 2025
TOTAL NONFARM	1,204,400	1,211,700	1,206,800	1,204,600	-7,300	-200
TOTAL PRIVATE	1,093,200	1,095,700	1,089,100	1,090,700	-2,500	2,500
GOODS-PRODUCING	155,100	154,900	152,300	158,700	200	-3,600
Mining and Logging	8,900	8,800	8,600	8,500	100	400
Construction	58,000	57,700	55,700	61,800	300	-3,800
Specialty trade contractors	33,500	33,600	32,600	36,500	-100	-3,000
Manufacturing	88,200	88,400	88,000	88,400	-200	-200
Durable Goods	64,000	64,100	63,900	63,900	-100	100
Primary metal mfg.	10,200	10,200	10,100	10,300	0	-100
Non-Durable Goods	24,200	24,300	24,100	24,500	-100	-300
SERVICE-PROVIDING	1,049,300	1,056,800	1,054,500	1,045,900	-7,500	3,400
PRIVATE SERVICE-PROVIDING	938,100	940,800	936,800	932,000	-2,700	6,100
Trade, Transportation, and Utilities	203,300	206,400	205,600	205,200	-3,100	-1,900
Wholesale Trade	41,500	41,600	41,200	41,800	-100	-300
Retail Trade	112,700	114,000	113,500	115,000	-1,300	-2,300
Building material and supplies dealers	8,900	9,100	9,000	8,700	-200	200
Food and beverage stores	21,500	21,700	21,500	22,200	-200	-700
General merchandise stores	25,000	25,400	25,300	25,000	-400	0
Department stores	7,700	7,800	7,700	7,800	-100	-100
Transportation, Warehousing and Utilities	49,100	50,800	50,900	48,400	-1,700	700
Utilities	5,600	5,600	5,600	5,700	0	-100
Truck Transportation	11,100	11,000	10,900	11,200	100	-100
Information	20,200	20,300	20,300	21,400	-100	-1,200
Financial Activities	80,700	80,300	79,300	79,300	400	1,400
Finance and Insurance	65,300	65,100	64,300	63,900	200	1,400
Credit intermediation and related activities	26,600	26,400	26,200	26,600	200	0
Professional and Business Services	186,300	186,200	187,400	187,600	100	-1,300
Professional and technical services	89,900	89,600	88,700	89,900	300	0
Architectural and engineering services	18,100	18,000	17,700	18,100	100	0
Scientific research and development services	10,800	10,700	10,500	11,000	100	-200
Management of companies and enterprises	41,500	41,200	41,000	42,100	300	-600
Administrative and waste services	54,900	55,400	57,700	55,600	-500	-700
Administrative and support services	49,800	50,300	52,600	50,800	-500	-1,000
Employment services	16,200	16,400	17,100	15,200	-200	1,000
Educational and Health Services	267,200	267,900	271,100	260,000	-700	7,200
Educational services	50,500	50,500	55,800	45,600	0	4,900
Colleges and universities	35,300	35,300	40,700	31,200	0	4,100
Health care and social assistance	216,700	217,400	215,300	214,400	-700	2,300
Ambulatory health care services	79,700	79,800	79,200	78,200	-100	1,500
Hospitals	53,600	53,700	53,200	53,300	-100	300
Nursing and residential care facilities	35,900	36,100	35,700	35,800	-200	100
Social assistance	47,500	47,800	47,200	47,100	-300	400
Leisure and Hospitality	129,900	128,800	123,500	127,700	1,100	2,200
Accommodation and food service	105,000	104,500	102,700	100,800	500	4,200
Food services and drinking places	94,100	94,100	93,100	90,400	0	3,700
Full time service restaurants	43,400	43,200	42,400	42,800	200	600
Limited-service eating places	37,900	37,700	36,800	37,300	200	600
Other Services	50,500	50,900	49,600	50,800	-400	-300
Government	111,200	116,000	117,700	113,900	-4,800	-2,700
Federal Government	18,500	18,600	18,600	19,800	-100	-1,300
State Government	12,800	12,800	13,700	12,900	0	-100
Local Government	79,900	84,600	85,400	81,200	-4,700	-1,300
Local government educational services	42,700	47,600	50,200	43,700	-4,900	-1,000
Local government excluding educational services	37,200	37,000	35,200	37,500	200	-300
Data benchmarked to March 2025	***Data changes of 100 may be due to rounding***					

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

Major employers located within or Lawrence County include:

<u>Name</u>
UPMC Jameson
DON Services Inc
Excel Companion Care LLC
Wal-Mart Associates Inc
New Castle Area School District
Lawrence County
Westminster College
State Government
Wilson Excavating & Utility Constr
ISS Facility Services Inc

Source: Center for Workforce Information and Analysis – Q1 2026.

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

TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT*
(Lawrence County)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026⁽¹⁾</u>	Compound Average Annual % Rate⁽²⁾
<i>Lawrence County</i>							
Civilian Labor Force	39,300	39,000	39,400	39,500	39,000	39,500	-0.19%
Employment	36,500	37,000	37,700	37,800	37,000	38,000	0.34%
Unemployment	2,800	2,000	1,800	1,700	2,000	1,500	-8.07%
Unemployment Rate	7.1%	5.1%	4.4%	4.3%	5.0%	3.8%	
<i>Pennsylvania</i>							
Civilian Labor Force	6,425,000	6,471,000	6,561,000	6,577,000	6,542,000	6,704,000	0.45%
Employment	6,048,000	6,203,000	6,321,000	6,337,000	6,262,000	6,448,000	0.87%
Unemployment	377,000	268,000	240,000	239,000	280,000	256,000	-7.17%
Unemployment Rate	5.9%	4.1%	3.7%	3.6%	4.3%	3.8%	

⁽¹⁾ As of July 2026.

⁽²⁾ Compound Average Annual Percentage Rate calculated from 2021-2025.

Source: Pennsylvania Department of Labor & Industry – Local Area Unemployment Statistics.

Commercial Activity

Table A-6 shows recent trends for estimated retail sales in Lawrence County and the State.

TABLE A-6
TOTAL RETAIL SALES

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Lawrence County	\$1,176,067,153	\$1,241,416,298	\$1,364,305,685	1,351,103,580	\$1,735,383,997
Pennsylvania	274,685,600,234	297,770,326,880	310,912,244,437	317,239,286,955	403,629,014,772

Source: Claritas, Inc.

Educational Institutions

Westminster College in New Wilmington and BC3 at Lawrence, an additional location of Butler County Community College, offer higher education courses within the County. Approximately 20 miles east of the School District, in Butler County, is Slippery Rock University of Pennsylvania, along with a number of colleges and universities located within the Pittsburgh area which are approximately 45 miles south of the School District. In addition, Geneva College is in nearby Beaver Falls, the Community College of Beaver County is in Center Township, Beaver County, and Youngstown State University is located in Youngstown, Ohio.

Housing

According to the 2020-2024 American Community Survey five-year estimates, there are 39,591 housing units in the County. 2020 Decennial Census figures for Lawrence County showed 39,492 housing units.

Medical Facilities

New Castle, which adjoins the School District to the south, has UPMC Jameson, which is licensed for 146 beds and provides general health care services with more than 300 physicians and approximately 800 employees.

Transportation

The School District lies approximately 18 miles north of the Pennsylvania Turnpike, Interstate Route 76, which begins at the Ohio state line in southern Lawrence County and leads southeast into the suburbs of Pittsburgh. State Route 18 traverses the School District on a north-south alignment and provides access to U.S. Routes 422 and 224. U.S. Route 422 leads west to New Castle and east to Butler. Interstate Route 376, a portion of which is a toll facility operated by the Pennsylvania Turnpike Commission, lies a short distance west of the School District and leads south to Pittsburgh and north to Interstate Route 80. Interstate Route 79 lies approximately 15 miles east of the School District and leads north to Erie and south to Pittsburgh. Union Township, adjacent to New Castle, contains a small, commercial, general service airport. Pittsburgh International Airport is approximately 45 miles from the School District.

Utilities

Electric is supplied throughout the School District by Pennsylvania Power Company, a FirstEnergy Corp. subsidiary; Columbia Gas of Pennsylvania, Inc. and Peoples Natural Gas provide natural gas; water is supplied by Pennsylvania American Water; and telephone service is supplied by Verizon Pennsylvania LLC.

APPENDIX B
Form of Opinion of Bond Counsel

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OPINION OF BOND COUNSEL

The form of the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Bond Counsel has no duty, and has assumed no obligation, to revise, update or supplement its opinion to address or reflect a change or changes in such circumstances subsequent to the date of delivery of the Bonds, whether or not it has notice or obtains knowledge of the same, and whether or not this Official Statement shall be recirculated. The approving legal opinion of Bond Counsel represents its considered professional judgment, following a comparison of relevant factual certifications to applicable law. Such opinion is not a guarantee of a particular result, nor is such opinion binding on any administrative or judicial tribunal.

We have served as Bond Counsel to Neshannock Township School District (Lawrence County, Pennsylvania) (the “Local Government Unit”) and do hereby undertake to advise you in connection with the issuance, sale and delivery of its \$ _____, aggregate principal amount, General Obligation Bonds, Series of 2026 (the “Bonds”), issued in fully registered form, dated and bearing interest from _____, maturing on various annual dates ending _____, and subject to redemption prior to maturity at the option of the Local Government Unit beginning _____.

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the “School Code”); the Local Government Unit Debt Act, 53 Pa.C.S. §§8001 et seq., as amended (the “Debt Act”); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the “Debt Ordinance”); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the “Tax Code”); the opinion of Medure Bonner Bellissimo, LLC, solicitor to the Local Government Unit, upon which we have relied; and such other proceedings and law as we deemed necessary in order to render this opinion. We have reviewed the Federal Income Tax Certificate of an authorized officer of the Local Government Unit, along with other closing certificates of the Local Government Unit and other parties to the issuance and sale of the Bonds. Unless separately noted, we have relied upon, but have not independently verified, factual certifications made to us by the Local Government Unit, its officers and agents, and by said other parties, both in such certificates and otherwise during the course of our engagement.

Both principal of and interest on the Bonds are payable at the designated corporate trust office of Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

We have not been engaged nor undertaken to review the adequacy of disclosure in the Official Statement nor in any other securities offering material produced in respect of the Bonds and, except as to matters set forth in this opinion and described as such in said Official Statement, we express no opinion or belief with respect thereto.

These proceedings demonstrate that, in the absence of any meritoriously-based action in a governmental or judicial forum affecting the validity of the Bonds, the same have been delivered upon full payment.

Based on the foregoing, we are of the opinion on this date as follows:

1. The Bonds are valid and binding general obligations of the Local Government Unit.
 - (a) The Bonds are issued for a valid purpose under the School Code.
 - (b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.
 - (c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.
 - (d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.
2. The Bonds are secured by a pledge of the full faith, credit and taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amounts to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds.
3. Presently included among the general revenues of the Local Government Unit available for the payment of the Bonds are ad valorem real estate taxes, whose levy upon all taxable real property situate within the corporate limits of the Local Government Unit is subject to the limitations of 53 Pa. C.S. §§6926.101 et seq., as amended (the "Taxpayer Relief Act"). The Taxpayer Relief Act constrains the levy of taxes to rates established at the time of adoption of the fiscal 2006/07 budget, as adjusted annually by an index and certain available statutory exceptions.
4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable.
5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.
6. The Bonds are an authorized investment, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.
7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds is excludable from gross income for Federal income tax purposes, pursuant to the Tax Code. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Tax Code, in computing the alternative minimum tax for individuals. Due to the designation of the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Tax Code, certain financial institutions may be able to deduct 80% of the interest expense incurred to purchase or carry the Bonds. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

8. The interest on the Bonds is free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.

This opinion is rendered as of the date hereof, and we assume no obligation to revise or supplement this opinion to reflect any facts or circumstances that may hereafter be brought to our attention, or any changes in law that may hereafter arise.

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APPENDIX C
Audited Financial Statements

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NESHANNOCK TOWNSHIP
SCHOOL DISTRICT

AUDIT REPORT

JUNE 30, 2025

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William M Hauser, CPA, LLC
A Pennsylvania Accounting Firm
License Number AF068126
Ellwood City Pennsylvania

Board of Directors
Neshannock Township School District
New Castle, Pennsylvania

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Neshannock Township 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Neshannock Township 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 of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of Financial Statements* section of the report. We are required to be independent of the Neshannock Township 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

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 Neshannock Township 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.

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 and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and Government Auditing Standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Neshannock Township 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Neshannock Township School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, budgetary comparison information on page 79, the schedule of changes in the District's single employer defined benefit postemployment health plan on pages 80-81, schedule of the District's proportionate share of the net OPEB liability and schedule of the District's contributions on pages 82-83, and the schedule of the District's proportionate share of the net pension liability and schedule of the District's contributions on pages 84-85 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the

methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Neshannock Township School District's basic financial statements. The budgetary comparison-revenue and expenditures-general fund and statement of receipts and disbursements-fiduciary fund types-activity fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison-revenues and expenditures-general fund, statement of receipts and disbursements-fiduciary fund type-activity fund and schedule of federal financial assistance as required by the Pennsylvania Department of Education are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of the Neshannock Township 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 the Neshannock Township School District's internal control over financial reporting or compliance. The report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neshannock Township School District's internal control over financial reporting and compliance.

William M. Hawn, CPA, LLC

Ellwood City, Pennsylvania
February 27, 2026

Neshannock Township School District

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Required Supplementary Information (RSI)

June 30, 2025

The discussion and analysis of the Neshannock Township School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the transmittal letter, notes to the basic financial statements and financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

The financial statements for the end of the 2024/2025 fiscal year found that the District realized a general fund deficit of \$370,958, and an ending fund balance of \$7,208,097. The actual results came in under the budgeted surplus of \$47,478. Total actual revenues exceeded budgeted revenues by \$798,782. Reasons for these favorable results include an increase in real estate taxes collected, better than expected revenue collections, and state funds increasing by \$656,174. Total actual expenditures exceeded total budgeted expenditures by \$1,317,218. Reasons for this negative variance were extra expenses incurred from unanticipated costs from various construction projects, special education expenses, and transportation.

Our enrollment continues to increase at each grade level. With these numbers, additional classrooms continue to be added. With the increase in overall enrollment, there has also been an increase in the special needs of students. This support and increase in total classrooms has all come with added expenses. With the recent addition of teachers at the elementary level, we are now looking at adding elective teachers who can serve both elementary and high school.

During the 2024-25 school year, we addressed several needs within our buildings and grounds. We completed projects such as upgrading existing courtyards with turf flooring, and replacing flooring in the lobby in the elementary school and cafeteria and high school cafeteria. In doing these upgrades it was decided to replace the very aged cafeteria tables and chairs at both schools. New tables were purchased and in place for the start of the school year. We also completed an upgrade to the high school gym playing surface and bleachers. Along with this, we took on the resurfacing of the front of the elementary school. With each project, there were unexpected expenses and adjustments that needed to be made as they were completed.

We purchased 4 buses during this period. Two of these were the result of accidents, in which we received insurance coverage for one of the two and we had to purchase the other one with district funds. Also, a bus for special needs students was purchased. These additional, unbudgeted, expenses contributed greatly to our deficit.

Special Education expenses are an on-going factor of focus in each budget. Due to our increased special education enrollment, we have been required to continue to use contracted services for additional speech therapy services and a part time school psychologist to help with the overflow of cases. Although these expenses can be quite extensive, we work constantly to evaluate student needs and placement in outside programs. Our internal programs at the elementary and secondary levels have helped maintain a reduction in these expenses. We believe we are meeting the needs of our exceptional learners more effectively through these programs. The program has been greatly

successful and will continue to benefit us both academically and financially. The Special Education Department has solid leadership and works collaboratively to ensure that our students' needs are being met and financial resources are properly and effectively allocated.

Our use of contracted services continues to benefit the needs of the District without the additional expense of added full-time, permanent staff. This has been true in the area of network administration, secretarial services, and curriculum and staff development.

The Business Manager and Superintendent work closely to ensure that we have analyzed every expense and aligned it to specific needs of the District. Throughout the year, we monitor the expenses and look for potential savings in all expense areas.

USING ANNUAL FINANCIAL REPORT

The AFR consists of an Introductory Section, a Financial Section, and a Statistical Section that provide additional information regarding the District. Within this Financial Section are the Management Discussion and Analysis (this section) and a series of financial statements and notes to those statements. These statements are organized so that the reader can understand the Neshannock Township School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at the specific financial activities.

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

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

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

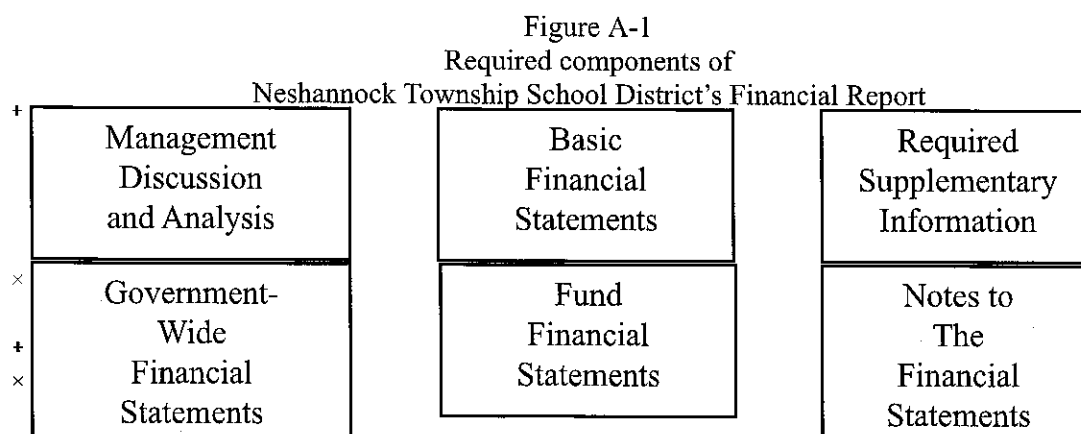


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the type of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

Figure A-2
Major Features of Neshannock Township School District's
Government-wide and Fund Financial Statements

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

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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

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

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

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The government fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds – These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the district –these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as

the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

Fiduciary funds – The District is the trustee, or fiduciary, for the Student Activity Fund. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Assets. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position was (\$23,755,496) at June 30, 2025. The reason for the large net position deficit balance is due to the long-term outstanding bonds issued for construction projects that included additions and alterations to the school facilities and the recognition of a net pension and OPEB liability. These non-current liabilities will be paid with future years revenues.

Table A-1
Fiscal Year ended June 30, 2025
Net Position

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
Current and other assets	11,686,704	38,958	11,725,662
Non-current assets	25,217,422	71,513	25,288,935
Deferred outflow of resources	<u>4,993,812</u>	<u>0</u>	<u>4,993,812</u>
Total Assets & Outflows of Res	41,897,938	110,471	42,008,409
Current and other liabilities	5,206,007	(276,504)	4,929,503
Non-current liabilities	58,528,234	0	58,528,234
Deferred inflow of resources	<u>2,306,168</u>	<u>0</u>	<u>2,306,168</u>
Total Liabilities & Inflows of Res	66,040,409	(276,504)	65,763,905
Net Position			
Invested in capital assets,			
Net of related debt	(2,246,287)	71,513	(2,174,774)
Unrestricted	<u>(21,896,184)</u>	<u>315,462</u>	<u>(21,580,722)</u>
Total Net Position	(24,142,471)	386,975	(23,755,496)

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

Table A-2 takes the information from that Statement and rearranges it slightly so you can see our total changes in net position.

Table A-2
Fiscal Year ended June 30, 2025
Changes in Net Position

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Revenues			
<i>Program revenues:</i>			
Charges for services	\$ 369,407	\$ 245,494	\$ 614,901
Operating grants and contributions	4,367,609	273,565	4,641,174
Capital grants and contributions	0	0	0
<i>General revenues:</i>			
Property taxes	13,907,500	0	13,907,500
Other taxes	2,151,851	0	2,151,851
Grants, subsidies, and contributions	4,081,722	0	4,081,722
Investment earnings	625,338	1,005	626,343
Miscellaneous	34,789	0	34,789
Sale of assets	0	0	0
Refund of PY Expenses	0	0	0
Transfers	0	0	0
Total revenues	\$25,538,216	\$ 520,064	\$26,058,280
Expenses			
Instruction	\$13,568,818	0	\$13,568,818
Instructional student support	1,169,307	0	1,169,307
Administrative & financial support	3,265,745	0	3,265,745
Operation & maintenance of plant	3,119,860	0	3,119,860
Pupil transportation	1,024,254	0	1,024,254
Student activities	1,185,376	0	1,185,376
Community services	0	0	0
Interest on long-term debt	722,669	0	722,669
Unallocated depreciation expense	0	0	0
Food service	0	485,189	485,189
Transfers	0	0	0
Loss on sale of assets	0	0	0
Total expenses	\$24,056,029	\$485,189	\$24,541,218
Increase/(Decrease) in net position	\$1,482,187	\$ 34,875	\$1,517,062

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

Table A-3 shows the District's largest as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsidies, and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table A-3
Fiscal Year ended June 30, 2025
Governmental Activities

<u>Functions/Programs</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Expenses		
Instruction	\$13,568,818	\$10,378,928
Instructional student support	1,169,307	1,034,584
Administrative & financial support	3,265,745	2,818,655
Operation & maintenance of plant	3,119,860	2,865,766
Pupil transportation	1,024,254	686,420
Student activities	1,185,376	1,005,120
Community Service	0	0
Interest on long-term debt	722,669	529,540
Unallocated depreciation expense	0	0
Transfer to food service	0	0
<u>Refund of Prior Years Receipts</u>	<u>0</u>	<u>0</u>
Total governmental Activities	\$24,056,029	\$19,319,013
Less:		
Unrestricted grants, subsidies		<u>4,081,722</u>
Total needs from local Taxes and other revenues		\$15,237,291

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

Table A-4
Fiscal Year ended June 30, 2025
Business-type Activities

<u>Functions/Programs</u>	<u>Total Cost of Services</u>	<u>Net Cost of Services</u>
Food service	\$485,139	(\$33,870)
Less:		
Investment earnings		<u>1,005</u>
Total needs		(\$34,875)

The Statement of Revenues, Expenses, and Changes in Fund Net Position for this proprietary fund will further detail the actual results of operations.

THE DISTRICT FUNDS

At June 30, 2025, the District governmental funds reported a combined fund balance of \$7,885,201 which is a decrease of \$3,037,904. This is due to a net decrease in Fund Balance of \$2,666,946 in the Capital Projects Fund that represents bond proceeds that were expensed during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2025, the District had \$25,159,596 invested in a broad range of capital assets, including land, buildings, furniture and equipment, and vehicles in governmental activities. This amount represents a net increase (including additions, deletions, and depreciation) of \$2,155,197 from last year. The increase is due to capital purchases and improvements of \$3,592,276 and depreciation expense of \$1,437,079.

Table A-5
Governmental Activities
Capital assets – net of depreciation

	2025	2024
Land and improvements	\$174,644	\$174,644
Construction in progress	0	5,893,520
Site improvements	4,895,860	2,658,750
Buildings	19,303,486	13,819,414
Furniture & equipment	245,410	207,859
Vehicles	540,196	250,212

At June 30, 2025, the District had \$71,513 invested in Furniture and equipment in business type activities. This amount represents a net decrease (including additions, deletions, and depreciation) of \$7,164 from last year. This decrease is due to depreciation expense of \$7,164.

DEBT ADMINISTRATION

As of July 1, 2024, the District had a total outstanding bond and note principal of \$27,015,000. During the year, the District paid \$1,460,000 against outstanding principal, resulting in ending outstanding debt as of June 30, 2025, of \$25,555,000.

Table A-6
Outstanding Debt

	2025	2024
General Obligation Notes/Bonds:		
Notes Series 2019	9,380,000	9,730,000
Notes Series 2019-A	2,635,000	2,735,000
Notes Series 2019-AA	2,750,000	3,015,000
Notes Series 2021-A	1,990,000	1,995,000
Notes Series 2021-B	0	680,000
Notes Series 2023	8,800,000	8,860,000

Other obligations include capital leases payable, compensated absences, and post-employment health care benefits for employees of the District. More detailed information about our long-term liabilities is included in the notes to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District is concerned about its future financial health due to several factors. The state of the economy has shown current and future insecurities, including the collection of real estate and other taxes. The level of state funding for future years is unpredictable. Long Term Pension costs are also questionable, with employer rates ranging from 34.00% in 2025/26 and projected to exceed 37% in upcoming years. The District is also concerned about the rising cost of health insurance, and is exploring options to contain costs.

The revenue budget for the 2025/2026 fiscal year is \$1,015,367 more than the original budget for 2024/2025. This represents a 4.1% increase in budgeted revenues. The expenditure budget for the 2025/2026 school year is \$1,524,617 more than the original budget for 2024/2025 or an increase of 6.2%.

The comparison of revenue and expenditure categories is as follows:

Table A-7
Budgeted Revenues

	2025/2026	2024/2025
Local	68%	68%
State	32%	32%
Federal	0%	0%

Budgeted Expenditures

	2025/2026	2024/2025
Instruction	56%	56%
Support Services	31%	30%
Non-Instructions/Community	3%	3%
Fund Transfers/Debt/Budgetary Reserve	10%	11%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the Board's accountability for the money it received. If you have any questions about this report or wish to request additional financial information, please contact Justin E. DiMuccio, Business Manager, at Neshannock Township School District, 3834 Mitchell Road, New Castle, PA 16105-1089, (724) 658-4793.


Dr. Terence Meehan
Superintendent of Schools

NESHANNOCK TOWNSHIP
Statement of
June

	<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
<u>ASSETS</u>			
Current Assets:			
Cash and Cash Equivalents	\$ 9,722,785	\$ 30,422	\$ 9,753,207
Investments	-0-	-0-	-0-
Taxes Receivable	700,252	-0-	700,252
Due from Other Governments	1,251,752	4,186	1,255,938
Other Receivables	11,915	3,517	15,432
Prepaid Expense	-0-	-0-	-0-
Inventory	-0-	833	833
Total Current Assets	<u>11,686,704</u>	<u>38,958</u>	<u>11,725,662</u>
Noncurrent Assets:			
Land	174,644	-0-	174,644
Site Improvements (Net of Accumulated Depreciation)	4,895,860	-0-	4,895,860
Building and Building Improve- ments (Net of Accumulated Depreciation)	19,303,486	-0-	19,303,486
Furniture and Equipment (Net of Accumulated Depreciation)	245,410	71,513	316,923
Vehicles (Net of Accumulated Depreciation)	540,196	-0-	540,196
Construction in Progress	-0-	-0-	-0-
Intangible Right-to-Use Assets (Net of Amortization)	57,826	-0-	57,826
Total Noncurrent Assets	<u>25,217,422</u>	<u>71,513</u>	<u>25,288,935</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Pennsylvania Public School Employees' Retirement System:			
Deferred Pension Amounts	4,087,890	-0-	4,087,890
Deferred Other Post Employment Benefit Amounts	181,644	-0-	181,644
Deferred Other Post Employment Benefit Amounts	724,278	-0-	724,278
Total Deferred Outflows of Resources	<u>4,993,812</u>	<u>-0-</u>	<u>4,993,812</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 41,897,938</u>	<u>\$ 110,471</u>	<u>\$ 42,008,409</u>

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT
Net Position
30, 2025

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<u>LIABILITIES</u>			
Current Liabilities:			
Internal Balances	\$ 311,725	\$ (311,725)	\$ -0-
Accounts Payable	668,534	17,056	685,590
Current Portion of Long-Term Debt:			
Bonds Payable	1,383,406	-0-	1,383,406
Notes Payable	-0-	-0-	-0-
Lease Purchase Obligations	130,500	-0-	130,500
Lease Liabilities	62,225	-0-	62,225
Accrued Interest Payable	310,067	-0-	310,067
Accrued Salaries and Benefits	1,621,825	-0-	1,621,825
Payroll Deductions and Withholdings	682,325	-0-	682,325
Unearned Revenue	35,400	833	36,233
Other Current Liabilities	-0-	17,332	17,332
Total Current Liabilities	5,206,007	(276,504)	4,929,503
Noncurrent Liabilities:			
Bonds Payable (Net of Current Portion)	25,006,323	-0-	25,006,323
Lease Purchase Obligations (Net of Current Portion)	571,188	-0-	571,188
Lease Liabilities (Net of Current Portion)	-0-	-0-	-0-
Compensated Absences	1,001,447	-0-	1,001,447
Pennsylvania Public School Employees' Retirement System:			
Net Pension Liability	25,908,000	-0-	25,908,000
Other Post Employment Benefit	1,101,000	-0-	1,101,000
Other Post Employment Benefits	4,940,276	-0-	4,940,276
Total Noncurrent Liabilities	58,528,234	-0-	58,528,234
Total Liabilities	63,734,241	(276,504)	63,457,737
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Pennsylvania Public School Employees' Retirement System:			
Deferred Pension Amounts	673,000	-0-	673,000
Deferred Other Post Employment Benefit Amounts	205,000	-0-	205,000
Deferred Other Post Employment Benefit Amounts	1,428,168	-0-	1,428,168
Total Deferred Inflows of Resources	2,306,168	-0-	2,306,168
<u>NET POSITION</u>			
Invested in Capital Assets Net of Related Debt	(2,246,287)	71,513	(2,174,774)
Unrestricted	(21,896,184)	315,462	(21,580,722)
Total Net Position	(24,142,471)	386,975	(23,755,496)
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 41,897,938	\$ 110,471	\$ 42,008,409

NESHANNOCK TOWNSHIP
Statement of
For the Year Ended

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS
Governmental Activities:				
Instruction	\$ 13,568,818	88,288	3,101,602	-0-
Instructional Student Support	1,169,307	-0-	134,723	-0-
Administrative and Financial Support Services	3,265,745	159,479	287,611	-0-
Operation and Maintenance of Plant Services	3,119,860	1,365	252,729	-0-
Pupil Transportation	1,024,254	-0-	337,834	-0-
Student Activities	1,185,376	120,275	59,981	-0-
Interest on Long-Term Debt, Unallocated-Excluding Direct Interest	<u>722,669</u>	<u>-0-</u>	<u>193,129</u>	<u>-0-</u>
Total Governmental Activity	24,056,029	369,407	4,367,609	-0-
Business-Type Activities				
Food Service	<u>485,189</u>	<u>245,494</u>	<u>273,565</u>	<u>-0-</u>
Total Primary Government	\$ <u>24,541,218</u>	\$ <u>614,901</u>	\$ <u>4,641,174</u>	\$ <u>-0-</u>

General Revenues, Special and Extraordinary Items and Transfers:

Taxes:

Property Taxes
Taxes Levied for Specific Purposes
Grants, Subsidies, and Contributions Not Restricted
Investment Earnings
Miscellaneous Income
Transfers

Total General Revenues, Special and Extraordinary Items
and Transfers

Change in Net Position

Net Position-Beginning

Net Position-Ending

In the governmental activities, interest of \$4,878, \$29,402 and \$134,376 was allocated to administration and financial support services, operation and maintenance of plant services and student activities, respectively.

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT
Activities
June 30, 2025

NET (EXPENSE) REVENUE AND
CHANGES IN NET POSITION

<u>GOVERNMENTAL ACTIVITIES</u>	<u>BUSINESS-TYPE ACTIVITIES</u>	<u>TOTAL</u>
(10,378,928)	-0-	(10,378,928)
(1,034,584)	-0-	(1,034,584)
(2,818,655)	-0-	(2,818,655)
(2,865,766)	-0-	(2,865,766)
(686,420)	-0-	(686,420)
(1,005,120)	-0-	(1,005,120)
 (529,540)	 -0-	 (529,540)
 (19,319,013)	 -0-	 (19,319,013)
 -0-	 33,870	 33,870
<u>(19,319,013)</u>	<u>33,870</u>	<u>(19,285,143)</u>
 13,907,500	 -0-	 13,907,500
2,151,851	-0-	2,151,851
4,081,722	-0-	4,081,722
625,338	1,005	626,343
34,789	-0-	34,789
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
<u>20,801,200</u>	<u>1,005</u>	<u>20,802,205</u>
 1,482,187	 34,875	 1,517,062
<u>(25,624,658)</u>	<u>352,100</u>	<u>(25,272,558)</u>
<u>\$ (24,142,471)</u>	<u>\$ 386,975</u>	<u>\$ (23,755,496)</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Balance Sheet
Governmental Funds
June 30, 2025

	<u>GENERAL</u>	<u>CAPITAL PROJECT</u>	<u>DEBT SERVICE</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 9,075,681	\$ 647,104	\$ -0-	\$ 9,722,785
Taxes Receivable	700,252	-0-	-0-	700,252
Due from Other Governments	1,251,752	-0-	-0-	1,251,752
Other Receivables	11,915	-0-	-0-	11,915
Prepaid Expenses	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Assets	\$ <u>11,039,600</u>	\$ <u>647,104</u>	\$ <u>-0-</u>	\$ <u>11,686,704</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 311,725	\$ -0-	\$ -0-	\$ 311,725
Accounts Payable	668,534	-0-	-0-	668,534
Accrued Salaries and Benefits	1,621,825	-0-	-0-	1,621,825
Payroll Deductions and Withholdings	682,325	-0-	-0-	682,325
Unearned Revenues	<u>35,400</u>	<u>-0-</u>	<u>-0-</u>	<u>35,400</u>
Total Liabilities	<u>3,319,809</u>	<u>-0-</u>	<u>-0-</u>	<u>3,319,809</u>
<u>Deferred Inflows of Resources</u>				
Unavailable Revenue-Property Taxes	<u>511,694</u>	<u>-0-</u>	<u>-0-</u>	<u>511,694</u>
<u>Fund Balances</u>				
Restricted	-0-	647,104	-0-	647,104
Assigned	5,341,118	-0-	-0-	5,341,118
Unassigned	<u>1,866,979</u>	<u>-0-</u>	<u>-0-</u>	<u>1,866,979</u>
Total Fund Balances	<u>7,208,097</u>	<u>647,104</u>	<u>-0-</u>	<u>7,855,201</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ <u>11,039,600</u>	\$ <u>647,104</u>	\$ <u>-0-</u>	\$ <u>11,686,704</u>

The accompanying notes and auditor's report should be read with this financial statement.

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

Total Fund Balance-Governmental Funds \$ 7,855,201

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of assets is \$52,537,232 and the accumulated depreciation is \$27,377,636. 25,159,596

Intangible Right to Use Assets are reported in governmental funds as expenses. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as amortization expense. The cost of assets is \$247,069 and the accumulated amortization is \$189,243. 57,826

Property taxes receivable will be collected in future years, but are not available soon enough to pay for the current period's expenditures, and, therefore, are deferred in the funds. 511,694

Deferred outflows and inflows of resources associated with the District's pension and other post-employment benefit plans during the year are deferred on the government wide Statement of Net Position. This is the amount that deferred outflows of \$4,993,812 exceed deferred inflows of \$2,306,168 at June 30, 2025. 2,687,644

Liabilities associated with the long-term debt, including bonds payable, are not recorded as liabilities in the Governmental Funds Balance Sheet. These liabilities at year end consist of:

Bonds Payable	\$ 26,389,729	
Capital Leases Payable	701,688	
Lease Payable	62,225	
Accrued Interest Payable	310,067	
Compensated Absences (Sick Pay)	1,001,447	
Net OPEB Obligation	6,041,276	
Net Pension Liability	<u>25,908,000</u>	<u>(60,414,432)</u>

Total Net Position-Governmental Activities \$ (24,142,471)

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECT FUND</u>	<u>DEBT SERVICE FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>REVENUES</u>				
Local Sources	\$ 17,241,150	\$ 83,209	\$ -0-	\$ 17,324,359
State Sources	8,080,109	-0-	-0-	8,080,109
Federal Sources	<u>1,884</u>	<u>-0-</u>	<u>-0-</u>	<u>1,884</u>
Total Revenues	<u>25,323,143</u>	<u>83,209</u>	<u>-0-</u>	<u>25,406,352</u>
<u>EXPENDITURES</u>				
Instruction	13,957,046	-0-	-0-	13,957,046
Support Service	7,957,662	-0-	-0-	7,957,662
Non Instructional Services	791,940	-0-	-0-	791,940
Capital Outlay	304,770	2,800,155	-0-	3,104,925
Debt Service	155,780	-0-	2,403,990	2,559,770
Refund of Prior Years Revenues	3,322	-0-	-0-	3,322
Leases and Other Right-to-Use Arrangements	<u>69,591</u>	<u>-0-</u>	<u>-0-</u>	<u>69,591</u>
Total Expenditures	<u>23,240,111</u>	<u>2,800,155</u>	<u>2,403,990</u>	<u>28,444,256</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,083,032</u>	<u>(2,716,946)</u>	<u>(2,403,990)</u>	<u>(3,037,904)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Face Value of Bonds Issued	-0-	-0-	-0-	-0-
Bond Premiums	-0-	-0-	-0-	-0-
Interfund Transfers In	-0-	50,000	2,403,990	2,453,990
Interfund Transfers Out	<u>(2,453,990)</u>	<u>-0-</u>	<u>-0-</u>	<u>(2,453,990)</u>
Total Other Financing Sources (Uses)	<u>(2,453,990)</u>	<u>50,000</u>	<u>2,403,990</u>	<u>-0-</u>
Net Changes in Fund Balance	(370,958)	(2,666,946)	-0-	(3,037,904)
Fund Balances July 1, 2024	<u>7,579,055</u>	<u>3,314,050</u>	<u>-0-</u>	<u>10,893,105</u>
Fund Balances June 30, 2025	\$ <u>7,208,097</u>	\$ <u>647,104</u>	\$ <u>-0-</u>	\$ <u>7,855,201</u>

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities

June 30, 2025

Total net change in fund balances-governmental funds \$(3,037,904)

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays of \$ 3,592,276 exceed depreciation expense of \$ 1,437,079. 2,155,197

Intangible Right to Use Assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets are allocated over their estimated useful lives as amortization expense. This is the amount by which principal payments of \$ 64,713 exceeds the amortization expense of \$ 63,081. 1,632

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,460,000

Payment of the principal portion of capital leases is an expenditure in the governmental funds, but the payment reduces the current liability portion of lease purchase obligations in the statement of net position. 126,000

Because some property taxes will not be collected for sometime after the District's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues increased by this amount this year. 135,186

In the statement of activities, compensated absences (sick pay) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, sick leave earned exceeded the amounts used by this amount. (16,452)

In the statement of activities, postemployment benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, amounts earned exceeded the amounts used by this amount. (28,029)

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Reconciliation of the Governmental Funds Statement of
Revenues, Expenditures, and Changes in Fund Balances
to the Statement of Activities

June 30, 2025

Total net change in fund balances-governmental funds (Continued)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the statement of activities is the result of accrued interest on bonds decreasing by \$13,400 and on leases decreasing by \$378.

13,778

In the statement of activities, bond discounts and bond premiums are amortized over the term of the bonds. In governmental funds, these amounts are expensed as they are incurred. This is the amount by which amortization of bond premiums of \$73,545 exceeds bond discounts of \$-0-.

73,545

In the statement of activities, pension expenses are measured by the amount actuarially calculated during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially the amounts actually paid for the year) this year the amount paid exceeds the amount actuarially calculated.

599,234

Change in net position of governmental activities

\$ 1,482,187

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Proprietary Funds
June 30, 2025

	<u>FOOD SERVICE</u>
<u>ASSETS</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 30,422
Due from Other Funds	311,725
Due from Other Governments	4,186
Other Receivables	3,517
Inventory-Donated Commodities	<u>833</u>
Total Current Assets	<u>350,683</u>
Noncurrent Assets:	
Furniture and Equipment (Net)	<u>71,513</u>
Total Assets	\$ <u>422,196</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable-Trade	\$ 17,056
Advance Deposits (Sales)	17,332
Unearned Revenue	<u>833</u>
Total Current Liabilities	<u>35,221</u>
<u>NET POSITION</u>	
Invested in Capital Assets	71,513
Unrestricted	<u>315,462</u>
Total Net Position	<u>386,975</u>
Total Liabilities and Net Position	\$ <u>422,196</u>

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	<u>FOOD SERVICE</u>
<u>OPERATING REVENUES</u>	
Food Service Revenue	\$ <u>245,494</u>
<u>OPERATING EXPENSES</u>	
Salaries	169,680
Employee Benefits	30,036
Purchased Professional and Technical Services	5,390
Purchased Property Services	4,129
Other Purchased Services	41,277
Supplies	227,513
Depreciation	<u>7,164</u>
Total Operating Expenses	485,189
Operating (Loss)	(<u>239,695</u>)
<u>NONOPERATING REVENUES</u>	
Earnings on Investments	1,005
State Sources	65,304
Federal Sources	<u>208,261</u>
Total Nonoperating Revenues	<u>274,570</u>
Income (Loss) Before Contributions and Transfers	34,875
<u>CONTRIBUTIONS AND TRANSFERS</u>	
Transfers In	<u>-0-</u>
Change in Net Position	34,875
Net Position-July 1, 2024	<u>352,100</u>
Net Position-June 30, 2025	\$ <u>386,975</u>

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2025

FOOD SERVICE

CASH FLOWS FROM OPERATING ACTIVITIES

Cash Received from Users	\$ 245,786
Cash Payments to Employees for Services	(197,940)
Cash Payments to Suppliers for Goods and Services	(<u>289,103</u>)
Net Cash (Used) for Operating Activities	(<u>241,257</u>)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Sources	64,717
Federal Sources	181,107
General Fund Contribution	-0-
Change in Subsidies Due from General Fund	(<u>8,444</u>)
Net Cash Provided by Non-Capital Financing Activities	<u>237,380</u>

CASH FLOWS FROM CAPITAL AND RELATED ACTIVITIES

Equipment Acquisition	<u>-0-</u>
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CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on Investment	<u>1,005</u>
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NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (2,872)

CASH AND CASH EQUIVALENTS-July 1, 2024 33,294

CASH AND CASH EQUIVALENTS-June 30, 2025 \$ 30,422

ADJUSTMENTS TO RECONCILE OPERATING LOSS TO NET CASH USED FOR OPERATING ACTIVITIES

Operating Loss	\$(239,695)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:	
Noncash Operating Expenses	
Depreciation	7,164
Value of Donated Commodities	26,046
Changes in Assets and Liabilities	
(Increase) Decrease in Accounts Receivable	537
Increase (Decrease) in Accounts Payable	(35,064)
Increase (Decrease) in Advanced Deposits	(<u>245</u>)
Net Cash (Used) by Operating Activities	\$(<u>241,257</u>)

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Statement of Net Position
Fiduciary Funds
June 30, 2025

	<u>TRUST FUNDS</u>	<u>ACTIVITY FUND</u>
<u>ASSETS</u>		
Cash and Cash Equivalents	\$ <u>8,614</u>	\$ <u>46,294</u>
<u>LIABILITIES AND NET POSITION</u>		
Liabilities		
Due to Student Groups	\$ -0-	\$ 46,294
Net Position		
Restricted for Lancers Community Cabin	<u>8,614</u>	<u>-0-</u>
Total Liabilities and Net Position	\$ <u>8,614</u>	\$ <u>46,294</u>

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Statement of Changes in Net Position
Fiduciary Funds
June 30, 2025

	<u>TRUST FUNDS</u>
<u>ADDITIONS:</u>	
Donations	\$ 2,500
Interest	<u>127</u>
Total Additions	<u>2,627</u>
<u>DEDUCTIONS:</u>	
Awards and Scholarships	<u>637</u>
Total Deductions	<u>637</u>
Changes in Net Position	1,990
<u>NET POSITION</u> -July 1, 2024	<u>6,624</u>
<u>NET POSITION</u> -June 30, 2025	\$ <u>8,614</u>

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 1 - REPORTING ENTITY

Governmental Accounting Standards board Statement No. 14 "The Financial Reporting Entity", established the standards for defining and reporting on the financial reporting entity. Neshannock Township School District's School Board is the basic level of government which has oversight responsibilities and control over all activities related to the public school education of Neshannock Township School District. The School District is a primary government that is a special purpose government that has a separately elected governing body ("Board"). It is legally separate, and it is fiscally independent of other state and local governments.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The Neshannock Township School District, in conjunction with seven other Lawrence County School Districts, is involved in a joint venture to fund the operating budget of the Lawrence County Career and Technical Center. The technical school is designed to teach students trade related professions. Each district's share of tuition is based on the percentage of the district's enrollment to the total enrollment at the Lawrence County Career and Technical Center. In addition to the operating subsidy, the District makes a debt service related payment to the Lawrence County Career and Technical Center based on the District's property market values as a percentage of the property market values of all participating districts. A representative from each district's school board sits on the board of the technical school. Financial statements for the joint venture may be obtained at the following address: 750 Phelps Way, New Castle, PA 16101.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Neshannock Township School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial principles. The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation (Continued)

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

Fund Financial Statements-During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. The fiduciary fund is reported by type. The debt service fund and the capital project fund do not meet the major fund percentage criteria as per audits of state and local governments (GASB 34 edition), and are not required to be reported as a major funds; the School District voluntarily presents these fund separately as a major funds because of the public interest in the activities of the School District.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary and fiduciary.

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

General Fund-The general fund is the operating fund of the School District and is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund-Used to account for financial resources related to general fixed assets acquisition, construction and improvements.

Debt Service Fund-Used to account for and accumulate resources for the payment of general long-term debt principal and interest.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statement
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Proprietary Funds-Proprietary funds focus on the determination of changes in net position, financial position and cash flows. The funds included in this category are:

Enterprise Funds-Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund-This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds-These are the funds that account for the assets held by the School District as a trustee or agent for individuals, private organizations and/or governmental units and are therefore not available to support the District's own programs. The funds included in this category are:

Trust Funds-Used to account for assets held by the School District in a trustee capacity.

Activity and Agency Funds-These funds are custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

C. Measurement Focus

Government-Wide Financial Statements-The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements-All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

Private-sector standards of accounting issued prior to December 1, 1989 are generally followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The School District has elected not to follow private-sector standards issued after November 30, 1989 for its business-type activities.

When both restricted and unrestricted resources are available for use, it is the School District's policy to use restricted resources first, then unrestricted resources as they are needed.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds uses the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

Revenues-Exchange and Nonexchange Transactions-Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of fiscal year-end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income taxes, property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at year-end: property taxes available as an advance, interest, tuition, grants, fees and rentals.

Expenses/Expenditures-The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgets and Budgetary Accounting

An operating budget is adopted each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgets and Budgetary Accounting (Continued)

The School District is required to publish notice by advertisement, at least once in a newspaper of local circulation in the municipality in which it is located, and within thirty days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District. Final action shall not be taken on any proposed budget until after ten days of public notice. The proposed budget shall be printed, or otherwise made available for public inspection to all persons who may interest themselves, at least twenty days prior to the date set for the adoption of the budget.

Fund balances in Budgetary Funds may be appropriated based on resolutions passed by the Board of Education, which authorizes the School District to make expenditures. Appropriations lapse at the end of the fiscal period. In order to preserve a portion of an appropriation for which an expenditure has been committed by a purchase order, contract or other form of commitment, an encumbrance is recorded. Encumbrances outstanding at year end are reported as reservations of fund balances.

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

The General Fund's budget deficit in Operation and Maintenance of Plant Services and Facilities Acquisition, Construction and Improvement Services of \$243,628 and \$304,770, respectively, were due to unbudgeted facility improvements, projects and repairs. The \$357,809 budget deficit in Student Transportation Services was due to unanticipated bus purchases due to accidents, and to address specialized special education transportation needs. The budget deficits in Special Education and Pupil Health are both due to unanticipated special education expenses.

An Enterprise Fund budget is not adopted; however, a formal budget is prepared and approved by management and expenditures are controlled on the basis of this budget.

F. Cash and Cash Equivalents

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

G. Inventories and Unearned Revenue

Inventories and Unearned Revenue consist of the following items:

Food Service Fund - Donated Commodities \$ 833

Enterprise Fund (Food Service Fund) food commodities donated by the federal government are valued at an estimated market value.

Unearned revenues represent the unused portion of donated commodities on hand at year end which would be returned to the federal agency if not used in the succeeding fiscal year.

H. Debt Premiums, Discounts, and Issuance Costs

On the government-wide statement of net position and the proprietary fund type statement of net position, debt premiums and discounts are netted against debt payable and debt issuance costs are recognized as an outflow of resources in the period incurred. On the government-wide and proprietary fund type statement of activities, unamortized debt premiums and discounts are deferred and amortized over the life of the debt using the straight-line method. For the fiscal year ended June 30, 2025, bond premiums amortized were \$ 73,545.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Debt Premiums, Discounts, and Issuance Costs (continued)

At the government fund reporting level, debt premiums and discounts are reported as other financing sources and uses, separately from the face amount of the debt issued. Debt issuance costs are reported as debt service expenditures.

I. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

The District maintains a capitalization threshold as follows:

Land Improvements	\$ 25,000
Building	\$ 25,000
Building Improvements	\$ 25,000
Machinery and Equipment	\$ 5,000
Vehicle	\$ 10,000
Portable Classroom	\$ 10,000
Grouped Depreciable Capital Assets	\$ 25,000
Leasehold Improvements	\$ 10,000

All reported capital assets except land, land improvements and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>	<u>Business Type Activities Estimated Lives</u>
Site Improvements	20 years	N/A
Buildings and Improvements	20-50 years	N/A
Furniture and Equipment	5-20 years	12 years
Vehicles	5- 8 years	N/A

J. Intangible Right to Use Assets

The School District has recorded intangible right to use assets as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payment made prior to the lease term, less any lease incentives, and plus any ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight line basis over the life of the related lease.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The District has deferred outflows of resources relating to the Public School Employees Retirement System of Pennsylvania's pension and other post employment health insurance plan and the District's post employment health insurance plan, which arise only under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported only in the government-wide statement of net position. These amounts are deferred and recognized as an outflow of resources in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

The District has delinquent property taxes receivable from Lawrence County Tax Claim Bureau, which arise only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, this item is reported only in the governmental funds balance sheet. The governmental funds report deferred inflows of resources from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

The District has deferred inflows of resources relating to the Public School Employees' Retirement System of Pennsylvania's pension and other post employment health insurance plan and the District's post employment health insurance plan, which arise only under the accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item is reported only in the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in future periods.

L. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

The entire compensated absence liability is reported on the government-wide financial statements.

In the governmental fund financial statements, none of the liability is reported as it is not expected to be paid using expendable available resources.

M. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Accrued Liabilities and Long-Term Obligations (Continued)

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

N. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

O. Fund Balances

Fund balances of the governmental funds are classified as follows:

Non-spendable-amounts that cannot be spent either because they are in non-spendable form or because they are legally or contractually required to be maintained intact.

Restricted-amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation or because of constraints that are externally imposed by creditors, grantors, contributions, or the laws or regulations of other governments.

Committed-amounts that can be used only for specific purposes determined by a formal action of the Board of Directors. The Board of Directors is the highest level of decision making authority for the School District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board of Directors.

Assigned-amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Under the School District's adopted policy, only the Board of Directors may assign amounts for specific purposes.

Unassigned-all other spendable amounts.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances (Continued)

As of June 30, 2025, fund balances are composed of the following:

	<u>GENERAL FUND</u>	<u>DEBT SERVICE FUND</u>	<u>CAPITAL PROJECT FUND</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
Restricted:				
Capital Projects	\$ -0-	\$ -0-	\$ 647,104	\$ 647,104
Debt Service	-0-	-0-	-0-	-0-
Assigned:				
Subsequent Years Budget	5,341,118	-0-	-0-	5,341,118
Unassigned Funds	<u>1,866,979</u>	<u>-0-</u>	<u>-0-</u>	<u>1,866,979</u>
 Total Fund Balance	 \$ <u>7,208,097</u>	 \$ <u>-0-</u>	 \$ <u>647,104</u>	 \$ <u>7,855,201</u>

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the School District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers the amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

P. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are sales for food service and related activities. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund.

Q. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Advances between funds are accounted for in the appropriate due from other funds and due to other funds accounts. These advances (reported in "due from" asset accounts) are considered "available spendable resources". These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities which, when present, are presented as internal balances. In the government-wide statement of activities, all internal activity is eliminated except for those amounts occurring between the governmental-types and the business-type activities.

R. Use of Estimates

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

S. Cost Allocation Plan

The School District uses allocations with supporting documentation on file which identifies, accumulates, and distributes indirect costs to cost centers or functions in the District's basic financial statements. The allocation methodology logically apportions indirect costs among services receiving a benefit. It results in a fair and equitable distribution of costs in direct relation to actual benefits accruing to the services to which costs are charged.

T. Advertising Policy

It is the policy of the District to expense all advertising costs in the year in which they are paid.

U. Pensions

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

V. Other Postemployment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System of Pennsylvania's other post employment health insurance plan and the District's post employment health insurance plan and additions to/deductions from plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable, in accordance with the benefit terms. Investments are reported at fair value.

NOTE 3 - CASH, DEPOSITS AND INVESTMENTS

Pennsylvania statutes provide for investment of Governmental Funds into certain authorized investment types including United States Treasury, and short-term United States and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of Governmental Funds for investment purposes.

The deposit and investment policy of the Neshannock Township School District adheres to state statutes and prudent business practice. Deposits of the Governmental Funds are maintained in demand deposits. There were no deposit or investment transactions during the year that were in violation of either the state statutes or the policy of the Neshannock Township School District.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 3 - CASH, DEPOSITS AND INVESTMENTS (Continued)

The Neshannock Township School District's cash, cash equivalents and investments on June 30, 2025 were as follows:

	CARRYING AMOUNT	BANK BALANCE		
		DEPOSITS WITH FINANCIAL INSTITUTIONS	OTHER AUTHORIZED DEPOSITS	TOTAL
Governmental Funds:				
Cash and Cash Equivalents	\$ 9,722,785	\$ 1,215,534	\$ 8,703,789	\$ 9,919,323
Proprietary Funds:				
Cash and Cash Equivalents	30,422	30,072	-0-	30,072
Fiduciary Funds:				
Cash and Cash Equivalents	<u>54,908</u>	<u>56,294</u>	<u>-0-</u>	<u>56,294</u>
	<u>\$ 9,808,115</u>	<u>\$ 1,301,900</u>	<u>\$ 8,703,789</u>	<u>\$ 10,005,689</u>

A. Deposits With Financial Institutions

Customer credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Protection of District cash and certificates of deposit deposited with financial institutions is provided by the Federal Deposit Insurance Corporation (FDIC) as well as qualified securities pledged by the institution holding the assets. By law, all governmental deposits are collateralized by a pool of pledged assets that are maintained with the Federal Reserve System and designated third party trustees of the financial institution.

For the deposits of custodial risk, all of the deposits with financial institutions including certificates of deposit with maturities greater than three months classified as investments are aggregated.

At June 30, 2025, the bank balance of the District's cash and investments deposited with financial institutions was \$ 1,301,900, of this balance \$ 250,000 is covered by FDIC Insurance and \$ 1,051,900 was uninsured and collateralized with securities held by the pledging institution's trust department, but not in the District's name.

B. Other Authorized Deposits

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the securities and exchange commission and not subject to regulatory oversight, PSDLAF and PLGIT act like a money market mutual fund in that their objective is to maintain a stable net asset value of \$1 per share. These investments are both uninsured and uncollateralized. The carrying values and market values of PSDLAF and PLGIT at June 30, 2025 are \$ 8,703,789. As of June 30, 2025, the Pennsylvania School District Liquid Asset Fund and the Pennsylvania Local Government Investment Trust were rated as AAAM by Standard and Poors, the highest rating Standard and Poors can extend to a local government investment unit.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 4 - REAL ESTATE AND DEFERRED INFLOWS OF RESOURCES

Based upon assessments provided by Lawrence County, the School District bills and collects its own property taxes, and an elected tax collector is responsible for collection. The School District tax rate for the year ended June 30, 2025 was 19.5802 mills (\$ 19.5802 per \$ 1,000 of assessed valuation) as levied by the Board of School Directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	-Levy Date
July 1-August 31	-2% Discount Period
September 1-October 31	-Face Payment Period
November 1- December 15	-10% Penalty Period
December 16	-Lien Date

The following is a reconciliation of the real estate taxes collected:

Taxes Based on Original Assessment	\$ 14,341,152
Additions	27,808
Penalties	<u>59,174</u>
	\$ <u>14,428,134</u>
Net Collections	\$ 13,365,349
Discount	233,301
Exonerations and Refunds	58,099
Volunteer Fire Company Rebate	20,836
Homestead/Farmstead Exemptions	312,556
Filed With County Commissioners	<u>437,993</u>
	\$ <u>14,428,134</u>
Assessed Value (Amount Adjusted for Additions and Exoneration-Millage 19.5802 mills)	\$ <u>732,380,801</u>
Tax Based on Adjusted Value	\$ <u>14,340,162</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 4 - REAL ESTATE AND DEFERRED INFLOWS OF RESOURCES (Continued)

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable as determined by the administration. A portion of the amount estimated to be collectible which was measurable and available within 60 days was recognized as revenue and the balance was recorded as deferred inflows of resources in the fund financial statements. All taxes are recognized in the period for which levied in the government-wide financial statements, regardless of when collected.

The balances at June 30, 2025 are as follows:

	Gross Taxes Receivable	<u>Governmental Funds</u> Tax Revenue Recognized	Deferred Inflows of Resources
Per Capita	\$ 1,894	\$ 4,003	\$ -0-
Real Estate	511,694	181,466	511,694
Earned Income Taxes	4,898	3,035	-0-
Local Services Tax	<u>200</u>	<u>54</u>	<u>-0-</u>
	\$ <u>700,252</u>	\$ <u>188,558</u>	\$ <u>511,694</u>

NOTE 5 - INTERFUND BALANCES AND TRANSFERS

Interfund Balances at June 30, 2025 represent:

General Fund receipts of proprietary fund subsidies due the Food Service Fund of \$ 311,725.

Interfund Transfers for the year ending June 30, 2025 consists of the following General Fund transfers:

<u>Transfers to:</u>	<u>Transfers from:</u>
Governmental Funds:	<u>GENERAL FUND</u>
Debt Service	\$ 2,403,990
Capital Project Fund	<u>50,000</u>
Total	\$ <u>2,453,990</u>

Transfer activities include:

Transfers from the General Fund to the Debt Service Fund represent principal and interest payments on long-term debt.

Transfers from the General Fund to the Capital Project Fund represent savings for future capital projects.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 6 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the School District, collections made by another governmental unit on behalf of the School District or reimbursements for expenditures. At June 30, 2025, the following amounts are due from other governmental units:

<u>DUE FROM</u>	<u>GENERAL FUND</u>	<u>FOOD SERVICE FUND</u>
Federal	\$ -0-	\$ 3,154
State	941,191	1,032
County	27,003	-0-
Other School Districts	21,110	-0-
Intermediate Units	<u>262,448</u>	<u>-0-</u>
Total	\$ <u>1,251,752</u>	\$ <u>4,186</u>

NOTE 7 - OTHER RECEIVABLES

Other Receivables consist of the following:

	<u>GENERAL FUND</u>	<u>FOOD SERVICE FUND</u>
Accounts Receivable-Reimbursements	\$ 11,915	\$ -0-
Accounts Receivable-Special Events	<u>-0-</u>	<u>3,517</u>
Total	\$ <u>11,915</u>	\$ <u>3,517</u>

NOTE 8 - INTANGIBLE RIGHT-TO-USE ASSETS

Intangible Right-to-Use Asset activity for the year ended June 30, 2025 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental Activities</u>				
Leased Equipment	\$ 247,069	\$ -0-	-0-	\$ 247,069
Less Accumulated Amortization	<u>(126,162)</u>	<u>(63,081)</u>	<u>-0-</u>	<u>(189,243)</u>
Net Intangible Right-to-Use Assets	\$ <u>120,907</u>	\$ <u>(63,081)</u>	<u>-0-</u>	\$ <u>57,826</u>

NOTE: Total governmental activities amortization expense of \$ 63,081 was charged to Administration and Financial Support Services.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 9 - CAPITAL ASSETS

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<u>Governmental Activities</u>				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 174,644	\$ -0-	\$ -0-	\$ 174,644
Construction in Progress	<u>5,893,520</u>	<u>-0-</u>	<u>(5,893,520)</u>	<u>-0-</u>
Total Capital Assets Not Being Depreciated	<u>6,068,164</u>	<u>-0-</u>	<u>(5,893,520)</u>	<u>174,644</u>
Capital Assets Being Depreciated:				
Site Improvements	6,363,270	2,576,613	-0-	8,939,883
Buildings	28,990,335	6,421,832	-0-	35,412,167
Furniture & Equipment	5,487,974	108,908	-0-	5,596,882
Vehicles	<u>2,101,045</u>	<u>378,443</u>	<u>(65,832)</u>	<u>2,413,656</u>
Total Capital Assets Being Depreciated	<u>42,942,624</u>	<u>9,485,796</u>	<u>(65,832)</u>	<u>52,362,588</u>
Less Accumulated Depreciation:				
Site Improvements	(3,704,520)	(339,503)	-0-	(4,044,023)
Buildings	(15,170,921)	(937,760)	-0-	(16,108,681)
Furniture & Equipment	(5,281,272)	(70,200)	-0-	(5,351,472)
Vehicles	<u>(1,849,676)</u>	<u>(89,616)</u>	<u>65,832</u>	<u>(1,873,460)</u>
Total Accumulated Depreciation	<u>(26,006,389)</u>	<u>(1,437,079)</u>	<u>65,832</u>	<u>(27,377,636)</u>
Total Capital Assets Being Depreciated-Net	<u>16,936,235</u>	<u>8,048,717</u>	<u>-0-</u>	<u>24,984,952</u>
Governmental Activities Capital Assets-Net	\$ <u>23,004,399</u>	\$ <u>8,048,717</u>	\$ <u>(5,893,520)</u>	\$ <u>25,159,596</u>
<u>Business Type Activities</u>				
Furniture & Equipment	\$ 156,295	\$ -0-	\$ -0-	\$ 156,295
Less: Accumulated Depreciation	<u>(77,618)</u>	<u>(7,164)</u>	<u>-0-</u>	<u>(84,782)</u>
Business Type Activities Capital Assets-Net	\$ <u>78,677</u>	\$ <u>(7,164)</u>	\$ <u>-0-</u>	\$ <u>71,513</u>

NOTE: Total governmental activities depreciation expense for the year ending June 30, 2025 was charged to the following functions/programs:

Instruction	\$ 11,270
Administrative and Financial Support Services	53,151
Operation and Maintenance of Plant Services	1,008,078
Pupil Transportation	89,616
Student Activities	<u>274,964</u>
Total	\$ <u>1,437,079</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT

During the fiscal year ended June 30, 2025, the District's long-term debt changed as follows:

	<u>June 30, 2024</u>	<u>Additions</u>	<u>Retirements</u>	<u>June 30, 2025</u>	<u>Due Within One Year</u>
Bonds Payable-Gross	\$ 27,015,000	\$ -0-	\$ (1,460,000)	\$ 25,555,000	\$ 1,460,000
Bond Premium (Net of Amortization)	<u>908,274</u>	<u>-0-</u>	<u>(73,545)</u>	<u>834,729</u>	<u>(76,594)</u>
Bonds Payable-Net of Bond Premiums	27,923,274	-0-	(1,533,545)	26,389,729	1,383,406
Capital Leases Payable	827,688	-0-	(126,000)	701,688	130,500
Leases and Other Right-to-Use Arrangements	126,938	-0-	(64,713)	62,225	62,225
Compensated Absences	984,995	16,452	-0-	1,001,447	-0-
Other Post Employment Benefits	5,810,056	231,220	-0-	6,041,276	-0-
Net Pension Liability	<u>27,181,000</u>	<u>-0-</u>	<u>(1,273,000)</u>	<u>25,908,000</u>	<u>-0-</u>
Long-Term Debt	\$ <u>62,853,951</u>	\$ <u>247,672</u>	\$ <u>(2,997,258)</u>	\$ <u>60,104,365</u>	\$ <u>1,576,131</u>

A. Bonds and Notes

The School District issued \$9,750,000 General Obligation Bonds, Series of 2019 dated June 10, 2019. Interest is paid at 3% semiannually on March 1 and September 1 of each year. The proceeds of these bonds were used to (1) currently refund a portion of the School District's General Obligation Bonds, Series of 2012 currently outstanding in the aggregate principal amount of \$2,340,000 (the "2012 Bonds"), of which \$710,000 shall be refunded (the "Refunded 2012 Bonds"), (2) currently refund a portion of the School District's General Obligation Bonds, Series of 2013 currently outstanding in the aggregate principal amount of \$8,605,000 (the "2013 Bonds"), of which \$1,460,000 shall be refunded (the "Refunded 2013 Bonds"), (3) currently refund all of the School District's General Obligation Bonds, Series A of 2013 currently outstanding in the aggregate principal amount of \$1,340,000 (the "2013A Bonds"), (4) currently refund a portion of the School District's General Obligation Bonds, Series of 2014 currently outstanding in the aggregate principal amount of \$3,560,000 (the "2014 Bonds"), of which \$2,230,000 shall be refunded (the "Refunded 2014 Bonds") and (5) paying the costs of issuing the Bonds.

Upon issuance of the Bonds, a portion of the proceeds of the Bonds will be irrevocably deposited with Manufacturers and Traders Trust Company, the Paying Agent for the 2013 Bonds, 2013A Bonds and 2014 Bonds in an amount sufficient to redeem all of the Refunded 2013 Bonds and 2013A Bonds at a redemption price of 100% plus accrued interest on June 10, 2019 and to redeem all the Refunded 2014 Bonds at a redemption price of 100% plus accrued interest on September 1, 2019. A portion of the proceeds of the Bonds will be irrevocably deposited with Wells Fargo Bank N.A., the Paying Agent for the 2012 Bonds in an amount sufficient to redeem all of the Refunded 2012 Bonds being refunded at a redemption price of 100% plus accrued interest on June 10, 2019.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT (Continued)

A. Bonds and Notes (Continued)

<u>YEAR ENDED</u> <u>JUNE 30</u>	<u>SERIES of 2019</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2026	630,000	271,950
2027	285,000	258,225
2028	1,430,000	232,500
2029	1,490,000	188,700
2030	1,530,000	143,400
2031	1,585,000	96,675
2032	800,000	60,900
2033	<u>1,630,000</u>	<u>24,450</u>
Total	\$ <u>9,380,000</u>	\$ <u>1,276,800</u>

The School District issued \$3,070,000 General Obligation Bonds, Series A of 2019 dated June 25, 2019. Interest is paid at various rates from 2% to 4% semiannually on March 1 and September 1 of each year. The proceeds of the 2019A Bonds will be used towards: (1) paying all or a portion of the costs of design, acquisition, construction and installation of various capital improvements to the School District's facilities including, but not limited to, (a) artificial turf replacement on football and baseball field and running track resurfacing; (b) flooring replacement in the Elementary and JR/SR High School; and © HVAC, heat pumps, domestic hot water boilers and controls replacement and (2) paying the cost of issuing the 2019A Bonds.

<u>YEAR ENDED</u> <u>JUNE 30</u>	<u>SERIES A of 2019</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2026	70,000	101,800
2027	75,000	100,350
2028	70,000	98,200
2029	60,000	95,600
2030	65,000	93,100
2031	65,000	90,500
2032	75,000	87,700
2033	110,000	84,000
2034	1,685,000	48,100
2035	<u>360,000</u>	<u>7,200</u>
Total	\$ <u>2,635,000</u>	\$ <u>806,550</u>

The School District issued \$4,460,000 General Obligation Bonds, Series AA of 2019 dated June 25, 2019. Interest is paid at various rates from 2% to 4% semiannually on March 1 and September 1 of each year. Proceeds of the 2019AA Bonds will be used to: (1) currently refund a portion of the School District's General Obligation Bonds, Series of 2012 currently outstanding in the aggregate principal amount of \$1,630,000 (the "2012 Bonds"), of which \$1,000,000 shall be refunded (the "Refunded 2012 Bonds"), (2) currently refund a portion of the School District's General Obligation Bonds, Series of 2013 currently outstanding in the aggregate principal amount of \$3,145,000 (the "2013 Bonds") of which \$2,800,000 shall be refunded (the "Refunded 2013 Bonds"), (3) currently refund all or a portion of the School District's General Obligation Bonds, Series of 2014 currently outstanding in the aggregate principal \$1,330,000 (the "2014 Bonds") of which \$685,000 shall be refunded (the "Refunded 2014 Bonds") and (4) paying the costs of issuing the 2019AA Bonds.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT (Continued)

A. Bonds and Notes (Continued)

Upon issuance of the 2019AA Bonds, a portion of the proceeds of the 2019AA Bonds will be irrevocably deposited with Manufacturers and Traders Trust Company, the Paying Agent for the 2013 Bonds and 2014 Bonds, in an amount sufficient to redeem all of the Refunded 2013 Bonds at a redemption price of 100% plus accrued interest on June 25, 2019 and to redeem all the Refunded 2014 Bonds at a redemption price of 100% plus accrued interest on September 1, 2019. A portion of the proceeds of the Bonds will be irrevocably deposited with Wells Fargo Bank N.A., the Paying Agent for the 2012 Bonds in an amount sufficient to redeem all of the Refunded 2012 Bonds being refunded at a redemption price of 100% plus accrued interest on June 25, 2019.

<u>YEAR ENDED</u> <u>JUNE 30</u>	<u>SERIES AA of 2019</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2026	750,000	52,690
2027	1,135,000	33,840
2028	5,000	22,425
2029	5,000	22,295
2030	5,000	22,165
2031	5,000	22,035
2032	<u>845,000</u>	<u>10,985</u>
Total	\$ <u>2,750,000</u>	\$ <u>186,435</u>

The School District issued \$2,000,000 General Obligation Bonds, Series A of 2021 dated June 23, 2021. Interest is paid at 2% semiannually on March 1 and September 1 of each year. Proceeds of the 2021A bonds will be used towards: (1) paying all or a portion of the costs of design, acquisition, construction and installation of various capital improvements to the School District's facilities including, but not limited to HVAC improvements to the elementary school building and a High School softball field lighting system and other improvements and (2) paying the cost of issuing the 2021A bonds.

<u>YEAR ENDED</u> <u>JUNE 30</u>	<u>SERIES A of 2021</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2026	5,000	39,750
2027	5,000	39,650
2028	5,000	39,550
2029	5,000	39,450
2030	5,000	39,350
2031	5,000	39,250
2032	5,000	39,150
2033	5,000	39,050
2034	5,000	38,850
2035	1,385,000	25,050
2036	<u>560,000</u>	<u>5,600</u>
Total	\$ <u>1,990,000</u>	\$ <u>384,800</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT (Continued)

A. Bonds and Notes (Continued)

The School District issued \$2,645,000 General Obligation Bonds, Series B of 2021 dated June 23, 2021. Interest is paid at 2% semiannually on March 1 and September 1 of each year. Proceeds of the 2021B bonds will be used towards: (1) currently refund all of the School District's General Obligation Bonds, Series of 2013 currently outstanding in the aggregate principal of \$335,000 (the "2013 Bonds"), (2) currently refund all of the School District's General Obligation Bonds, Series A of 2015 currently outstanding in the aggregate principal amount of \$2,180,000 (the "2015A Bonds"), (3) currently refund all of the School District's General Obligation Bonds, Series B of 2015 currently outstanding in the aggregate principal amount of \$160,000 (the "2015B Bonds") and (4) paying the costs of issuing the 2021B Bonds. This bond was paid off during the 2024-2025 year.

The School District issued \$8,860,000 General Obligation Bonds, Series of 2023 dated August 31, 2023. Interest is paid at various rates from 4% to 5% semiannually on March 1 and September 1 of each year. The proceeds of the 2023 Bonds will be used towards: (1) the acquisition and construction of renovations and improvements to existing school facilities of the School District; and (2) the payment of all costs and expenses incurred by the School District in connection with the issuance and sale of the bonds.

<u>YEAR ENDED</u> <u>JUNE 30</u>	<u>SERIES of 2023</u>	
	<u>PRINCIPAL</u>	<u>INTEREST</u>
2026	5,000	439,875
2027	5,000	439,625
2028	5,000	439,375
2029	5,000	439,125
2030	5,000	438,875
2031	5,000	438,625
2032	5,000	438,375
2033	5,000	438,125
2034	5,000	437,875
2035	5,000	437,625
2036	1,245,000	406,375
2037	1,890,000	328,000
2038	1,985,000	231,125
2039	2,090,000	129,250
2040	<u>1,540,000</u>	<u>38,500</u>
Total	\$ <u>8,800,000</u>	\$ <u>5,520,750</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT (Continued)

A. Bonds and Notes (Continued)

The balance of Bonds and Notes Payable as of June 30, 2025 is composed of the following General Obligation Bonds and Notes:

Description	Interest Rate %	Original Principal	Balance June 30, 2025
2019 Series, maturing in 2033	3.0%	9,750,000	\$ 9,380,000
2019 Series A, maturing in 2035	2.0-4.0%	3,070,000	2,635,000
2019 Series AA, maturing in 2032	2.0-4.0%	4,460,000	2,750,000
2021 Series A, maturing in 2036	2.0%	2,005,000	1,990,000
2023 Series, maturing in 2039	4.0-5.0%	8,860,000	8,800,000
			<u>\$ 25,555,000</u>

B. Capital Leases

The School District entered into a \$1,719,719 master lease agreement on January 12, 2016 through Huntington Public Capital Corporation. This lease was entered into for a guaranteed energy saving contract with the Efficiency Network, Inc. (TEN) and consists of delivery and installation of the following items:

1. Lighting upgrade
2. New cooling tower
3. New gas fired boilers at the High School
4. Locker replacement at the High School
5. Repair/Replacement to building envelope and water-source heat pumps
6. Electricity commodity contract improvements

Variable yearly payments between \$155,652 and \$155,963 are required every June 1 and include interest at 3.598%, with the final payment due June 1, 2030. The future annual lease payments required to satisfy this capital lease are as follows:

YEAR ENDED JUNE 30	PRINCIPAL	INTEREST	TOTAL
2026	130,500	25,247	155,747
2027	135,250	20,551	155,801
2028	140,250	15,685	155,935
2029	145,250	10,639	155,889
2030	<u>150,438</u>	<u>5,413</u>	<u>155,851</u>
Total	\$ <u>701,688</u>	\$ <u>77,535</u>	\$ <u>779,223</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT (Continued)

The future annual payments required to amortize all outstanding debt, except for leases and other right to use arrangements, compensated absences, postemployment healthcare benefits and pension liabilities, as of June 30, 2025, including total interest payments, are as follows:

YEAR ENDED JUNE 30	BONDS AND NOTES		CAPITAL LEASES		TOTAL
	PRINCIPAL	INTEREST	PRINCIPAL	INTEREST	
2025	1,460,000	943,990	126,000	29,780	2,559,770
2026	1,460,000	906,065	130,500	25,247	2,521,812
2027	1,505,000	871,690	135,250	20,551	2,532,491
2028	1,515,000	832,050	140,250	15,685	2,502,985
2029	1,565,000	785,170	145,250	10,639	2,506,059
2030	1,610,000	736,890	150,438	5,413	2,502,741
2031	1,665,000	687,085	-0-	-0-	2,352,085
2032	1,730,000	637,110	-0-	-0-	2,367,110
2033	1,750,000	585,625	-0-	-0-	2,335,625
2034	1,695,000	524,925	-0-	-0-	2,219,925
2035	1,750,000	469,875	-0-	-0-	2,219,875
2036	1,805,000	411,975	-0-	-0-	2,216,975
2037	1,890,000	328,000	-0-	-0-	2,218,000
2038	1,985,000	231,125	-0-	-0-	2,216,125
2039	2,090,000	129,250	-0-	-0-	2,219,250
2040	1,540,000	38,500	-0-	-0-	1,578,500
	<u>\$25,555,000</u>	<u>\$8,175,335</u>	<u>\$701,688</u>	<u>\$ 77,535</u>	<u>\$34,509,558</u>

In the statement of activities, bond interest expense of \$ 134,376 was charged directly to student activities and \$ 722,669 was unallocated. Interest on capital leases was charged to operation and maintenance of plant service in the amounts of \$ 29,402. No interest was capitalized during the year.

C. Leases and Other Right to Use Arrangements

On February 18, 2021, the School District entered into an agreement to lease copiers. The term of the lease is for sixty-three (63) months requiring monthly payments of \$5,799. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, has been recorded at present value of the future minimum lease payments as of the date of its inception. For purposes of discounting future payments, the School District determined an interest rate of 5% to be an appropriate discount rate.

As of June 30, 2025, the value of the lease liability recorded for the above lease was \$62,225. As a result, the School District has recorded an Intangible Right to Use asset with a net book value of \$57,826 as of June 30, 2025. Future minimum lease payments under this lease are as follows:

YEAR ENDED JUNE 30	PRINCIPAL	INTEREST	TOTAL
2026	\$ <u>62,225</u>	\$ <u>1,566</u>	\$ <u>63,791</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT (Continued)

D. Compensated Absences

Vacation-School District employees who are required to work on a twelve-month schedule are credited with vacation at rates which vary with length of service or job classification. Vacation must be taken by June 30 of the fiscal year or it is forfeited.

Early Retirement Incentive-The School District periodically offers early retirement incentive programs to teacher personnel and to administrative and supervisory personnel. A single payment is made to the retiree during the year following the year of retirement. The early retirement incentive programs are subject to annual adoption by the Neshannock Township Board of School Directors.

Sick Leave and Personal Leave

Teachers

Each bargaining unit member will be eligible for reimbursement of unused sick leave at the time of retirement from employment in the Neshannock Township School District. An option for employees who have completed fifteen years or more of service with the Neshannock Township School District is payment for years of service instead of unpaid sick leave. Pay for years of service shall be for each year of service in the Neshannock Township School District at a rate of \$250 per year.

Payment for unused sick days shall be for all unused sick days at the following rates:

0 - 50 days	\$40 per day
51 - 100 days	\$50 per day
101 - 150 days	\$60 per day
151 and more days	\$80 per day

Example: 53 sick days at retirement = 53 days x \$50 = \$2,650

Retirement is to be interpreted as the phase of employment when the bargaining unit member signifies an intention to terminate his/her full-time activities and to apply for a benefit from the Pennsylvania Public School Employees' Retirement System.

Members of the bargaining unit shall be granted the same sick day allowances and accumulations as are provided in the Pennsylvania School Code, plus two (2) cumulative days.

Each bargaining unit member will be granted two (2) regular paid personal days per year for personal matters.

In addition to the regular personal days, each bargaining unit member shall be granted one (1) "pay-the-substitute" (PTS) day per year for which the bargaining unit member will reimburse the District for the cost paid to the substitute (\$100). If the PTS day is used, the cost of the substitute shall be deducted from the last pay period prior to the end of the District's fiscal year.

The order in which personal days and/or the PTS day are used shall be at the discretion of the bargaining unit member.

If the PTS day is not used during the school year, it shall become a regular personal day at the end of the school year for the purpose of accounting for accumulated personal days.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT (Continued)

D. Compensated Absences (Continued)

Sick Leave and Personal Leave (Continued)

Teachers (Continued)

Unused personal days may accumulate to a total of five (5), including the current day(s) for the current year. All unused personal and/or PTS days beyond five (5) shall be added to accumulated sick days.

A part-time employee is an employee who regularly works less than 7.5 hours per day less than five (5) days per week.

The amount of sick leave time and personal leave time to which part-time employees shall be eligible shall be derived by dividing the number of hours regularly worked by the part-time employee per week by 37.5 hours and applying that percentage to the amount of leave which full-time employees are entitled.

Custodians, Bus Drivers, Mechanic and Garage Helpers, Secretaries, Science Lab Coordinator, and Paraprofessionals

All custodians, mechanic and garage helpers, and twelve-month secretaries shall be granted twelve (12) sick leave days per year. All other employees shall be granted ten (10) sick leave days per year, effective with the anniversary date of this Agreement. Employees may use up to one half of their allotted sick leave days each year for purposes of caring for a sick family member. All unused sick leave may be accumulated without limitation for use in succeeding years.

Payment for unused sick days shall be for all unused sick days at the following rates:

0 - 50 days	\$40 per day
51 and more days	\$45 per day
Example: 53 sick days at retirement = 53 days x \$45 = \$2,385	

Each custodian, secretary, science lab coordinator, and mechanic and garage helper will be granted three (3) days per year for personal matters. Unused personal days may accumulate to a total of five (5) days, including the day(s) for the current year. Unused personal days beyond five (5) shall be added to accumulated sick days. Personal days accumulated, not to include the days granted for the current year, may not be used the first or last calendar week of the school year or the day before or after Thanksgiving or Holiday (Christmas) or Spring (Easter) breaks unless it is approved by the superintendent or if it is an emergency approved by the principal. Additionally, personal days for custodians may not be granted when another custodian is on vacation without the permission of the supervisor, and personal days for mechanic and garage helpers will not be granted when the supervisor is on vacation.

Each paraprofessional will be granted three (3) days per year for personal matters. Unused personal days may accumulated to a total of five (5), including the day(s) for the current year. Unused personal days beyond five (5) shall be added to accumulated sick days. No more than one paraprofessional may use personal leave on any given day. Seniority will be the determining factor where more than one paraprofessional requests personal leave for the same day.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 10 - LONG-TERM DEBT (Continued)

D. Compensated Absences (Continued)

Custodians, Bus Drivers, Mechanic and Garage Helpers, Secretaries, Science Lab Coordinator, and Paraprofessionals (continued)

Each bus driver will be granted three (3) days per year for personal matters. Unused personal days may accumulate to a total of five (5), including the day(s) for the current year. Unused personal days beyond five (5) shall be added to accumulated sick days. Personal leave requests for bus drivers must be made no later than three (3) workdays prior to the requested date. No more than one driver may use personal leave on any given day. Seniority will be the determining factor where more than one driver requests personal leave for the same day. A driver who uses a personal leave day shall be compensated at his/her regular AM/PM run job rate.

Superintendent

Sick Days: The Superintendent shall receive twelve sick days per year.

Personal Days: Four in addition to the number of personal days allotted to NTEA members by contract. Can roll over 3 days into sick leave.

Compensation for
Accumulated Sick

Days: Payment for unused sick days earned as Superintendent of the Neshannock Township School District at a rate of fifty-five (55%) percent of his per diem at time of retirement.

Business Manager, Elementary, Junior High, and High School Principal, Director of Pupil Services, School Psychologist, and Director of Technology

Sick Days: Twelve (12)

Personal Days: Four, in addition to the number of personal days allotted to NTEA members by contract. Can only roll over 3 days into sick.

Compensation for
Accumulated Sick

Days: Payment of 50% per diem rate for unused sick days at retirement after a minimum of ten (10) years of service in District.

Supervisor of Transportation, Supervisor of Maintenance & Mechanical Operations, and Assistant to Maintenance

Sick Days: Supervisors shall receive twelve (12) days.

Personal Days: Supervisors shall receive three; one day may be rolled over into sick leave.

Assistant to Maintenance shall receive one and one-half (1 1/2) days; one-half (1/2) day may be rolled over into sick leave.

Compensation for
Accumulated Sick

Days: At time of retirement and following a minimum of ten (10) years of service in the District, compensation for unused sick days shall be payable at the rate of \$40 per day.

The amount of compensated absences attributable to sick leave and personal days at June 30, 2025 to be provided from taxes and other revenue is \$ 1,001,446.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS

The School District has two other post employment benefit (OPEB) plans:

- I. A single employer defined benefit post employment health insurance plan administered by the District.
- II. A cost sharing mutual employer defined benefit OPEB plan administered through the Pennsylvania Public School Employees' Retirement System.

I. Single Employer Defined Benefit Post Employment Health Insurance Plan

A. Plan Description

In addition to the pension benefits described in Note 12, Neshannock Township School District provides postemployment health care benefits to qualified teachers and administrative personnel, and/or their spouses, who retire from the District as detailed in the collective bargaining agreement between the District and the Neshannock Area Education Association.

A qualified employee is eligible for full postemployment health benefits until she/he becomes eligible for Medicare (age 65). If spouse is younger than employee she/he remains eligible until she/he becomes eligible for Medicare (age 65).

If employee dies before she/he becomes eligible for Medicare (age 65), surviving spouse remains eligible for (5) years or until she/he becomes eligible for Medicare (age 65) whichever comes first. Children of employees are eligible until they are (26) years of age as long as they remain in school. If children are not in school, they are ineligible when they become 19 years old.

B. Funding Policy

The obligations of the plan members, employers and other entities are established by action of the District pursuant to applicable collective bargaining and employment agreements. The required contribution rates of the employer and the members varies depending on the applicable agreement. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.

C. Accounting Policy

The accrual basis of accounting is used. The fair market value of assets, if any, is determined by the market value of assets, if any, paid by a willing buyer to a willing seller.

D. Employee Covered by Benefit Terms

Actuarial Valuation as of July 1, 2023 for Fiscal Year Ending June 30, 2025:

Active Participants	108
Vested Former Participants	-0-
Retired Participants	<u>11</u>
Total	<u>119</u>

Annual Payroll of Active Participates \$ 8,392,254

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

I. Single Employer Defined Benefit Post Employment Health Insurance Plan
(Continued)

E. Actuarial Methods and Assumptions (Based on the Actuarial Valuation as of July 1, 2023 for Fiscal Year Ending June 30, 2025)

Discount Rate

4.29% Based on S&P Municipal Bond 20-Year High Grade Index at July 1, 2024.

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost living adjustment, 1.5% real wage growth, and for teachers and administrators, a merit increase which varies by age from 2.75% to 0%.

Withdrawal

Rates of withdrawal are based on PSERS plan experience and vary by age, gender, years of service and PSERS Pension Class. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

<u>AGE</u>	<u>MALE RATE</u>	<u>FEMALE RATE</u>	<u>AGE</u>	<u>MALE RATE</u>	<u>FEMALE RATE</u>
25	4.55%	3.90%	45	1.41%	1.60%
30	4.55%	3.90%	50	1.89%	2.08%
35	1.68%	2.83%	55	3.63%	3.66%
40	1.42%	1.67%	60	5.49%	5.94%

Mortality

PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Disability

No disability was assumed.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

I. Single Employer Defined Benefit Post Employment Health Insurance Plan (Continued)

E. Actuarial Methods and Assumptions (Continued)

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.

AGE	<u>SPECIAL EARLY RETIREMENT</u>		<u>TC & TD SUPERANNUATION</u>		<u>TE, TF, TG, & TH SUPERANNUATION</u>	
	<u>MALE RATE</u>	<u>FEMALE RATE</u>	<u>MALE RATE</u>	<u>FEMALE RATE</u>	<u>MALE RATE</u>	<u>FEMALE RATE</u>
55	14.5%	14.5%	25.0%	16.0%	16.3%	19.5%
56	14.5%	14.5%	25.0%	20.0%	16.3%	19.5%
57	14.5%	15.0%	28.0%	28.0%	16.3%	19.5%
58	14.5%	15.0%	28.0%	30.0%	16.3%	19.5%
59	21.6%	20.7%	28.0%	30.0%	16.3%	19.5%
60	14.5%	15.0%	29.0%	31.0%	16.3%	19.5%
61	29.0%	29.0%	29.0%	31.0%	16.3%	19.5%
62	29.0%	29.0%	36.0%	31.0%	16.3%	19.5%
63	29.0%	29.0%	21.0%	20.0%	16.3%	19.5%
64	29.0%	29.0%	22.0%	25.0%	16.3%	19.5%
65	29.0%	29.0%	23.0%	28.0%	16.3%	19.5%
66	29.0%	29.0%	23.0%	27.0%	16.3%	19.5%
67	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
68	29.0%	29.0%	20.0%	22.0%	16.3%	19.5%
69	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
70	29.0%	29.0%	20.0%	23.0%	16.3%	19.5%
71-73	29.0%	29.0%	20.0%	20.0%	16.3%	19.5%
74-79	29.0%	29.0%	25.0%	25.0%	16.3%	19.5%
80+	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

Percent of Eligible Retirees Electing Coverage in Plan

100% of employees who are eligible to receive a district subsidy are assumed to elect coverage. 50% of Teachers and Administrators who are not eligible to receive a district subsidy are assumed to elect coverage. No Administrative Assistants or Nonprofessional Union employees who are not eligible to receive a district subsidy are assumed to elect coverage.

Percent Married at Retirement

50% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age

Wives are assumed to be two years younger than their husbands.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

I. Single Employer Defined Benefit Post Employment Health Insurance Plan (Continued)

E. Actuarial Methods and Assumptions (Continued)

Per Capita Claims Cost

The per capita claims cost for medical and prescription drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets. Dental and vision costs are assumed to not vary with age or gender. The resulting costs are as follows:

<u>AGE</u>	<u>MEDICAL AND PRESCRIPTION DRUG COMBINED</u>	
	<u>MALE RATE</u>	<u>FEMALE RATE</u>
45-49	\$ 6,885	\$ 9,610
50-54	8,875	10,764
55-59	10,646	11,228
60-64	13,664	12,787

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Health Care Cost Trend Rate

7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Actuarial Value of Assets

Equal to the Market Value of Assets.

Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Participant Data

Based on census information as of August 2023. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2023-2024 school year.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

I. Single Employer Defined Benefit Post Employment Health Insurance Plan
(Continued)

F. Net OPEB Liability and Sensitivity

Actuarial Valuation as of July 1, 2023 for the Fiscal Year Ending June 30, 2025

Total OPEB Liability	\$ 4,940,276
Plan Fiduciary Net Position	-0-
Net OPEB Liability (Asset)	4,940,276
Deferred Outflows of Resources	724,278
Deferred Inflows of Resources	1,428,168
Plan Fiduciary Net Position as a % of Total OPEB Liability	0.00%
Net OPEB Liability as a % of Covered-Employee Payroll	58.87%
OPEB Expense	\$ 296,598

Changes in the Net OPEB Liability

Total OPEB Liability

Fiscal Year Ending 6/30/2025

Balance at 7/1/2023	\$ <u>4,703,056</u>
Service Cost	214,794
Interest	198,926
Changes of Benefit Terms	-0-
Differences Between Expected and Actual Experience	-0-
Changes of Assumptions	10,404
Benefit Payments	(<u>186,904</u>)
Net Changes	237,220
Balance at 7/1/2024	\$ <u>4,940,276</u>

Changes of Assumptions

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

Changes of Benefit Terms

None.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

I. Single Employer Defined Benefit Post Employment Health Insurance Plan (Continued)

F. Net OPEB Liability and Sensitivity (Continued)

Deferred Outflows of Resources

Differences Between Expected and Actual Experience	\$ 76,475
Changes of Assumptions	389,316
Benefit Payments Subsequent to the Measurement Date (7/1/2024)	<u>258,487</u>
Total Deferred Outflows	\$ <u>724,278</u>

Deferred Inflows of Resources

Difference Between Expected and Actual Experience	\$ 358,204
Changes of Assumptions	<u>1,069,964</u>
Total Deferred Inflows	\$ <u>1,428,168</u>

Sensitivity of Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Increase</u>	<u>Current Discount Rate 4.29%</u>	<u>1% Decrease</u>
Net OPEB Liability			
(Asset)	\$ <u>4,641,302</u>	\$ <u>4,940,276</u>	\$ <u>5,252,685</u>

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

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Increase</u>	<u>Current Rates</u>	<u>1% Decrease</u>
Net OPEB Liability			
(Asset)	\$ <u>5,468,622</u>	\$ <u>4,940,276</u>	\$ <u>4,481,613</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

I. Single Employer Defined Benefit Post Employment Health Insurance Plan (Continued)

F. Net OPEB Liability and Sensitivity (Continued)

OPEB Expense and Future Recognition of Deferred Outflows and (Inflows)

<u>OPEB EXPENSE</u>	<u>YEAR ENDING June 30, 2025</u>
Service Cost	\$ 214,794
Interest on Total OPEB Liability	198,926
Changes of Benefit Terms	-0-
Contributions-Employee	-0-
Amortization of Deferred Outflows	66,740
Amortization of Deferred Inflows	(183,862)
Other Changes	-0-
Total OPEB Expense	\$ <u>296,598</u>

Future Deferred Outflows and (Inflows) to be Recognized as OPEB Expense (Income)

\$258,487 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2026	\$ (117,122)
2027	(117,122)
2028	(117,122)
2029	(117,122)
2030	(115,289)
Thereafter	(378,605)

Deferred Outflows of Resources

<u>DATE</u>	<u>INITIAL BALANCE</u>	<u>ANNUAL RECOGNITION</u>	<u>REMAINING BALANCE</u>	<u>REMAINING RECOGNITION PERIOD</u>	<u>TYPE</u>
July 1, 2018	\$ 7,612	\$ 634	\$ 3,174	5 Years	Assumption Change
July 1, 2019	111,762	9,314	55,878	6 Years	Experience Change
July 1, 2020	548,302	45,692	319,842	7 Years	Assumption Change
July 1, 2021	32,369	2,943	20,597	7 Years	Experience Change
July 1, 2023	71,170	7,117	56,936	8 Years	Assumption Change
July 1, 2024	10,404	<u>1,040</u>	<u>9,364</u>	9 Years	Assumption Change
Total		\$ <u>66,740</u>	\$ <u>465,791</u>		

Deferred Inflows of Resources

<u>DATE</u>	<u>INITIAL BALANCE</u>	<u>ANNUAL RECOGNITION</u>	<u>REMAINING BALANCE</u>	<u>REMAINING RECOGNITION PERIOD</u>	<u>TYPE</u>
July 1, 2017	\$ 21,943	\$ 1,829	\$ 7,311	4 Years	Assumption Change
July 1, 2019	126,931	10,578	63,463	6 Years	Assumption Change
July 1, 2021	156,628	14,239	99,672	7 Years	Assumption Change
July 1, 2022	1,236,838	112,440	899,518	8 Years	Assumption Change
July 1, 2023	447,756	<u>44,776</u>	<u>358,204</u>	8 Years	Experience Change
Total		\$ <u>183,862</u>	\$ <u>1,428,168</u>		

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

II. Cost Sharing Multiple Employer Defined Benefit Post Employment Health Plan Administered Through the Pennsylvania Public Schools Employees' Retirement System

1. General Information About the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

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

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

II. Cost Sharing Multiple Employer Defined Benefit Post Employment Health Plan Administered Through the Pennsylvania Public Schools Employees' Retirement System (Continued)

1. General Information About the Health Insurance Premium Assistance Program Health Insurance Premium Assistance Program (Continued)

Pension Plan Description

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

Benefits Provided

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

Employer Contributions:

The School District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$64,644 for the year ended June 30, 2025.

Basis of Presentation

The Schedule of Employer Allocations and Schedule of OPEB Amounts by Employer present amounts that are elements of the financial statements of the System or of its participating employers. Accordingly, they do not purport to be a complete presentation of the financial position or changes in financial position of either the System or its participating employers. The amounts presented in the schedules were prepared in accordance with U.S. generally accepted accounting principles. Such preparation requires management of the System to make a number of estimates and assumptions relating to the reported amounts. Due to the inherent nature of these estimates, actual results may differ from those estimates.

Covered Payroll

There were no payroll adjustments for the fiscal year June 30, 2024. The Schedule of Employer Allocations reconciles to the covered payroll presented in the Comprehensive Annual Financial Report.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

II. Cost Sharing Multiple Employer Defined Benefit Post Employment Health Plan Administered Through the Pennsylvania Public Schools Employees' Retirement System (Continued)

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

At June 30, 2025, the District reported a liability of \$1,101,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.0620% percent, which was a increase of 0.0008% from its proportion measured at June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$ 54,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 4,000	\$ (17,000)
Net difference between projected and actual investment earnings	1,000	-0-
Changes in proportions	45,000	(20,000)
Changes in assumptions	67,000	(168,000)
Contributions subsequent to the measurement date	<u>64,644</u>	<u>-0-</u>
	\$ <u>181,644</u>	\$ <u>(205,000)</u>

\$64,644 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	
2025	\$(22,000)
2026	(26,000)
2027	(31,000)
2028	(8,000)
2029	(1,000)
Thereafter	<u>-0-</u>
Total	\$ <u>(88,000)</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

II. Cost Sharing Multiple Employer Defined Benefit Post Employment Health Plan Administered Through the Pennsylvania Public Schools Employees' Retirement System (Continued)

3. 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 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$ 1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

II. Cost Sharing Multiple Employer Defined Benefit Post Employment Health Plan Administered Through the Pennsylvania Public Schools Employees' Retirement System (Continued)

3. Actuarial Assumptions (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefitting 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 MP-2015 Mortality Improvement Scale.

4. Discount Rate and Changes in Actuarial Assumptions

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

Change in Actuarial Assumptions

The discount rate used to measure the Total OPEB liability increased from 4.13% as of June 30, 2023 to 4.21% as of June 30, 2024.

5. Investments

Investments consist primarily of short term assets designed to protect the principal of the plan assets. The expected rate of return of 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.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

II. Cost Sharing Multiple Employer Defined Benefit Post Employment Health Plan Administered Through the Pennsylvania Public Schools Employees' Retirement System (Continued)

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

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

6. Sensitivity of the System Net OPEB Liability 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 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 health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
District's Proportionate Share of the Net OPEB Liability	\$ <u>1,101,000</u>	\$ <u>1,101,000</u>	\$ <u>1,101,000</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (Continued)

II. Cost Sharing Multiple Employer Defined Benefit Post Employment Health Plan Administered Through the Pennsylvania Public Schools Employees' Retirement System
(Continued)

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

The following presents the net OPEB liability for June 30, 2024, 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 <u>3.21%</u>	Current Discount <u>4.21%</u>	1% Increase <u>5.21%</u>
District's Proportionate Share of Net OPEB Liability	\$ <u>1,244,000</u>	\$ <u>1,101,000</u>	\$ <u>982,000</u>

OPEB Plan Fiduciary Net Position

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

NOTE 12 - PENSION PLAN

A. Defined Benefit Pension

1. Summary of Significant Accounting Policies

Pensions

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

General Information About the Pension Plan

Plan Description

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 12 - PENSION PLAN (Continued)

A. Defined Benefit Pensions (Continued)

Benefits Provided

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

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 between 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 Class T-F members, the right to benefits is vested after ten years of service.

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

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 12 - PENSION PLAN (Continued)

A. Defined Benefit Pensions (Continued)

Contributions

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

MEMBER CONTRIBUTION RATES				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21:7.50% After 7/1/21:8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21:10.30% After 7/1/21:10.8%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21:8.25% After 7/1/21:9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21:7.50% After 7/1/21:8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 12 - PENSION PLAN (Continued)

A. Defined Benefit Pensions (Continued)

Employer Contributions:

The School District's contractually required contribution rate for the fiscal year ended June 30, 2025 was 32.92%* of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$3,377,890 for the year ended June 30, 2025.

* The defined contribution rate of 0.35% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution plan. This may impact contributions made to the pension plan.

2. PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At June 30, 2025, the District reported a liability of \$25,908,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported coverage payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.0619 percent, which was a increase of .0008 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$2,801,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -0-	\$(407,000)
Changes of assumptions	-0-	-0-
Net difference between projected and actual investment earnings	428,000	-0-
Changes in proportions	282,000	(266,000)
Contributions subsequent to the measurement date	<u>3,377,890</u>	<u>-0-</u>
	<u>\$ 4,087,890</u>	<u>\$(673,000)</u>

\$3,377,890 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending June 30</u>	
2025	\$(711,000)
2026	635,000
2027	201,000
2028	(88,000)
Total	<u>\$ 37,000</u>

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 12 - PENSION PLAN (Continued)

A. Defined Benefit Pensions (Continued)

3. Actuarial Assumptions

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

- Valuation Date - June 30, 2023.
- Actuarial cost method-Entry Age Normal-level % of pay.
- Investment return-7.00%, includes inflation at 2.50%.
- Salary growth-Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect the PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for the use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 12 - PENSION PLAN (Continued)

A. Defined Benefit Pensions (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	30.0%	4.8%
Private Equity	12.0%	6.7%
Fixed Income	33.5%	3.9%
Commodities	5.0%	2.5%
Absolute Return	4.0%	4.1%
Infrastructure	10.0%	6.4%
Real Estate	9.5%	5.9%
	<u>100.0%</u>	

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

Discount Rate

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

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

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

	<u>1% Decrease 6.00%</u>	<u>Current Discount Rate 7.00%</u>	<u>1% Increase 8.00%</u>
District's Proportionate Share of Net Pension Liability	\$ <u>34,129,000</u>	\$ <u>25,908,000</u>	\$ <u>18,966,000</u>

Pension Plan Fiduciary Net Position

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

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 12 - PENSION PLAN (Continued)

B. Defined Contribution

PSERS administers a defined contribution plan. School employees who become new members of PSERS on or after July 1, 2019 will have one of three retirement plan options for their retirement benefits. The plan design options include two hybrid plans consisting of defined benefit and defined contribution (DC) components and a stand-alone defined contribution plan. The current defined benefit plan will no longer be available to new members after June 30, 2019.

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.

The normal retirement age, vesting period and final average salary for members are presented below:

<u>Membership Class</u>	<u>Normal Retirement Age</u>	<u>Pension Multiplier</u>	<u>Vesting</u>	<u>Final Average Salary</u>
T-G	Age 67 with a minimum of three years of credited service, or any combination of age and service that totals 97 with at least 35 years of credited service.	1.25%	10 years	For any 5 years of service.
T-H	Age 67 with a minimum of three years of credited service.	1.00%	10 years	For any 5 years of service.

In addition to regular retirement benefits, the System also provides for disability retirement benefits and death benefits. Participants are eligible for disability retirement benefits after completion of five years of credited service.

The contribution policy is set by the code and requires contributions by active members and employers.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 12 - PENSION PLAN (Continued)

B. Defined Contribution (Continued)

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

<u>Member Contribution Rates</u>				
<u>Membership Class</u>	<u>Continuous Employment Since</u>	<u>Defined Benefit (DB) Contribution Rate</u>	<u>DC Contribution Rate</u>	<u>Total Contribution Rate</u>
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	After 7/1/24: 8.25% 7/1/21-6/30/24: 9.00% Prior to 7/1/21: 8.25%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	After 7/1/24: 7.50% 7/1/21-6/30/24: 8.25% Prior to 7/1/21: 7.50%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

The employer defined contributions rate was .35% on annual covered payroll for the year ending June 30, 2025. For the year ending June 30, 2025, the total employer contribution pension expense recognized was \$ 35,913 which was 100% of the District's liability.

C. Total Employer Contributions (Pension and Health Insurance)

Based on the June 30, 2023 actuarial valuation, a total contribution rate of 33.90% of payroll payable by employers FY 2024/2025, when taken together with the contribution payable by the members, current assets, and expected future asset returns, is sufficient to achieve the financing objective. This rate consists of a 32.92% defined benefit pension rate plus a 0.63% health insurance contribution rate and 0.35% for Act 5 Defined Contributions Pensions.

The employer contribution rate for the fiscal year beginning July 1, 2025 has been recertified. The new contribution rate will be 34.00% of covered payroll.

Neshannock Township School District's contribution to PSERS for the years ended June 30, 2025, 2024, and 202 were \$ 3,478,446, \$ 3,323,611, and \$ 3,313,405 respectively, which were 100% of the required contribution.

According to requirements established in Act 29 of 1994, the Commonwealth reimburses school entity employers a portion of the employer contributions paid to the System. All school entity employers are reimbursed by the Commonwealth at least 50% of the total employer contributions based on the total contribution rate. The Commonwealth reimburses certain school entity employers at a rate greater than 50% based upon non-pension criteria which stipulates that the entity must have a Commonwealth Department of Education calculated Market Value/Personal Income Aid Ratio in excess of 50%.

NOTE 12 - PENSION PLAN (Continued)

C. Total Employer Contributions (Pension and Health Insurance) (Continued)

The following is a history of contribution rates and funded ratios from the Pennsylvania Public School Employees' Retirement System's Comprehensive Annual Financial Report for Fiscal Year Ended June 30, 2023:

<u>Fiscal Year Ending June 30</u>	<u>Defined Benefit Pension</u>	<u>Defined Contributions Pension</u>	<u>Employer Health Insurance</u>	<u>Total Employer</u>
2011	5.00%	N/A	0.64%	5.64%
2012	8.00%	N/A	0.65%	8.65%
2013	11.50%	N/A	0.86%	12.36%
2014	16.00%	N/A	0.93%	16.93%
2015	20.50%	N/A	0.90%	21.40%
2016	25.00%	N/A	0.84%	25.84%
2017	29.20%	N/A	0.83%	30.03%
2018	31.74%	N/A	0.83%	32.57%
2019	32.60%	N/A	0.83%	33.43%
2020	33.36%	0.09%	0.84%	34.29%
2021	33.51%	0.18%	0.82%	34.51%
2022	33.99%	0.15%	0.80%	34.94%
2023	34.31%	0.20%	0.75%	35.26%
2024	33.09%	0.27%	0.64%	34.00%
2025	32.92%	0.35%	0.63%	33.90%

The chart below shows the 8-year projected employer contribution rates using the June 30, 2025 valuation.

<u>Fiscal Year Ending June 30</u>	<u>Total Employer Contribution Rate %</u>
2026	34.00%
2027	33.59%
2028	34.12%
2029	34.63%
2030	35.17%
2031	35.69%
2032	36.06%
2033	36.87%
2034	37.48%

NOTE 13 - CONTINGENT LIABILITIES

Risk Management

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District has purchased various insurance policies to safeguard its assets from risk of loss. Insurance coverage appears to be consistent with previous years.

Grant Programs

The School 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 School District is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

In the normal course of operations, the School District is involved in various civil disputes, principally regarding property tax appeals. Management is of the opinion that any unfavorable outcome resulting from these actions would not have a material effect on the School District's financial position.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Notes to Financial Statements
June 30, 2025

NOTE 14 - ACTIVITY FUND REVENUE

The nature of the Activity Fund is such that all of the receipts are collected from outside sources and these records are sent to the business office for recording and classification. Since these monies are not controlled by the School District at the source of receipt, that is, student activities such as dances, candy sales, etc., we have been unable to substantiate and audit these funds.

NOTE 15 - PRIOR PERIOD INFORMATION INCLUDED AS SUPPLEMENTARY INFORMATION

The financial statements include certain prior-year comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024 from which the summarized information was derived.

NOTE 16 - SUBSEQUENT EVENTS

The School District has evaluated subsequent events through February 27, 2026, the date which the financial statements were available to be issued.

William M Hauser, CPA, LLC
A Pennsylvania Accounting Firm
License Number AF068126
Ellwood City Pennsylvania

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

Board of Directors
Neshannock Township School District
New Castle, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Neshannock Township School District, as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Neshannock Township School District's basic financial statements and have issued our report thereon February 27, 2026.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

William M. Hansen, CPA, LLC

Ellwood City, Pennsylvania
February 27, 2026

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REQUIRED SUPPLEMENTARY INFORMATION

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Statement of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended June 30, 2025

	BUDGETED AMOUNTS		ACTUAL (BUDGETARY BASIS)	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
	<u>ORIGINAL</u>	<u>FINAL</u>		
<u>REVENUES</u>				
Local Sources	\$ 16,762,805	\$ 16,762,805	\$ 17,241,150	\$ 478,345
State Sources	7,761,056	7,761,056	8,080,109	319,053
Federal Sources	<u>500</u>	<u>500</u>	<u>1,884</u>	<u>1,384</u>
Total Revenues	<u>24,524,361</u>	<u>24,524,361</u>	<u>25,323,143</u>	<u>798,782</u>
<u>EXPENDITURES</u>				
Regular Programs	10,217,798	9,949,798	9,939,535	10,263
Special Programs	2,595,753	2,863,753	3,007,817	(144,064)
Vocational Programs	797,926	797,926	817,808	(19,882)
Other Instructional Programs	127,860	127,860	191,886	(64,026)
Pupil Personnel Services	615,739	615,739	630,418	(14,679)
Instructional Staff Services	553,887	553,887	572,210	(18,323)
Administration Services	1,540,925	1,540,925	1,523,246	17,679
Pupil Health	293,710	314,710	473,965	(159,255)
Business Services	237,219	237,219	241,340	(4,121)
Operation and Maintenance of Plant Services	1,974,808	1,974,808	2,218,436	(243,628)
Student Transportation Services	975,128	975,128	1,332,937	(357,809)
Central and Other Support Services	968,841	947,841	947,307	534
Other Support Services	19,000	19,000	17,803	1,197
Student Activities	778,928	778,928	791,940	(13,012)
Facilities Acquisition, Construction and Improvement Services	-0-	-0-	304,770	(304,770)
Debt Service	155,780	155,780	155,780	-0-
Refund of Prior Years Receipts	-0-	-0-	3,322	(3,322)
Leases and Other Right-To-Use Arrangements	<u>69,591</u>	<u>69,591</u>	<u>69,591</u>	<u>-0-</u>
Total Expenditures	<u>21,922,893</u>	<u>21,922,893</u>	<u>23,240,111</u>	<u>(1,317,218)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,601,468</u>	<u>2,601,468</u>	<u>2,083,032</u>	<u>(518,436)</u>
<u>OTHER FINANCING SOURCES (USES)</u>				
Sale of Assets	-0-	-0-	-0-	-0-
Transfers Out	(2,528,990)	(2,528,990)	(2,453,990)	75,000
Budgetary Reserve	<u>(25,000)</u>	<u>(25,000)</u>	<u>-0-</u>	<u>25,000</u>
Net Change in Fund Balance	\$ <u>47,478</u>	\$ <u>47,478</u>	(370,958)	\$ (<u>418,436</u>)
Fund Balance July 1, 2024			<u>7,579,055</u>	
Fund Balance June 30, 2025			\$ <u>7,208,097</u>	

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP
Schedule of Changes in the District's
Postemployment
Year Ended

	<u>June 30, 2025</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>
<u>TOTAL OPEB LIABILITY</u>			
Service Cost	\$ 214,794	\$ 223,801	\$ 335,203
Interest	198,926	201,255	137,103
Changes of Benefit Terms	-0-	-0-	-0-
Difference Between Expected and Actual Experience	-0-	(447,756)	-0-
Changes of Assumption	10,404	71,170	(1,236,838)
Benefit Payments	(186,904)	(171,562)	(190,693)
Other Changes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Net Changes in Total OPEB Liability	237,220	(123,092)	(955,225)
Total OPEB Liability-Beginning	<u>4,703,056</u>	<u>4,826,148</u>	<u>5,781,373</u>
Total OPEB Liability-Ending	\$ <u>4,940,276</u>	\$ <u>4,703,056</u>	\$ <u>4,826,148</u>
Covered Payroll	\$ <u>8,392,254</u>	\$ <u>8,392,254</u>	\$ <u>7,824,204</u>
Total OPEB Liability as a Percentage of Covered Employee Payroll	<u>58.87%</u>	<u>56.04%</u>	<u>61.68%</u>

The amounts presented for each fiscal year were determined as of the prior fiscal year of the OPEB plan (the measurement date).

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT
Single Employer Defined Benefit
Health Plan
June 30, 2025

<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
\$ 338,398	\$ 244,172	\$ 271,703	\$ 250,294	\$ 250,540
109,836	171,081	144,418	146,143	110,954
-0-	-0-	128,521	-0-	97,210
32,369	-0-	111,762	-0-	-0-
(156,628)	(548,302)	(126,931)	7,612	(21,943)
(238,647)	(250,970)	(263,067)	(230,843)	(214,630)
<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
85,328	712,585	266,406	173,206	222,131
<u>5,696,045</u>	<u>4,983,460</u>	<u>4,717,054</u>	<u>4,543,848</u>	<u>4,321,717</u>
\$ <u>5,781,373</u>	\$ <u>5,696,045</u>	\$ <u>4,983,460</u>	\$ <u>4,717,054</u>	\$ <u>4,543,848</u>
\$ <u>7,824,204</u>	\$ <u>7,205,001</u>	\$ <u>7,205,001</u>	\$ <u>7,456,832</u>	\$ <u>7,456,832</u>
<u>73.89%</u>	<u>79.06%</u>	<u>69.17%</u>	<u>63.26%</u>	<u>60.94%</u>

NESHANNOCK TOWNSHIP
 Pennsylvania Public School Employees
Year Ended

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE COLLECTIVE NET OPEB LIABILITY-See Note below

	<u>Year Ended June 30</u>	
	<u>2025</u>	<u>2024</u>
District's Proportion of the Collective Net OPEB Liability (Asset)	.0620%	.0612%
District's Proportionate Share of the Collective Net OPEB Liability (Asset)	\$ 1,101,000	\$ 1,107,000
District's Covered Payroll	9,838,567	9,397,064
District's Proportionate Share of the Collective Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	11.19%	11.78%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	7.13%	7.22%

* The amounts presented for each fiscal year were determined as of the prior fiscal year of the OPEB plan (the measurement date).

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS-See Note below

	<u>Year Ended June 30</u>	
	<u>2025</u>	<u>2024</u>
Contractually Required Contribution	\$ 64,644	\$ 62,562
Contributions in Relation to the Contractually Required Contributions	(64,644)	(62,562)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$10,260,905	\$ 9,838,567
Contributions as a Percentage of Covered Payroll	.63%	.64%

NOTE

Changes in Benefit Terms None

Changes in Actuarial Assumptions

The discount rate used to measure the Total OPEB liability varied from 2.71% as of June 30, 2016 to 4.21% as of June 30, 2024.

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT
Retirement System Plan-OPEB Plan
June 30, 2025

Year Ended June 30					
2023	2022	2021	2020	2019	2018
.0626%	.0624%	.0592%	.0591%	.0568%	.0599%
\$ 1,152,000	\$ 1,480,000	\$ 1,279,000	\$ 1,257,000	\$ 1,157,000	\$ 1,290,000
9,167,825	8,881,220	8,333,298	8,055,920	7,546,353	7,828,508
12.52%	16.72%	15.39%	15.43%	15.33%	16.48%
6.86%	5.30%	5.69%	5.43%	5.73%	5.47%

Year Ended June 30						
2023	2022	2021	2020	2019	2018	2017
\$ 70,478	\$ 73,343	\$ 72,826	\$ 70,005	\$ 67,864	\$ 62,635	\$ 65,759
(70,478)	(73,343)	(72,826)	(70,005)	(67,864)	(62,635)	(65,759)
\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
\$ 9,397,064	\$ 9,167,825	\$ 8,881,220	\$ 8,333,298	\$ 8,055,920	\$ 7,546,353	\$ 7,828,508
.75%	.80%	.82%	.84%	.83%	.83%	.83%

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY-See Note below

	<u>Year Ended June 30</u>	
	<u>2025</u>	<u>2024</u>
District's Proportion of the Net Pension Liability (Asset)	.0619%	.0611%
District's Proportionate Share of the Net Pension Liability (Asset)	\$ 25,908,000	\$ 27,181,000
District's Covered-Employee Payroll	9,775,328	9,397,065
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered-Employee Payroll	265.03%	289.25%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.63%	61.85%

* The amounts presented for each fiscal year were determined as of the prior fiscal year of the pension plan (the measurement date).

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS-See Note below

	<u>Year Ended June 30</u>		
	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually Required Contribution	\$ 3,377,890	\$ 3,234,656	\$ 3,224,133
Contributions in Relation to the Contractually Required Contributions	<u>3,377,890</u>	<u>3,234,656</u>	<u>3,224,133</u>
Contribution Deficiency (Excess)	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
District's Covered-Employee Payroll	\$ 10,260,905	\$ 9,775,328	\$ 9,397,065
Contributions as a Percentage of Covered Payroll	32.92%	33.09%	34.31%

NOTE

Changes in Benefit Terms None

Changes in Actuarial Assumptions

Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:

- Salary growth rate- decreased from 5.00% to 4.50%.
- Real wage growth and merit or seniority increases (components for salary growth)- decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
- Mortality rates- previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT
Retirement System Plan
June 30, 2025

<u>Year Ended June 30</u>						
<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
.0623%	.0621%	.0588%	.0591%	.0568%	.0599%	.0603%
\$27,698,000	\$25,496,000	\$28,953,000	\$27,649,000	\$28,053,000	\$29,685,000	\$26,119,000
9,167,825	8,623,837	8,333,960	8,055,920	7,546,353	7,828,508	7,665,361
303.35%	295.65%	347.41%	343.21%	371.74%	379.19%	340.74%
61.34%	63.67%	54.32%	55.66%	51.84%	50.14%	54.36%

<u>Year Ended June 30</u>						
<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$3,116,144	\$2,976,086	\$2,780,209	\$2,556,949	\$2,203,535	\$1,975,127	\$1,571,399
<u>3,116,144</u>	<u>2,976,086</u>	<u>2,780,209</u>	<u>2,556,949</u>	<u>2,203,535</u>	<u>1,975,127</u>	<u>1,571,399</u>
\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>
\$9,167,825	\$8,623,837	\$8,333,960	\$8,055,920	\$7,546,353	\$7,828,508	\$7,665,361
33.99%	34.51%	33.36%	31.74%	29.2%	25.0%	20.5%

SUPPLEMENTAL INFORMATION

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Comparative-Revenues and Expenditures
General Fund
For the Years Ended June 30, 2025 and 2024

	<u>JUNE 30</u>		<u>POSITIVE</u>
	<u>2025</u>	<u>2024</u>	<u>(NEGATIVE)</u>
<u>ACCOUNT 6000-REVENUE FROM LOCAL SOURCES</u>			
6111 Current Real Estate Taxes	\$ 13,365,349	\$ 12,667,985	\$ 697,364
6113 Public Utility Tax	13,935	12,698	1,237
6114 Payments in Lieu of Current Taxes	688	197	491
6120 Current Per Capita Taxes, Sec. 679	26,202	26,372	(170)
6141 Current Per Capita Taxes, Act 511	52,404	52,745	(341)
6143 Current Local Services Taxes, Act 511	45,955	44,671	1,284
6151 Current Earned Income Taxes, Act 511	1,740,345	1,743,190	(2,845)
6153 Current Real Estate Transfer Taxes, Act 511	251,523	355,294	(103,771)
6411 Delinquent Real Estate Taxes	410,287	522,168	(111,881)
6420 Delinquent Per Capita Taxes, Sec. 679	6,933	6,266	667
6441 Delinquent Per Capita Taxes, Act 511	13,866	12,533	1,333
6510 Interest on Investments and Interest Bearing Checking Accounts	542,129	553,583	(11,454)
6710 Athletic Receipts	41,567	46,285	(4,718)
6740 Fees-Participation/Parking	78,708	38,716	39,992
6831 Revenue from Intermediate Sources-Federal Funds	164,701	176,242	(11,541)
6832 Revenue from Intermediate Sources-IDEA Funds	201,677	206,659	(4,982)
6910 Rentals	1,365	1,150	215
6920 Contributions and Donations from Private Source	960	10,600	(9,640)
6941 Regular Day School Tuition	82,194	125,549	(43,355)
6944 Receipts from Other Pennsylvania LEA's - Education	-0-	-0-	-0-
6961 Transportation Services Provided Other LEA's	-0-	75	(75)
6962 Services Provided Other Pennsylvania LEA's	159,479	153,300	6,179
6991 Refund of Prior Years Expenditures	6,094	10,518	(4,424)
6999 Revenue from Miscellaneous Sources	<u>34,789</u>	<u>13,103</u>	<u>21,686</u>
	<u>17,241,150</u>	<u>16,779,899</u>	<u>461,251</u>
<u>ACCOUNT 7000-REVENUE FROM STATE SOURCES</u>			
7111 Basic Education Funding-Formula	3,769,190	3,695,640	73,550
7140 Charter Schools	40,447	-0-	40,447
7160 Tuition for Orphans and Children Placed in Private Homes	34,337	22,894	11,443
7271 Special Education for School Aged Pupils	839,087	790,611	48,476
7310 Transportation (Regular and Additional)	254,896	258,887	(3,991)
7320 Rentals and Sinking Fund Payments	193,129	198,826	(5,697)
7330 Health Services Funding (Regular and Additional)	24,068	22,283	1,785
7340 State Property Tax Reduction	312,532	248,543	63,989
7360 Safe Schools	140,063	-0-	140,063
7530 Ready to Learn Block Grant	318,059	140,499	177,560
7810 State Share of Social Security and Medicare	406,491	386,555	19,936
7820 State Share of Retirement Contributions	<u>1,747,810</u>	<u>1,659,197</u>	<u>88,613</u>
	<u>8,080,109</u>	<u>7,423,935</u>	<u>656,174</u>
<u>ACCOUNT 8000-REVENUE FROM FEDERAL SOURCES</u>			
8752 ARP ESSER Summer Programs	-0-	11,201	(11,201)
8810 Medical Assistance Reimbursements	-0-	-0-	-0-
8820 Medical Assistance Reimbursements for Health Related Transportation and Administrative Cost	<u>1,884</u>	<u>672</u>	<u>1,212</u>
	<u>1,884</u>	<u>11,873</u>	<u>(9,989)</u>
<u>ACCOUNT 9000-OTHER FINANCING SOURCES</u>			
9220 Leases and Other Right to Use Arrangements	-0-	-0-	-0-
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ <u>25,323,143</u>	\$ <u>24,215,707</u>	\$ <u>625,649</u>

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Comparative-Revenues and Expenditures
General Fund
For the Years Ended June 30, 2025 and 2024

		<u>JUNE 30</u>		<u>VARIANCE</u>
		<u>2025</u>	<u>2024</u>	<u>POSITIVE</u> <u>(NEGATIVE)</u>
<u>ACCOUNT 1000-INSTRUCTION</u>				
1100	Regular Programs-Elementary/Secondary	\$ 9,939,535	\$ 9,790,035	\$ (149,500)
1200	Special and Gifted Education	3,007,817	2,504,908	(502,909)
1300	Vocational Education Programs	817,808	848,853	31,045
1410	Other Instructional Programs-Elementary/ Secondary Drivers Education	70,557	69,437	(1,120)
1430	Other Instructional Programs-Elementary/ Secondary-Homebound Instruction	863	297	(566)
1441	Adjudicated/Court Placed Programs	-0-	-0-	-0-
1442	Other Instructional Programs-Alternative Education	120,466	47,785	(72,681)
		<u>13,957,046</u>	<u>13,261,315</u>	<u>(695,731)</u>
<u>ACCOUNT 2000-SUPPORT SERVICES</u>				
2120	Pupil Personnel-Guidance Services	485,912	506,529	20,617
2140	Pupil Personnel-Psychological Services	144,506	107,280	(37,226)
2200	Instructional Staff	572,210	568,489	(3,721)
2310	Administration-Board Services	26,295	34,524	8,229
2330	Administration-Tax Assessment and Collection Services	97,679	103,753	6,074
2350	Administration-Legal Services	33,830	17,963	(15,867)
2360	Administration-Office of the Superintendent Services	444,113	413,315	(30,798)
2380	Administration-Office of the Principal Services	921,329	901,030	(20,299)
2400	Pupil Health	473,965	294,131	(179,834)
2500	Business	241,340	256,633	15,293
2600	Operation and Maintenance of Plant Services	2,218,436	1,937,841	(280,595)
2700	Student Transportation Services	1,332,937	1,026,588	(306,349)
2800	Central and Other Support Services	947,307	889,833	(57,474)
2900	Other Support Services	17,803	18,410	607
		<u>7,957,662</u>	<u>7,076,319</u>	<u>(881,343)</u>
<u>ACCOUNT 3000-OPERATION OF NON-INSTRUCTIONAL SERVICES</u>				
3200	Student Activities	791,940	764,052	(27,888)
<u>ACCOUNT 4000-FACILITIES ACQUISITION, CONSTRUCTION AND IMPROVEMENT SERVICES</u>				
		<u>304,770</u>	<u>575,500</u>	<u>270,730</u>
<u>ACCOUNT 5000-DEBT SERVICES AND OTHER FINANCING USES</u>				
5110	Debt Service	155,780	155,652	(128)
5130	Refund of Prior Years Receipts	3,322	-0-	(3,322)
5140	Leases and Other Right to Use Arrangements	69,591	69,589	(2)
5230	Fund Transfers-Capital Project Fund	50,000	50,000	-0-
5240	Fund Transfers-Debt Service Fund	2,403,990	2,154,544	(249,446)
5250	Fund Transfers-Enterprise Fund	-0-	44,500	44,500
5900	Budgetary Reserve	-0-	-0-	-0-
		<u>2,682,683</u>	<u>2,474,285</u>	<u>(208,398)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES		\$ <u>25,694,101</u>	\$ <u>24,151,471</u>	\$ <u>(1,542,630)</u>

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP SCHOOL DISTRICT
Statement of Receipts and Disbursements
Activity Fund
For the Year Ended June 30, 2025

	BALANCE <u>JULY 1, 2024</u>	RECEIPTS	DISBURSEMENTS	BALANCE <u>June 30, 2025</u>
Band Auxiliary Squads Fund	\$ 843	\$ 2,386	\$ 1,457	\$ 1,772
Club Hope	1	597	597	1
Culinary Arts Club	2,519	5,536	4,467	3,588
French Club	120	1	-0-	121
Future Business Leaders of America	3,626	26,771	15,954	14,443
Junior High Student Advisory				
Council Account	5,450	6,324	7,089	4,685
Lance Fund	2,099	6,614	5,746	2,967
Movie Club	119	1	1	119
Musical Account	12,642	28,705	46,409	(5,062)
National Junior Honor Society Fund	-0-	-0-	-0-	-0-
National Honor Society Fund	2,991	3,932	2,445	4,478
Rotary Interact	54	-0-	-0-	54
School Store	1,835	15	7	1,843
Senior High Choir	(21)	-0-	-0-	(21)
Ski Club	2,017	28,827	26,175	4,669
Spanish Club	452	23	2	473
Student Government Fund	2,881	23,441	22,629	3,693
Prom	(2,333)	32,657	23,690	6,634
Technology Student Organization	<u>1,226</u>	<u>618</u>	<u>7</u>	<u>1,837</u>
Totals	\$ <u>36,521</u>	\$ <u>166,448</u>	\$ <u>156,675</u>	\$ <u>46,294</u>

The accompanying notes and auditor's report should be read with this financial statement.

NESHANNOCK TOWNSHIP

Schedule of Federal Financial Assistance Statement as Required
For the Year Ended

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM or CLUSTER TITLE	SOURCE CODE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR NUMBER	GRANT PERIOD BEGINNING DATE	GRANT PERIOD ENDING DATE
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U.S. DEPARTMENT OF EDUCATION

Passed Through the Pennsylvania
Department of Education:

American Rescue Plan-Elementary
and Secondary School
Emergency Relief Fund

I	84.425U	225-21-0278	03-13-20	09-30-24
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Total Education Stabilization Fund

Total US Department of Education

U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES

Passed Through the Pennsylvania
Department of Public Welfare:

I	93.778	DPW-SPE	07-01-24	06-30-25
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Total US Department of Health and
Human Services

U.S. DEPARTMENT OF AGRICULTURE

Passed Through the Pennsylvania
Department of Education:

I	10.555	104-37-520-3	07-01-23	06-30-24
I	10.553	104-37-520-3	07-01-23	06-30-24
I	10.555	104-37-520-3	07-01-24	06-30-25
I	10.553	104-37-520-3	07-01-24	06-30-25

Passed Through the Pennsylvania
Department of Agriculture:

I	10.555	2-01-37-520	07-01-24	06-30-25
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Total Child Nutrition Cluster

Total US Department of Agriculture

Total Federal Assistance

Reconciliation with Federal Subsidy Confirmation:

Per Total Received for the Year	\$ 216,368
Less: Items on Schedule Not on Confirmation	
Donated Commodities	(26,046)
Medical Assistance Program-Reimbursement (8820)	(1,884)
Add: Items on Confirmation Not on Schedule	
Food Nutrition Service - Lunch	8,647
Food Nutrition Service - Breakfast - Needy	3,650
State Breakfast Initiative	52,420
Per FAI Federal Subsidy Section	\$ <u>253,155</u>

The accompanying notes and auditor's report should be read with this financial statement.

SCHOOL DISTRICT
by the Pennsylvania Department of Education
June 30, 2025

<u>PROGRAM OR AWARD AMOUNT</u>	<u>PASSED THROUGH TO SUBRECIPIENTS</u>	<u>TOTAL RECEIVED FOR THE YEAR</u>	<u>ACCRUED OR (DEFERRED) AT 7-01-24</u>	<u>REVENUE RECOGNIZED</u>	<u>DISBURSEMENTS/ EXPENDITURES</u>	<u>ACCRUED OR DEFERRED AT 6-30-25</u>
56,003	-0-	<u>7,331</u>	<u>7,331</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	-0-	<u>7,331</u>	<u>7,331</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
	-0-	<u>7,331</u>	<u>7,331</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
1,884	-0-	<u>1,884</u>	<u>-0-</u>	<u>1,884</u>	<u>1,884</u>	<u>-0-</u>
	-0-	<u>1,884</u>	<u>-0-</u>	<u>1,884</u>	<u>1,884</u>	<u>-0-</u>
163,143	-0-	<u>1,634</u>	<u>1,634</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
38,283	-0-	<u>412</u>	<u>412</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
135,846	-0-	<u>133,438</u>	<u>-0-</u>	<u>135,846</u>	<u>135,846</u>	<u>2,408</u>
46,369	-0-	<u>45,623</u>	<u>-0-</u>	<u>46,369</u>	<u>46,369</u>	<u>746</u>
26,046	-0-	<u>26,046</u>	<u>-0-</u>	<u>26,046</u>	<u>26,046</u>	<u>-0-</u>
	-0-	<u>207,153</u>	<u>2,046</u>	<u>208,261</u>	<u>208,261</u>	<u>3,154</u>
	-0-	<u>207,153</u>	<u>2,046</u>	<u>208,261</u>	<u>208,261</u>	<u>3,154</u>
	-0-	<u>\$ 216,368</u>	<u>\$ 9,377</u>	<u>\$ 210,145</u>	<u>\$ 210,145</u>	<u>\$ 3,154</u>

APPENDIX D
Form of Continuing Disclosure Undertaking

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FORM OF
CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by the Neshannock Township School District (the “Issuer”), in connection with the issuance of its \$_____ General Obligation Bonds, Series of 2026 (the “Bonds”). The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer (the “Governing Body”) on May 14, 2026 (the “Resolution”). The Issuer acknowledges, covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Undertaking.*** This Disclosure Undertaking is being executed and delivered by the Issuer for the benefit of the Bondholders and in order to comply with, and constitutes the written undertaking for the benefit of Bondholders required by, Section (b)(5)(i) of Securities and Exchange Commission Rule 15c2-12 under the Securities Exchange Act of 1934, as amended (17 C.F.R. Part 240, § 240.15c2-12) (the “Rule”).

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

“*Annual Information*” means the Issuer’s: (a) financial statements for the most recent fiscal year which ended on the June 30 immediately preceding the Report Date, beginning with the fiscal year ending June 30, 2026, prepared in accordance with generally accepted accounting principles for local government units; together with (b) the Operating Data.

“*Beneficial Owner*” means any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries).

“*Bondholder*” means any person having title to one or more of the Bonds and any Beneficial Owner thereof.

“*Disclosure Representative*” means the Business Manager of the Issuer or his or her designee, or such other officer or employee as the Issuer shall designate from time to time.

“*Dissemination Agent*” means any person or entity designated by the Issuer.

“*EMMA*” means the continuing disclosure service of the MSRB’s Electronic Municipal Market Access system, as established by SEC Release No. 34-58256, as amended, and approved by SEC Release No. 34-59061.

“*Financial Obligation*” means (a) a debt obligation, (b) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation, or (c) a guarantee of either (a) or (b). 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.

“*Material Event(s)*” means any one or more of the following events or circumstances:

- (i) principal and interest payment delinquencies;
- (ii) non-payment 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 or Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the security or other material events affecting the tax status of the security;
- (vii) modifications to the rights of security holders, if material;
- (viii) bond calls, except for mandatory scheduled redemptions not otherwise contingent upon the occurrence of an event, and tender offers;
- (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 event, such as determination of distressed status or financial recovery status, affecting the Issuer;
- (xiii) the consummation of a merger, consolidation, or acquisition of the Issuer or the sale of all or substantially all of the assets of the Issuer, 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) the appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) the incurrence of a Financial Obligation of the Issuer, if material, or the agreement, in connection with a Financial Obligation, to new, or additional, covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) default, event of acceleration, termination event, modification of terms, or other similar event under the terms of a Financial Obligation of the Issuer, any of which reflect financial difficulties.

“MSRB” means the Municipal Securities Rulemaking Board.

“Official Statement” means the Preliminary Official Statement relating to the Bonds, dated July _____, and the Official Statement relating to the Bonds, dated _____.

“Operating Data” means (a) a summary of the budget for the current fiscal year (the fiscal year following the fiscal year of the financial statements being provided); and (b) updated and current information consistent with the information appearing in the following identified tables within the Official Statement, under the following headings:

- (i) TABLE 2 “ENROLLMENT TRENDS”

(ii) TABLE 11 “REAL PROPERTY TAX COLLECTION DATA”.

“*Purchaser*” means Stifel, Nicolaus & Company, Incorporated, in its role as original purchaser and underwriter of the Bonds.

“*Report Date*” means the date 270 days next following the end of each fiscal year.

“*SEC*” means the Securities and Exchange Commission.

“*Tax-exempt*” means that interest on the Bonds is excluded from gross income for federal income tax purposes, whether or not such interest is includable as an item of tax preference or otherwise includable directly or indirectly for purposes of calculating any other tax liability, including any alternative minimum tax.

Section 3. ***Provision of Annual Information.*** The Issuer shall provide the Annual Information to EMMA each year, promptly, when available, and by a date not later than the Report Date.

The Annual Information may be submitted as a single document or as separate documents comprising a package, and may incorporate by reference, or may cross-reference, information from other documents, including official statements of debt issues of the Issuer or related public entities, so long as the same is contained in public documents already available on EMMA. The Annual Information shall clearly identify each such other document so incorporated or referenced.

The Issuer shall also provide to EMMA, by the Report Date, a notice of any failure by the Issuer to provide the Annual Information on time.

If not submitted as part of the Annual Information, then when and if available, audited financial statements for the School District, prepared in accordance with generally accepted accounting practices, in respect of the fiscal year which ended on the June 30 immediately preceding the Report Date.

Section 4. ***Reporting of Material Events.*** (a) Whenever, and on each and every such time, the Issuer obtains knowledge of the occurrence of a Material Event, the Disclosure Representative shall, as soon as practicable, determine if such event is material information for Bondholders, and, thereafter, but within ten (10) business days of first obtaining such knowledge, file a notice of such occurrence with EMMA. Notwithstanding the foregoing, (a) any event listed under (xi) of the definition of Material Events will always be deemed to be material; and (b) notice of Material Events described in (viii) and (ix) of the definition need not be given under this Section any earlier than the notice (if any) of such event is given to holders of affected Bonds pursuant to the Resolution.

Section 5. ***Termination of Reporting Obligation.*** The Issuer’s obligations under this Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Section 6. ***Dissemination Agent.*** The Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Undertaking, and may discharge any such Dissemination Agent with or without appointing a successor Dissemination Agent. If no replacement Dissemination Agent is appointed, the Issuer shall undertake all obligations thereof hereunder. Notwithstanding the foregoing, the appointment or engagement of a Dissemination Agent does not relieve the Issuer of any of the obligations set forth in this Disclosure Undertaking or under the Rule.

Section 7. ***Amendment.*** Notwithstanding any other provision of this Disclosure Undertaking, the Issuer may amend this Disclosure Undertaking, if such amendment is supported by an opinion of competent securities disclosure counsel, who is acceptable to the Purchaser, to the effect that such amendment does not cause the undertakings herein to violate the Rule, taking into account any subsequent change in or official interpretation of the Rule.

Section 8. ***Additional Information.*** Nothing in this Disclosure Undertaking shall be deemed to prevent the Issuer from disseminating any other information on a voluntary basis, using the means of dissemination set forth in this Disclosure Undertaking, or including any other information in any Annual Information or notice of occurrence of a Material Event, in addition to that which is required by this Disclosure Undertaking. If the Issuer chooses to include any information in any Annual Information or notice of occurrence of a Material Event in addition to that which is specifically required by this Disclosure Undertaking, the Issuer shall not incur an obligation under this Disclosure Undertaking to update such information or to include it in any future Annual Information or notice of occurrence of a Material Event, simply by reason of such voluntary disclosure.

Section 9. ***Default.*** In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Undertaking or of the Rule, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the Issuer or the Dissemination Agent, as the case may be, to comply with said provisions hereof and of the Rule. A default under this Disclosure Undertaking shall not be deemed a default under the Resolution or in respect of the Bonds and the rights and remedies provided by the Resolution or the Bonds upon the occurrence of a default hereunder shall not apply to any such failure. The sole remedy under this Disclosure Undertaking in the event of any failure of the Issuer or the Dissemination Agent to comply with its obligations shall be an action to compel performance.

Section 10. ***Immunities of Individuals.*** No personal recourse shall be had for any claim based hereon against the Disclosure Representative, or any member, officer or employee, past, present or future, of the Issuer or of any successor body.

Section 11. ***Beneficiaries.*** This Disclosure Undertaking, and the rights and privileges created hereby, shall inure solely to the benefit of the Issuer, the Purchaser and the Bondholders, and shall create no rights in any other person or entity.

Section 12. ***Notices.***

Any notices or communications to or with the Issuer may be given as follows:

Neshannock Township School District
3834 Mitchell Road
New Castle, PA 16105
Attention: Business Manager

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Disclosure Undertaking as of this date, _____, 2026.

NESHANNOCK TOWNSHIP SCHOOL
DISTRICT

By: _____
President, Board of School Directors

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APPENDIX E
Specimen Municipal Bond Insurance Policy

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