

PRELIMINARY OFFICIAL STATEMENT DATED JULY 1, 2026

NEW ISSUE—BOOK-ENTRY ONLY

RATING: S&P: "AA" (Stable Outlook) (AG Insured)
Moody's: "Aa3" (Enhanced)
Moody's: "A3" (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 (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 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.

\$2,650,000*
Conemaugh Valley School District
Cambria County, Pennsylvania
General Obligation Bonds, Series of 2026

Dated: Date of Delivery
Interest Due: February 1 and August 1

Principal Due: February 1, as shown on inside cover
First Interest Payment: February 1, 2027

The General Obligation Bonds, Series of 2026 (the "Bonds") in the aggregate principal amount of \$2,650,000* will be issued in book-entry only form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the Conemaugh Valley School District, Cambria 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, hereinafter defined, or from any other of its revenues or funds, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full, credit and available taxing power. (See "THE BONDS - Security" and "TAXING POWERS OF THE SCHOOL DISTRICT" *infra*).

Interest on each of the Bonds is payable initially on February 1, 2027 and thereafter semiannually on February 1 and March 1 of each year until the maturity date of such Bond. The School District has appointed The Bank of New York Mellon Trust Company, N.A. (the "Paying Agent"), as paying agent, registrar 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 corporate trust offices in Pittsburgh, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "THE BONDS," *infra*).

The Bonds are subject to mandatory, optional, and extraordinary optional redemption prior to maturity. The Bonds may be subject to mandatory sinking fund redemption prior to maturity. See "REDEMPTION OF BONDS" herein.

Proceeds of the Bonds will be used to fund: (1) energy savings projects, including lighting, building upgrades and HVAC projects within the School District; (2) various and sundry other capital projects throughout the School District; (3) the repayment of the School District's outstanding First National Bank Series of 2020 Note, currently outstanding in the principal amount of \$184,516 (the "2020 Note"); (4) the current refunding of the School District's outstanding General Obligation Bond, Series of 2025, currently outstanding in the principal amount of \$560,000 (the "2025 Bond"); and (5) paying of the costs of issuing and insuring the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth 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 Assured Guaranty Inc. ("AG").



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

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of 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 Leventry, Haschak, and Rodkey, LLC, of Johnstown, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC in New York, New York on or about August __, 2026.



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.

\$2,650,000*
Conemaugh Valley School District
Cambria County, Pennsylvania
General Obligation Bonds, Series of 2026

Dated: Date of Delivery
Interest Due: February 1 and August 1

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

MATURITIES, AMOUNTS, RATES AND PRICES/YIELDS

Maturity Date (February 1)	Principal Maturity Amount	Interest Rate	Initial Offering Yields	Initial Offering Prices	CUSIP Numbers⁽¹⁾
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					

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

*Estimated, subject to change

CONEMAUGH VALLEY SCHOOL DISTRICT

Cambria County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

David Rykala	President
Heather Richards	Vice-President
Donell Jacoby	Secretary
Francis Truscello, Sr.	Treasurer
Daniel Markiewicz	Member
Kevin Heinlein	Member
Dawn Thompson	Member
James Stiffler, Jr.	Member
Jody Gustkey	Member

SUPERINTENDENT
SHANE HAZENSTAB⁽¹⁾

BUSINESS MANAGER
ERIC MILLER

SCHOOL DISTRICT SOLICITOR
LEVENTRY, HASCHAK, AND RODKEY, LLC
Johnstown, Pennsylvania

BOND COUNSEL
DINSMORE & SHOHL LLP
Pittsburgh, Pennsylvania

MUNICIPAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER
STIFEL, NICOLAUS & COMPANY, INCORPORATED
Lancaster, Pennsylvania

PAYING AGENT
THE BANK OF NEW YORK MELLON TRUST COMPANY, N.A.
Pittsburgh, Pennsylvania

SCHOOL DISTRICT ADDRESS
1340 William Penn Avenue
Johnstown, PA 15906

⁽¹⁾ Shane Hazenstab has resigned from the School District effective August 3, 2026. An interim superintendent will be appointed upon his departure.

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

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

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PRELIMINARY OFFICIAL STATEMENT

\$2,650,000*

Conemaugh Valley School District

**Cambria County, Pennsylvania
General Obligation Bonds, Series of 2026**

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover page hereof, is furnished by the Conemaugh Valley School District, Cambria County, Pennsylvania (the "School District") in connection with the offering of \$2,650,000*, aggregate principal amount, of its General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are 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 June 11, 2026 (the "Resolution"), in accordance with the Local Government Unit Debt Act 53 PA.C.S.A. Section 8001 et seq., as amended (the "Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to fund: (1) energy savings projects, including lighting, building upgrades and HVAC projects within the School District; (2) various and sundry other capital projects throughout the School District; (3) the repayment of the School District's outstanding First National Bank Series of 2020 Note, currently outstanding in the principal amount of \$184,516 (the "2020 Note"); (4) the current refunding of the School District's outstanding General Obligation Bond, Series of 2025, currently outstanding in the principal amount of \$560,000 (the "2025 Bond"); and (5) paying of the costs of issuing and insuring the Bonds.

Sources and Uses of Bond Proceeds

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

Source of Funds:

Par Amount.....	_____
Net Original Issue Premium/(Discount)	_____
Accrued Interest.....	_____
<i>Total Source of Funds</i>	=====

Use of Funds:

Deposit to Construction Fund.....	_____
Amount required to Call 2020 Note	_____
Amount required to Call 2025 Bond.....	_____
Costs of Issuance ⁽¹⁾	_____
<i>Total Use of Funds</i>	=====

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

*Estimated, subject to change

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$2,650,000*, will be dated as of August __, 2026, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on February 1, 2027, and thereafter, semiannually on February 1 and August 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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

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

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to The Bank of New York Mellon Trust Company, N.A. (the “Paying Agent”), acting as paying agent, registrar and sinking fund depository for the Bonds, at its designated corporate trust office (or to any successor paying agent at its designated corporate trust office(s)).

Interest on the Bonds will be 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 February 1, 2027, in which event such Bond shall bear interest from August __, 2026, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth (15) day of the calendar month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the “Record Date”), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date.

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

Transfer, Exchange and Registration of Bonds

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

*Estimated, subject to change

SECURITY

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service on the Bonds for such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power 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 of the School District" 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).

Intercept of Commonwealth Appropriations

Payment of principal of and interest on the Bonds is supported by the Commonwealth "intercept" provisions contained in the Pennsylvania Public School Code of 1949, P.L. 30 §§ 101 et seq. (the "School Code"). The School Code provides that where a school district fails to pay or to provide for the payment of any principal or interest or the amount required as a sinking fund deposit on indebtedness of the school district, the Secretary of Education of the Commonwealth is required to withhold, out of any Commonwealth appropriation due to such school district, and to pay directly to the sinking fund depository for such bonds an amount equal to the sum of the interest and principal amount maturing or subject to mandatory sinking fund redemption or the amount required as a sinking fund deposit which is owing by such school district. The Bonds are entitled to the benefits of the intercept provisions of the School Code. Section 633 of the School Code states:

"In all cases where the board of 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 sinking fund 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 obligations and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory sinking fund redemption and interest owing by such school district, or such 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."

The School Code also requires each school district to report to the Secretary of Education of the Commonwealth within 120 days after the close of its fiscal year as part of its annual financial report, the amount of bonds or other indebtedness that became due during the fiscal year together with amounts paid on such indebtedness. Failure to include such information in the annual report permits the Secretary of Education of the Commonwealth to withhold any Commonwealth appropriation until such report is filed.

The Paying Agent, as sinking fund depository for the School District, is directed to make demand on the Secretary of Education of the Commonwealth if there is a deficiency on a sinking fund deposit date for any Bonds in order to cause the implementation of the provisions of Section 633 of the School Code in advance of an actual debt service payment date in respect of the Bonds. **The sinking fund deposit dates for the Bonds will be January 15 and July 15 of each year, which is at least fifteen (15) days prior to the February 1 and August 1 principal and interest payment dates on the Bonds.**

The withholding provisions of Section 633 of the School Code described above are not part of any contract with the owners of any bonds, including the owners of the Bonds, and may be amended or repealed by future legislation. The effectiveness of these provisions may be limited by the application of other withholding provisions contained in the School Code, such as provisions for withholding and paying over appropriations for payment of unpaid teachers' salaries. There is no assurance that any payment pursuant to Section 633 will be made by the date such payments are due to Bondholders.

Sinking Fund

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

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

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

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 154 of 1998 (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 any interest due on such indebtedness on any interest payment date, or, in either event, upon the date of required deposits to the Sinking Fund, 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 State 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, and shall pay over the amount so withheld to the bank or other person acting as Sinking Fund Depository for such bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders. The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally. See “Pennsylvania Budget Adoption” hereinafter.

Pennsylvania Budget Adoption

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

After a week’s delay, a \$45.2 billion budget for the state’s 2022-2023 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement those school districts with a higher at-risk student population. The total amount was a \$767.8 million (10.83%) increase over the 2021-2022 fiscal year appropriation.

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 includes \$8.4 billion for the basic education funding appropriation. The total amount is a \$796.6 million (10.45%) increase over the 2022-2023 fiscal year appropriation. The budget also provides \$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) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

After months of negotiations, Governor Josh Shapiro signed the state’s budget for the 2025-26 fiscal year late on November 12, 2025. The \$50.1 billion budget included (i) \$8.262 billion for the basic education funding appropriation, which is more than a \$100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) \$1.526 billion for the special education appropriation, which is a \$40,000,000 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 hopes 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. No timeline for the adoption of the state budget can be provided. 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 recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during any future budget impasses. See “Act 85 of 2016” hereinafter.

Act 85 of 2016 (State Subsidy Intercept During Budget Impasses)

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

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

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

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

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

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

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

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

BOND INSURANCE

Bond Insurance Policy

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

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

Assured Guaranty Inc.

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

AG’s financial strength is rated “AA” (stable outlook) by S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”), “AA+” (stable outlook) by Kroll Bond Rating Agency, Inc. (“KBRA”) and “A1” (stable outlook) by Moody’s Investors Service, Inc. (“Moody’s”). Each rating of AG should be evaluated independently. An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AG in its sole discretion. In addition, the rating agencies may at any time change AG’s long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AG. AG only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AG on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not

guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

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

On June 30, 2025, S&P announced that it had affirmed AG's financial strength rating of "AA" (stable outlook).

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

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

Capitalization of AG

At March 31, 2026:

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

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

Incorporation of Certain Documents by Reference

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

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2025 (filed by AGL with the SEC on February 27, 2026); and
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2026 (filed by AGL with the SEC on May 8, 2026).

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

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

Miscellaneous Matters

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

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 bonds depository for the bonds (the "Bonds"). The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

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

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

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

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

of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

NEITHER THE 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.

REDEMPTION OF BONDS

Mandatory Redemption

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

Bonds stated to mature February 1, 20__:

*Term Bond 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.

Optional Redemption

The Bonds stated to mature on or after February 1, 20__, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on _____, or on any date thereafter, or from time to time, in part (and if in part, of any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the date fixed for redemption.

Extraordinary Optional Redemption

A maximum \$1,100,000 principal amount of the Bonds maturing on [February 1, 2040, through and including February 1, 2046], are subject to redemption prior to maturity at the option of the School District, in whole or in part, upon the occurrence of an "Extraordinary Event", at the "Extraordinary Redemption Price", on the "Extraordinary Optional Redemption Date". "Extraordinary Event" means the formal notification to the School District by the Commonwealth of Pennsylvania (or its designated agency or instrumentality) of the award to the School District of a grant of funds to complete a portion of the Project, in this instance the Public School Facility Improvement Grant Program (PSFIG). "Extraordinary Redemption Price" means 100% of the principal amount of such Bonds to be redeemed, together with accrued interest to the Extraordinary Optional Redemption Date. "Extraordinary Optional Redemption Date" means any date during the term of the Bonds, but only before the regular optional redemption date, so designated by the Paying Agent upon the direction of the School District, on and after the occurrence of an Extraordinary Event.

Notice of Redemption

See “BOOK-ENTRY ONLY SYSTEM” section for redemption provisions and procedures when the Bonds are held and registered under the Book-Entry Only System.

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 nor more than sixty (60) 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.

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THE SCHOOL DISTRICT

Introduction

The School District is comprised of the Boroughs of Daisytown, East Conemaugh and Franklin and the Townships of Conemaugh and East Taylor encompassing a land area of 21.8 square miles. The School District is located in the south-central portion of Cambria County is located in the City of Johnstown, Pennsylvania, and 45 miles southwest of the City of Altoona, Pennsylvania. The 2022 estimated population of the School District was 6,109.

Administration

The School District is governed by a nine-member Board of School Directors (the “School Board”). The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Business Manager is responsible for budget and financial operations. Both of these officials are appointed by the School Board.

School Facilities

The School District presently operates an elementary school and a junior/senior high school all as described in the following table.

**TABLE 1
CONEMAUGH VALLEY SCHOOL DISTRICT FACILITIES**

<u>Building</u>	<u>Original Construction Date</u>	<u>Addition Renovation Date</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2025-26 Enrollment</u>
<i>Elementary:</i>					
Conemaugh Valley Elementary.....	2014	---	Pre K-6	846	360
<i>Secondary:</i>					
Conemaugh Valley Jr./Sr. High School.....	1966	1992	7-12	850	293

Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollments.

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

<u>Actual Enrollments</u>				<u>Projected Enrollments</u>			
<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2021-22	395	300	695	2026-27	388	310	698
2022-23	392	319	711	2027-28	398	295	693
2023-24	389	306	695	2028-29	382	303	685
2024-25	371	308	679	2029-30	386	300	686
2025-26	360	293	653	2030-31	384	286	670

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 Administrator and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll, payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited by an independent certified public accountant, as required by State law. Kotzan CPA & Associates, P.C., of Johnstown, Pennsylvania, serves as the School District’s Auditor.

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

Summary and Discussion of Financial Results

A summary of General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4 which follow. Table 5 shows revenues and expenditures for the past 5 years and budgeted 2025-26 as revised and adopted on December 2, 2025. The 2025-26 budget projects revenues totaling \$14,697,700 and expenditures totaling \$14,385,400, and the 2026-27 budget projects revenues totaling \$15,032,100 and expenditures totaling \$15,032,100.

TABLE 3
CONEMAUGH VALLEY SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years Ending June 30)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
ASSETS					
Cash and Cash Equivalents	\$7,829,585	\$5,918,608	\$3,149,419	\$3,318,377	\$2,761,286
Investments	0	500,000	1,500,000	2,000,000	1,000,000
Taxes Receivable	980,766	1,030,713	1,017,098	1,041,557	1,024,561
Due from Other Funds	0	99,286	0	103,628	0
State Revenue Receivables	533,905	569,643	731,884	818,688	684,833
Federal Revenue Receivables	257,316	659,834	2,918,800	115,916	63,778
Other Receivables	15,038	11,048	47,862	37,553	24,825
Prepaid expenses/expenditures	243,800	311,872	273,004	326,724	167,622
TOTAL ASSETS	<u>\$9,860,410</u>	<u>\$9,101,004</u>	<u>\$9,638,067</u>	<u>\$7,762,443</u>	<u>\$5,726,905</u>
LIABILITIES					
Due to Other Funds	\$20,000	\$0	\$0	\$0	\$53,497
Accounts Payable	125,667	217,790	260,545	\$230,469	\$698,299
Accrued Salaries and Benefits	695,798	714,219	774,015	754,358	760,750
Payroll Deductions and Withholdings	472,857	468,876	536,490	508,802	471,932
Unearned Revenues	67,917	189,478	29,645	30,160	0
Other	0	0	0	0	98,500
TOTAL LIABILITIES	<u>\$1,382,239</u>	<u>\$1,590,363</u>	<u>\$1,600,695</u>	<u>\$1,523,789</u>	<u>\$2,082,978</u>
Deferred Inflows of Resources	\$816,141	\$833,074	\$812,497	\$817,349	\$807,772
FUND EQUITIES					
Nonspendable Fund Balance	\$243,800	\$311,872	\$273,004	\$326,724	\$167,622
Assigned Fund Balance	4,455,785	4,472,171	5,541,138	3,960,500	2,200,000
Unassigned Fund Balance	2,962,445	1,893,524	1,410,733	1,134,081	468,533
TOTAL FUND EQUITIES	<u>\$7,662,030</u>	<u>\$6,677,567</u>	<u>\$7,224,875</u>	<u>\$5,421,305</u>	<u>\$2,836,155</u>
TOTAL LIABILITIES, FUND EQUITIES AND DEFERRED INFLOWS OF RESOURCES	<u>\$9,860,410</u>	<u>\$9,101,004</u>	<u>\$9,638,067</u>	<u>\$7,762,443</u>	<u>\$5,726,905</u>

Source: School District PDE-2057 Annual Financial Reports.

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

	<u>2021</u>	<u>2022</u>	<u>Actual</u> <u>2023</u>	<u>2024</u>	<u>2025</u>	<u>Budget</u> <u>2026⁽¹⁾</u>	<u>Budget</u> <u>2027⁽²⁾</u>
Beginning Fund Balance	\$7,546,267	\$7,662,030	\$6,677,568	\$7,224,875	\$5,421,305	\$2,836,156	\$3,148,456
Revenues over (under) Expenditure	115,763	(984,462)	547,307	(1,803,570)	(2,585,149)	312,300	0
Ending Fund Balance	<u>\$7,662,030</u>	<u>\$6,677,568</u>	<u>\$7,224,875</u>	<u>\$5,421,305</u>	<u>\$2,836,156</u>	<u>\$3,148,456</u>	<u>\$3,148,456</u>

*Totals may not add due to rounding.

⁽¹⁾ Budget, as revised and adopted on December 2, 2025.

⁽²⁾ Budget, as adopted on June 11, 2026.

Source: School District PDE-2057 Annual Financial Reports and PDE-2028 Budgets.

Revenue

The School District received \$15,344,500 in total revenue for its 2024-25 fiscal year, budgeted revenue of \$14,697,700 for its 2025-26 fiscal year and budgeted revenue of \$15,032,100 for its 2025-26 fiscal year. Local sources decreased as a share of total revenue in the past five years from 24.92 percent in 2020-21 to 24.17 percent in 2024-25. Revenue from Commonwealth sources increased from 70.28 percent in 2020-21 to 71.98 percent in 2024-25. Federal sources and other sources decreased as a share of total revenue in the past five years, from 4.75 percent in 2020-21 to 3.85 percent in 2024-25.

TABLE 5
CONEMAUGH VALLEY SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(Years Ending June 30)

REVENUE:	Actual					Budget	Budget
Local Sources:	2021	2022	2023	2024	2025	2026 ⁽¹⁾	2027 ⁽²⁾
Real Estate	\$2,097,041	\$2,179,063	2,032,628	\$2,066,675	\$2,190,904	\$2,205,006	\$2,229,987
Total Act 511 Taxes	641,450	653,269	774,591	763,295	781,417	721,000	756,000
Public Utility Taxes	2,783	2,812	2,835	2,498	2,891	3,000	3,000
Delinquent Taxes	209,333	176,805	193,955	184,651	195,681	185,000	190,000
Earnings from Investments	56,945	15,569	147,128	227,592	158,581	100,000	100,000
Revenues from LEA Activities	5,937	26,266	23,602	24,640	24,975	0	0
Federal Rev. Recd. from Other PA Public LEAs	0	1,987	0	25,424	17,749	0	0
Federal IDEA Revenue Recd. as Pass Through	177,158	190,633	263,334	196,305	170,645	172,000	172,000
Federal ARRA IDEA Rev. Recd. as Pass Through	0	38,251	0	0	0	0	0
Federal Revenue Received from Other Sources	2,200	0	0	0	0	0	0
Contributions & Donations from Private Sources	0	0	0	2,996	43,811	0	0
Refund of Prior Years' Expenditures	101,294	0	4,941	3,868	104,907	40,000	0
Other Sources	5,385	10,214	12,536	14,870	17,180	0	31,000
Total Local Sources	\$3,299,526	\$3,294,870	\$3,455,551	\$3,512,814	\$3,708,742	\$3,426,006	\$3,481,987
State Sources:							
Instructional Subsidy	\$5,966,039	\$6,025,377	\$6,239,653	\$6,433,891	\$6,511,505	\$6,556,300	\$6,590,600
Charter Schools	0	0	0	0	45,910	0	0
Tuition - Orphans & Children Placed in Pvt homes	13,609	0	11,202	19,083	0	0	0
Special Education	601,749	627,756	673,121	701,421	749,643	760,300	773,800
Pre-K Counts	297,500	376,250	430,000	430,000	451,500	357,000	365,500
Transportation	551,496	560,011	613,200	641,199	703,192	700,400	705,800
Rentals and Sinking Fund Payments	124,412	113,504	162,042	160,434	163,615	161,000	161,300
Health Services	13,752	14,000	13,275	13,580	12,784	15,000	15,000
State Property Tax Reduction Allocation	272,093	272,077	342,977	342,945	412,518	462,594	462,413
School Mental Health & Safety and Security Grants	0	30,000	100,000	186,914	149,147	40,000	63,300
Ready to Learn Block Grant	171,026	171,026	271,026	271,026	271,026	271,000	371,000
Revenue for Social Security	229,691	221,835	205,410	248,281	252,979	288,700	295,400
Revenue for Retirement	1,057,182	1,067,493	1,263,297	1,217,256	1,163,540	1,247,400	1,329,000
Additional Grants Not Listed Elsewhere	7,180	25,751	0	0	0	0	0
Other	0	0	100,000	0	157,072	1,000	1,000
Total State Sources	\$9,305,728	\$9,505,080	\$10,425,203	\$10,666,028	\$11,044,432	\$10,860,694	\$11,134,113
Federal Sources:							
Total Federal Sources	\$629,137	\$776,010	\$3,446,038	\$648,942	\$591,325	\$410,000	\$415,000
Other Sources:							
Total Other Sources	\$6,120	\$0	\$84,096	\$15,050	\$0	\$1,000	\$1,000
TOTAL REVENUE	\$13,240,510	\$13,575,960	\$17,410,888	\$14,842,834	\$15,344,500	\$14,697,700	\$15,032,100
EXPENDITURES:							
Instruction	\$7,428,915	\$8,317,792	\$9,689,474	\$9,904,142	\$10,899,661	\$8,631,500	\$8,793,300
Pupil Personnel	246,186	277,936	284,626	180,879	168,059	168,700	165,800
Instructional Staff	310,375	415,169	325,010	371,390	289,503	215,000	259,300
Administration	917,430	983,700	1,255,214	1,404,781	1,266,015	1,136,500	1,204,900
Pupil Health	121,289	150,202	157,508	162,739	175,452	163,100	162,900
Business	360,746	400,059	461,085	456,443	517,877	434,200	478,500
Operation and Maintenance of Plant Services	1,769,925	1,975,153	2,274,706	1,687,637	1,649,341	1,228,100	1,469,000
Student Transportation	872,365	985,289	1,099,886	1,129,401	1,150,226	1,040,000	1,112,000
Central	8,530	8,633	9,276	8,799	7,704	12,800	0
Other Support Services	1,832	1,714	11,669	16,220	9,672	0	14,100
Operation of Noninstructional Services	380,466	424,151	461,632	489,036	435,177	501,700	556,300
Facilities Acquisition, Construction & Imprvmt. Svcs.	0	0	0	0	522,873	0	0
Debt Service	706,690	620,624	833,493	834,938	838,088	853,800	816,000
TOTAL EXPENDITURES	\$13,124,748	\$14,560,422	\$16,863,581	\$16,646,404	\$17,929,649	\$14,385,400	\$15,032,100
SURPLUS OF REVENUES OVER (UNDER) EXPENDITURES	\$115,763	(\$984,462)	\$547,307	(\$1,803,570)	(\$2,585,149)	\$312,300	\$0

*Totals may not add due to rounding.

⁽¹⁾ Budget, as revised and adopted on December 2, 2025.

⁽²⁾ Budget, as adopted on June 11, 2026.

Source: School District PDE-2057 Annual Financial Reports and PDE-2028 Budgets.

TAXING POWERS OF THE SCHOOL DISTRICT

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

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

The Taxpayer Relief Act (Act 1)

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

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

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

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

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

<u>Fiscal Year</u>	<u>Index</u>
2026-27	5.2%
2025-26	5.9%
2024-25	7.8%
2023-24	6.0%
2022-23	4.9%
2021-22	4.4%

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

A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election, 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.

This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor a legal interpretation of any provisions of Act 1, and a prospective purchaser of the Bonds should review the full text of Act 1 as part of any decision to purchase the Bonds.

Status of the Bonds Under Act 1

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

Legislation Limiting Unreserved Fund Balances

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

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

“Estimated ending unreserved fund balance” is defined in Act 2003-48 as that portion of the fund balance which is 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.

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Tax Levy Trends

Table 6 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 County and the municipalities within the School District.

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

	Real Estate (mills)	Real Estate Transfer (%)	Local Services Tax (\$)	Wage and Income (%)
2022-23	59.7772	0.50	5.00	0.50
2023-24	59.7772	0.50	5.00	0.50
2024-25	64.4000	0.50	5.00	0.50
2025-26	64.4000	0.50	5.00	0.50
2026-27	67.7450	0.50	5.00	0.50

Source: School District PDE-2028 Budgets.

**TABLE 7
CONEMAUGH VALLEY 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>
<i>School District</i>	59.7772	59.7772	64.4000	64.4000	67.7450
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Conemaugh Township.....	17.0000	17.0000	20.5000	20.5000	20.5000
Daisytown Borough.....	7.0000	7.0000	7.0000	7.0000	7.0000
East Conemaugh Borough.....	23.0000	23.0000	23.0000	23.0000	23.0000
East Taylor Township.....	9.5000	14.5000	14.5000	14.5000	14.5000
Franklin Borough.....	29.5000	29.5000	29.5000	29.5000	29.5000
Cambria County.....	31.0000	30.5000	30.5000	30.5000	37.2500

Source: PA Department of Community & Economic Development – Municipal Statistics.

Real Property Tax

The real property tax (excluding delinquent collections) produced \$2,190,904 in 2024-25, approximately 14.28 percent of overall revenue according to the School District’s PDE-2057 Annual Financial Report. The tax is levied on July 1 of each year. Taxpayers who remit by September 30 receive a 2 percent discount, and those who remit after November 30 are assessed a 10 percent penalty.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data.

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

Year	Market Value	Assessed Value	Ratio
2021-22.....	\$195,712,282	\$44,471,880	22.72%
2022-23.....	204,100,649	44,484,750	21.80%
2023-24.....	204,172,040	44,450,630	21.77%
2024-25.....	227,589,635	44,445,070	19.53%
2025-26.....	227,124,405	44,316,510	19.51%
Compound Average Annual Percentage Change	3.79%	-0.09%	

Source: Pennsylvania State Tax Equalization Board (STEB).

**TABLE 9
CONEMAUGH VALLEY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2024-25 Market Value	2024-25 Assessed Value	2025-26 Market Value	2025-26 Assessed Value
<i>School District</i>	\$227,589,635	\$44,445,070	\$227,124,405	\$44,316,510
Conemaugh Township.....	106,064,669	18,207,370	106,141,986	18,182,050
Daisytown Borough.....	8,156,206	1,946,140	8,117,384	1,937,820
East Conemaugh Borough.....	17,615,885	4,540,860	17,855,011	4,570,520
East Taylor Township.....	89,584,438	17,822,400	88,841,587	17,697,820
Franklin Borough.....	6,168,437	1,928,300	6,168,437	1,928,300
 Cambria County	 \$6,202,939,316	 \$1,261,437,572	 \$6,211,993,426	 \$1,260,535,100

Source: Pennsylvania State Tax Equalization Board (STEB).

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

	2020-21	2021-22	2022-23	2023-24	2024-25
Residential.....	\$36,815,570	\$36,837,780	\$36,810,880	\$34,846,730	\$34,851,480
Trailers	182,590	164,260	158,710	1,241,180	1,216,150
Lots	143,800	153,500	153,310	866,740	878,800
Industrial	1,670,710	1,631,030	1,628,220	1,322,380	1,412,940
Commercial.....	3,452,550	3,984,390	4,032,550	4,166,120	4,082,930
Agriculture	1,582,930	1,518,830	1,518,830	1,620,120	1,625,330
Land	24,350	25,600	25,760	231,930	222,030
Mineral.....	158,440	156,490	156,490	155,430	155,410
Total	\$44,030,940	\$44,471,880	\$44,484,750	\$44,450,630	\$44,445,070

Source: Pennsylvania State Tax Equalization Board (STEB).

**TABLE 11
CONEMAUGH VALLEY SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

Year	Assessed Valuation	Tax Rate (Mills)	Gross Adjusted Levy⁽¹⁾	Current Year Collections Amount (July-June)	Current Year Collections as a Percent	Total Collections Amount⁽²⁾	Total Collections as a Percent
2021-22	\$44,471,880	59.7772	\$2,658,404	\$2,179,063	81.97%	\$2,355,868	88.62%
2022-23	44,484,750	59.7772	2,659,174	2,032,628	76.44%	2,226,583	83.73%
2023-24	44,450,630	59.7772	2,657,134	2,066,675	77.78%	2,251,325	84.73%
2024-25	44,445,070	64.4000	2,862,263	2,190,104	76.52%	2,377,090	83.05%
2025-26 (estimated)	44,075,290	64.4000	2,838,449	2,113,120	74.45%	2,298,120	80.96%

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

⁽²⁾ Includes delinquent real estate only.

Source: School District Officials.

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The ten largest real property taxpayers, together with 2025-26 assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 6.52 percent of total assessed value.

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

Owner	2025-26 Assessed Value
Kastelic Richard M. & Suzanne	\$677,430
Tecumseh Redevelopment, Inc	529,290
Friedhoff, Kurt B & Kathleen Ann	519,890
Big Dog Investments, LLC	253,200
EMF Development Corp.	191,120
Charles Merlo	183,500
Ervin Ace Development, Inc	181,180
Slovenian Savings & Loans Association	124,470
Martella, Jacqueline	124,470
Alletram LLC	104,240
Total	\$2,888,790

Source: School District Officials.

Other Taxes

Under Act 511, the School District collected \$781,417 in other taxes in 2024-25. Among the taxes authorized by Act 511, Local Services Tax, Wage and Income Tax, and the Real Estate Transfer Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$2,731,076.

Local Services Tax. A tax of \$5.00 is levied on occupations. This tax yielded \$5,674 in 2024-25, or less than one percent of total revenue.

Wage and Income Tax. A tax of 0.50 percent is levied on the earned income of school district residents. In 2024-25 the collected portion of this tax will be \$ 724,176, or 4.72 percent of total revenue.

Real Estate Transfer. The School District levies a tax of 0.50 percent of the value of real estate transfers. This tax yielded \$51,567 in 2024-25, or less than one percent of total revenue.

COMMOWEALTH AID TO SCHOOL DISTRICTS

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

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district’s Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district’s average daily membership by a number of factors specific to the composition of the student population as well as the school district’s median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the “Reimbursable Percentage” assigned to the Bonds by the PDE and the School District’s permanent Capital Account Reimbursement Fraction (“CARF”) (42.13%) or the wealth based Market Value Aid Ratio (“MVAR”) currently (77.43%), 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 reimbursable from 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 Part A submittals through the end of the 2019-20 fiscal year.

To date, the CFA has issued \$1,559,680,000, 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, as well as its Revenues Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019. 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.

DEBT AND DEBT LIMITS

Debt Statement

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

**TABLE 13
CONEMAUGH VALLEY SCHOOL DISTRICT
DEBT STATEMENT*
(As of June 1, 2026)**

	Gross Outstanding
<u>NONELECTORAL DEBT</u>	
General Obligation Bonds, Series of 2026 (last maturity 2046)	\$2,650,000
General Obligation Bonds, Series of 2020 (last maturity 2042)	7,600,000
General Obligation Bonds, Series of 2019 (last maturity 2042)	<u>3,405,000</u>
TOTAL NONELECTORAL DEBT	\$13,655,000
<u>LEASE RENTAL DEBT</u>	
TOTAL LEASE RENTAL DEBT	<u>\$0</u>
 TOTAL PRINCIPAL OF DIRECT DEBT	 <u><u>\$13,655,000</u></u>

*Includes the estimated principal amount of the Bonds offered through this Preliminary Official Statement. Does not include the principal balance of the 2020 Note and 2025 Bond being refunded, as described herein.

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 \$13,655,000. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total \$11,327,330.

TABLE 14
CONEMAUGH VALLEY SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of June 1, 2026)

	<u>Gross Outstanding</u>	<u>Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾</u>
DIRECT DEBT		
Nonelectoral Debt.....	\$13,655,000	\$11,327,330
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT.....	\$13,655,000	\$11,327,330
OVERLAPPING DEBT		
Cambria County, General Obligation ⁽²⁾	\$2,024,704	\$2,024,704
Municipal Debt.....	3,159,682	3,159,682
TOTAL OVERLAPPING DEBT.....	\$5,184,386	\$5,184,386
TOTAL DIRECT AND OVERLAPPING DEBT.....	\$18,839,386	\$16,511,716
DEBT RATIOS		
Net Debt Per Capita (2020 Population)	\$2,267.90	\$1,881.30
Net Debt Percent 2025-26 Assessed Value.....	30.81%	25.56%
Net Debt Percent 2025-26 Market Value.....	6.01%	4.99%
Direct & Overlapping Debt Per Capita (2020 Population)	\$3,128.95	\$2,742.35
Direct & Overlapping Debt Percent 2025-26 Assessed Value.....	42.51%	37.26%
Direct & Overlapping Debt Percent 2025-26 Market Value.....	8.29%	7.27%

*Includes the estimated principal amount of the Bonds offered through this Preliminary Official Statement. Does not include the principal balance of the 2020 Note and 2025 Bond being refunded, as described herein.

⁽¹⁾ Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "Commonwealth Aid to School Districts". The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount.

⁽²⁾ Pro rata 3.52 percent share of \$57,590,500 principal outstanding.

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Debt Service Requirements

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

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

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

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

<u>Year</u>	<u>Other Outstanding General Obligation Debt</u>	<u>Series of 2026</u>			<u>Total Outstanding</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2025-26	\$802,733				
2026-27	784,468				
2027-28	770,369				
2028-29	775,994				
2029-30	776,406				
2030-31	771,591				
2031-32	775,425				
2032-33	772,944				
2033-34	770,164				
2034-35	776,976				
2035-36	773,351				
2036-37	769,392				
2037-38	774,983				
2038-39	775,058				
2039-40	769,720				
2040-41	773,914				
2041-42	772,044				
2042-43	774,096				
2043-44	0				
2044-45	0				
2045-46	0				
Total	\$13,959,626				

*Totals may not add due to rounding. Does not include the outstanding debt service of the 2020 Note and 2025 Bond being refunded, as described herein.

**TABLE 16
CONEMAUGH VALLEY SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL***

2024-25 Commonwealth Aid Received.....	\$11,044,432
2024-25 Debt Service Requirements	\$838,088
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2024-25 Debt Service Requirements.....	13.18 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	times

*Assumes current Commonwealth Aid Ratio.

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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.....	\$14,597,334
Total Revenues for 2024-25.....	15,086,997
Total Revenues for 2025-26 (budgeted).....	<u>14,535,700</u>
Total.....	\$44,220,031
Annual Arithmetic Average (Borrowing Base).....	\$14,740,010

Under the Act as presently in effect, new lease rental debt or new nonelectoral debt may not be incurred if the net amount of such new debt plus all outstanding net nonelectoral debt and net lease rental debt would cause the total net nonelectoral 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 and Lease Rental Debt Limit:			
225% of Borrowing Base.....	\$33,165,023	\$13,655,000	\$19,510,023

*Includes the estimated principal amount of the Bonds described herein, does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth Aid. Does not include the principal balance of the 2020 Note and 2025 Bond being refunded, as described 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 106 employees of the School District, including 68 teachers and administrators and 38 support personnel, including secretaries, maintenance staff, custodial staff, cafeteria staff, transportation and teacher's aides.

The School District's teachers are represented by the Conemaugh Valley Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District, which expires on June 30, 2028. The support staff are represented by the Conemaugh Valley Educational Support Professionals, which represents food service workers, teacher's assistants, secretary/clerks and custodians. The expiration date of this collective bargaining agreement is 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	\$1,563,800
2021-22	\$1,613,466
2022-23	\$2,331,511
2023-24	\$1,800,208
2024-25	\$1,641,530
2025-26 (budgeted)	\$1,634,500

At June 30, 2025, the School District reported a liability of \$13,854,000 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, 2024, the School District’s proportion as 0.0331% which was a decrease of 0.0018% from its proportion measured as of June 30, 2023.

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

Source: School District Administrative Officials, School District Audited Financial Statements, and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide, in the future, health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees.

For a full description of the School District’s OPEB plan, see Appendix C- Audited Financial Statements – Notes 11 & 12.

LITIGATION

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

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 issue 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 includable 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.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”) and the Resolution authorizing the issuance of the Bonds, the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will execute and deliver a written continuing disclosure certificate with respect to the Bonds. See the form of Continuing Disclosure Certificate (the “Agreement”) in Appendix D to this Preliminary Official Statement.

Under the terms of the Agreement, and as reflected in Appendix D, the School District will undertake to file with the Municipal Securities Rulemaking Board (the “MSRB”) financial and other information concerning the School District, including notices of certain enumerated events. The School District’s obligations with respect to continuing disclosure relative to the Bonds shall terminate upon the prior redemption or payment in full of all of the Bonds.

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>.

Certain operating data of the School District may be inherently included in the annual filings of financial statements, the summary of the budget, contents in Official Statements of future bond issues as well as publicly available information.

Summary of Continuing Disclosure Undertaking Compliance

The School District has entered into prior undertakings to provide certain annual information, as defined in the continuing disclosure agreements or certificates associated with prior bond issues, and audited financial statements. For the fiscal year ending June 30, 2023, the School District filed the audited financial statements and budget to the EMMA platform on January 12, 2024, but failed to associate the correct CUSIPs with the filing. The filing has since been corrected on the EMMA platform.

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.

State Appropriation Risk

While the Commonwealth's appropriations to the School District were not interrupted during previous budget impasses, there is no assurance future budget impasses will not prevent the Commonwealth from appropriating subsidies to the School District, Act 85 notwithstanding (see "Act 85 of 2016" herein).

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 owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Agreement.

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.

RATINGS

S&P Global Ratings is expected to assign its municipal bond insured rating of "AA" (Stable Outlook) to the Bonds and has done so with the understanding that upon delivery and issuance of the Bonds, a municipal bond insurance policy with respect to the Bonds is expected to be issued by AG. 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: 55 Water Street, New York, New York 10041-0003.

Moody's Investors Service ("Moody's") has assigned its enhanced rating of "Aa3" based upon the additional security provided by Section 7-785(a) of the Commonwealth of Pennsylvania Public School Code (the "State Aid Intercept Program") to this issue of Bonds. Moody's has also assigned an underlying municipal Bond rating of "A3" to this issue of Bonds. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. 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: Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. There is no assurance that the credit rating will be maintained for any given period of time, or that it may not be lowered or withdrawn entirely by the rating agency if, in its judgment,

circumstances so warrant. Any such downward change in or withdrawal of such credit rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated, (the “Underwriter” or “Stifel”) has agreed, subject to certain conditions, 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 by the Underwriter for a purchase price of \$__, equal to the par value of the Bonds less an underwriter’s discount of \$__ plus/minus an original issue premium/(discount) of \$__.

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 with the approving legal opinion of Dinsmore & Shohl LLP, Bond Counsel, of Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the School District by Leventry, Haschak, and Rodkey, LLC of Johnstown, Pennsylvania, School District Solicitor.

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.

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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.

CONEMAUGH VALLEY SCHOOL DISTRICT
Cambria County, Pennsylvania

By: _____
President, Board of School Directors

APPENDIX A
Demographic and Economic Information
Relating to the Conemaugh Valley School District

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Population

Table A-1 shows population trends for the School District, Cambria County and the Commonwealth of Pennsylvania. The School District's population decreased between 2010 and 2020.

Table A-2 shows 2024 age composition in Cambria County and in the Commonwealth.

**TABLE A-1
POPULATION TRENDS**

<u>Area</u>	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
School District	6,607	6,021	-0.92%
Cambria County	143,679	133,472	-0.73%
Pennsylvania	12,702,379	13,002,700	0.23%

Source: U.S. Bureau of the Census - Decennial Census – 2010 & 2020.

**TABLE A-2
AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>
Cambria County	19.0%	56.1%	24.9%
Pennsylvania	20.1%	59.5%	20.4%

Source: U.S. Bureau of the Census 2024 American Community Survey.

Employment

Overall NonFarm data are not compiled for the School District or municipalities within it, but such data is compiled for the Johnstown Metropolitan Statistical Area for March 2026.

**TABLE A-3
NONFARM JOBS
(Johnstown Metropolitan Statistical Area)
Not Seasonally Adjusted**

<i>ESTABLISHMENT DATA</i>	<u>Industry Employment</u>				<u>Net Change From:</u>	
	<u>Mar 2026</u>	<u>Feb 2026</u>	<u>Jan 2026</u>	<u>Mar 2025</u>	<u>Feb 2026</u>	<u>Mar 2025</u>
TOTAL NONFARM	49,900	49,600	49,700	50,400	300	-500
TOTAL PRIVATE	42,500	42,300	42,400	42,900	200	-400
GOODS-PRODUCING	5,900	5,900	5,900	5,900	0	0
Mining, Logging, and Construction	1,600	1,600	1,600	1,700	0	-100
Manufacturing	4,300	4,300	4,300	4,200	0	100
SERVICE-PROVIDING	44,000	43,700	43,800	44,500	300	-500
PRIVATE SERVICE-PROVIDING	36,600	36,400	36,500	37,000	200	-400
Trade, Transportation, and Utilities	9,500	9,400	9,600	9,800	100	-300
Retail trade	5,800	5,700	5,800	5,900	100	-100
Information	600	600	600	600	0	0
Financial Activities	1,900	1,900	1,900	1,900	0	0
Professional and Business Services	5,000	5,000	5,000	5,100	0	-100
Educational and Health Services	12,600	12,600	12,500	12,600	0	0
Leisure and Hospitality	4,300	4,200	4,200	4,200	100	100
Other Services	2,700	2,700	2,700	2,800	0	-100
Government	7,400	7,300	7,300	7,500	100	-100
Federal Government	900	900	900	1,000	0	-100
State Government	1,800	1,800	1,800	1,800	0	0
Local Government	4,700	4,600	4,600	4,700	100	0
Data benchmarked to March 2025	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry, Workforce Information News Release.

Table A-4 shows recent trends in employment and unemployment for the County and the Commonwealth. The unemployment rate for the County has been higher than that for the Commonwealth during the period shown.

**TABLE A-4
RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
(Not Seasonally Adjusted)**

	<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>Cambria County</i>							
Civilian Labor Force	57,100	56,900	57,100	56,700	55,500	55,800	-0.71%
Employment	53,500	54,000	54,600	54,200	52,700	53,100	-0.38%
Unemployment	3,700	2,800	2,500	2,400	2,800	2,700	-6.73%
Unemployment Rate.....	6.4%	5.0%	4.4%	4.3%	5.0%	4.8%	
<i>Pennsylvania</i>							
Civilian Labor Force	6,439,000	6,479,000	6,559,000	6,572,000	6,542,000	6,607,000	0.40%
Employment	6,059,000	6,209,000	6,318,000	6,321,000	6,262,000	6,332,000	0.83%
Unemployment	380,000	270,000	241,000	251,000	280,000	276,000	-7.35%
Unemployment Rate.....	5.9%	4.2%	3.7%	3.8%	4.3%	4.2%	

⁽¹⁾ As of April 2026.

⁽²⁾ Calculated from 2021-2025.

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

Major employers in the County include:

-
- DLP Partner Conemaugh LLC
 - State Government
 - Federal Government
 - Wal-Mart Associates Inc
 - Cambria County
 - Saint Francis University
 - Lockheed Martin Aeroparts Inc
 - Sheetz Inc
 - DLP Conemaugh Physician Practices
 - Greater Johnstown School District
-

Source: Center for Workforce Information & Analysis – 4th Quarter 2025.

Income

Table A-5 shows trends in per capita income for the School District, Cambria County and Pennsylvania over the 2010-2020 period. Per capita income in the School District and the County is lower than per capita income in the Commonwealth.

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

	<u>2010</u>	<u>2020</u>	<u>Compound Average Annual Percentage Change 2010-2020</u>
<i>School District</i>	20,057	27,419	3.18%
<i>Cambria County</i>	21,472	27,173	2.38%
<i>Pennsylvania</i>	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 Surveys 5-year estimates for 2010-2020.

Commercial Activity

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

**TABLE A-6
TOTAL RETAIL SALES**

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<i>Cambria County</i>	\$2,046,758,506	\$2,231,520,828	\$2,442,274,112	\$2,392,428,613	\$3,030,331,374
<i>Pennsylvania</i>	274,685,600,234	297,770,326,880	310,912,244,437	317,239,286,955	403,629,014,772

Source: Claritas, Inc.

Educational Facilities

While there are no institutions of higher education located within the School District, the following institutions of higher education are within commuting distance: Saint Francis University, located in Loretto; Mt. Aloysius College, Cresson; the University of Pittsburgh at Johnstown, Johnstown; Indiana University of Pennsylvania, Indiana, Pennsylvania State University, State College; the Altoona Campus of the Pennsylvania State University, Altoona; and the Penn Highlands College, Johnstown.

Medical

Duke LifePoint Conemaugh Health Systems, in Johnstown; Indiana Regional Medical Center, in Indiana; Excelsa Health Latrobe Hospital, in Latrobe; and Miners Hospital, in Hastings, Pennsylvania provide medical care to residents of the School District.

Transportation

State Routes 56 and 403, which run in an east-west direction, and State Route 271, which runs in a north-south direction, pass through Cambria County (the "County"). U.S. Route 219, a limited access highway running in a north-south direction, also passes through the County and provides a vital link to major east-west and north-south arteries. U.S. Route 219 is flanked by Interstate Route 80 to the north and Interstate Route 76 (the Pennsylvania Turnpike) to the south. U.S. Route 22 (the William Penn Highway) and Route 30, both major east-west highways, are also located in the County. The County is also served by U.S. Route 422, which runs east-west through the County, and State Route 53, which runs north-south. Johnstown-Cambria County Municipal Airport, approximately five miles east of the City of Johnstown, has daily commuter flight service connecting to all major cities through the Greater Pittsburgh International Airport. Bus service in the County is supplied by the Cambria County Transit Authority, Blue & White Bus Lines, Greyhound Bus Line, Somerset Bus Company, DeBolt and Lone Star. ConRail, the Conemaugh & Blacklick Railroad, and the Johnstown & Stonycreek Railroad serve the freight transportation needs of the County and connect with major marketing areas of the country; Amtrak supplies intercity rail passenger service to the County.

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**APPENDIX B –
Form of Bond Counsel Opinion**

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FORM OF OPINION OF BOND COUNSEL

We have served as Bond Counsel to Conemaugh Valley School District (Cambria 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, bearing interest from [_____], 2026, maturing on various annual dates ending [_____], 20[___], and subject to redemption at the option of the Local Government Unit Prior to maturity beginning [_____], 20[___].

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.A. §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 Leventry, Haschak, and Rodkey, LLC, solicitor for 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 The Bank of New York Mellon Trust Company, N.A., Pittsburgh, Pennsylvania, as Paying Agent for the Local Government Unit; The Bank of New York Mellon Trust Company, N.A. has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

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.

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.

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.

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 (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 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 in purchasing or carrying 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 Bonds, and interest income therefrom, are 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.

Very Truly Yours,

DINSMORE & SHOHL LLP

**APPENDIX C –
Audited Financial Statements**

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**Conemaugh Valley School District
1340 William Penn Avenue
Johnstown, PA**

**Single Audit Report as required
by Uniform Guidance**

**For the Year Ended
June 30, 2025**

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List of Report Distribution

January 29, 2026

To the Members of the Board
Conemaugh Valley School District
1340 William Penn Avenue
Johnstown, Pennsylvania 15906

Board Members:

Not later than thirty days after receipt of the audit report, Conemaugh Valley School District must distribute the audit report as follows:

One (1) copy to: Commonwealth of Pennsylvania –
Bureau of Audits
(submitted electronically)

One (1) copy to: Single Audit Clearing House
(submitted electronically)

Sincerely,

Kotzan CPA & Associates, P.C.

Independent Auditors' Report

To the Members of the Board
Conemaugh Valley School District
1340 William Penn Avenue
Johnstown, Pennsylvania 15906

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

Basis for Opinions

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

Emphasis of Matter – GASB Statement No. 101, *Compensated Absences*

As discussed in Note 21 to the financial statements, Conemaugh Valley School District implemented GASB Statement No. 101, *Compensated Absences*, for the year ended June 30, 2025. This Statement updates the recognition and measurement guidance for compensated absences and amends certain previously required disclosures. Our opinion is not modified with respect to this matter.

Emphasis of Matter – Restatement of Net Position

As discussed in Note 22 to the financial statements, the net position of the governmental activities was restated effective July 1, 2024 to correct for understated receivables. The restatement affects the government-wide financial statements only. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

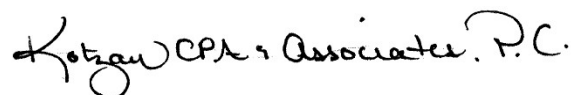
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, historical pension and OPEB information, and budgetary comparison information on pages 6-14, pages 62-65, and page 66, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Conemaugh Valley School District's basic financial statements. The accompanying schedule of expenditures of federal awards and certain state grants is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is not a required part of the basic financial statements. The schedule of expenditures of federal awards and certain state grants is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and certain state grants is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2026 on our consideration of Conemaugh Valley School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Conemaugh Valley School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Conemaugh Valley School District's internal control over financial reporting and compliance.



Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 29, 2026

Management's Discussion and Analysis

Conemaugh Valley School District

2024-2025

The discussion and analysis of Conemaugh Valley 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 position.

The Management Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Conemaugh Valley School District's financial statements are required to meet the GASB 34 Accounting Standards. Whereas previous standards (pre GASB 34) required modified accrual (no receivables/accruals beyond 60 days), no capital assets depreciation and no reports of combined net position, GASB 34 requires full accrual accounting, including fixed asset accounting, proper combination of multiple funds, and the realization of depreciation expense as part of the Statement of Net Position and Statements of Activities.

Financial Highlights

The Conemaugh Valley School District general fund had revenues of \$15,344,499 and expenditures of \$17,929,649 for the year ended June 30, 2025. Revenues increased \$516,715 from the 2023-24 fiscal year. This increase is due to increases in multiple state funded subsidies including basic education, special education, and transportation. Revenues were further increased by new state funded subsidies for cyber reimbursement, PHEAA Helps, and the Public School Facility Improvement Grant program. General fund expenditures increased \$1,283,245 from the 2023-24 fiscal year. This was mainly due to an increase in health insurance costs, outside tuition costs, and capital outlay associated with the high school energy saving project. The total expenses exceeded revenues resulting in a fund balance decrease of \$2,585,150 for the year ended June 30, 2025.

Using the Annual Financial Report

The annual financial report consists of 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 Conemaugh Valley School District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Condensed comparative analysis of financial statements to the previous year are required and included.

Statements required under GASB 34 include the following:

- Statement of Net Position
- Statement of Activities
- Balance Sheet of Governmental Funds
- Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position
- Statement of Revenues, Expenditures, and Changes in Fund Balances
- Reconciliation of the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities
- Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget vs. Actual – General Fund

Conemaugh Valley School District
Management's Discussion and Analysis (MD&A)

The Statement of Net Position provides a consolidation of all governmental funds into one statement of activities with current and non-current assets, deferred outflows of resources, current and non-current liabilities, deferred inflows of resources, and displays the total net position of all governmental funds properly reconciled. It also provides the same for those business activities run by the District. The Statement of Activities intends to display expenses net of program revenues and classifies revenues into the two general categories of program and general operating revenue. It identifies program revenue as charges, operating grants, and then allocates them to particular expense categories where appropriate.

The Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position reconciles the fund balance per the fund financial statements to the net position per the government-wide financial statements by outlining the accounting changes necessary to convert from modified accrual to the full accrual method of accounting.

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

Funds analyzed in this audit include:

- Major governmental activities including:
 - General Fund
 - Capital Projects Fund
- Major business-type activities:
 - Food Service (Cafeteria) Fund
- Fiduciary funds:
 - Custodial Fund – Student Activity Accounts

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.

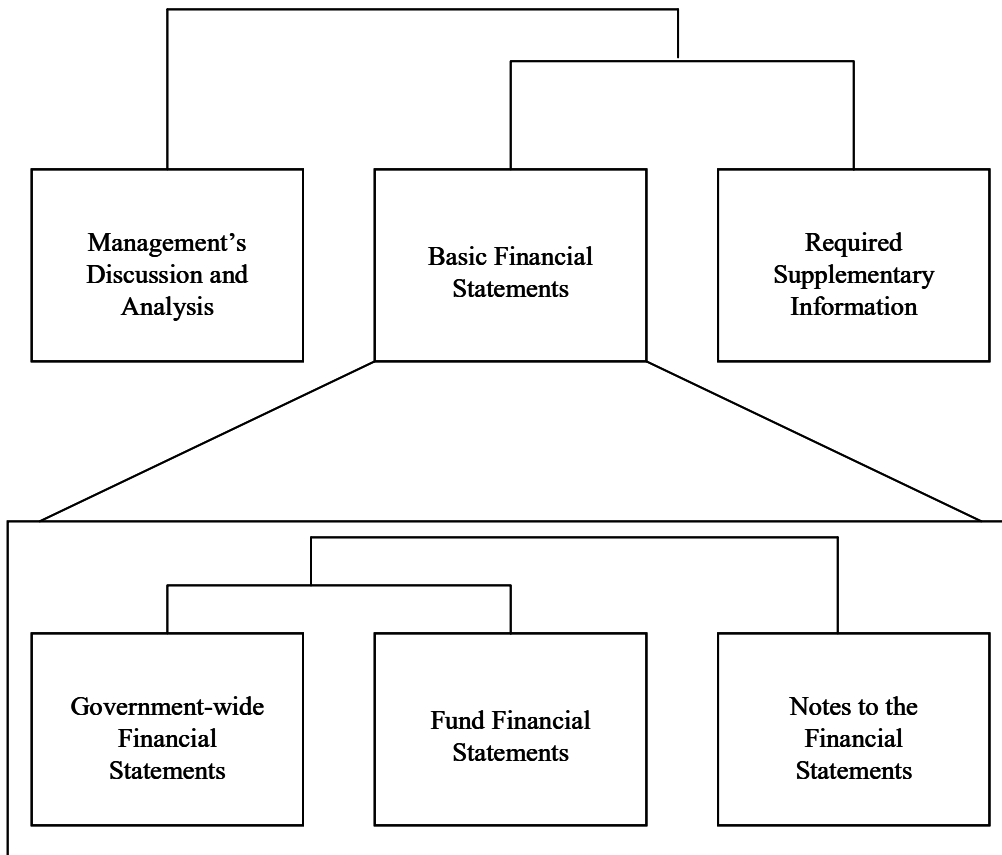
The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short and long-term financial information about 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 custodian 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.

Conemaugh Valley School District
Management's Discussion and Analysis (MD&A)

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

Figure A-1
Required components of
Conemaugh Valley School District's
Financial Report



Overview of the Financial Statements

Government-wide Statements

The government-wide financial 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 government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, are one way to measure the District's financial health or financial position.

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

There are additional factors that weight the overall health of the District. Specifically, changes to the property tax base as well as student performance can have a dramatic effect on the overall health of the District.

Conemaugh Valley School District
Management's Discussion and Analysis (MD&A)

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

1. Governmental activities – All of the District's basic services are included here, such as instruction, administration, transportation and community services. Local property and income taxes and state and federal subsidies finance most of these activities. The Athletic funds are also included in governmental activities.
2. Business-type activities – The District operates a stand-alone food service operation. Charges to staff, students and visitors as well as state and federal subsidies help to cover the costs of the food service operation.
3. Fiduciary Funds – Instances in which the District is the trustee or agent to someone else's resources – Student Activity funds.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds, not the District as a whole.

Governmental Funds – The majority of the District's activities are reported in governmental funds, which focus on determining the financial position and the net 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 governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship between governmental activities and governmental funds is reconciled in the financial statements.

Proprietary Fund – 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 not 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, including cash flows.

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

Conemaugh Valley School District
Management's Discussion and Analysis (MD&A)

Financial Analysis of the District as a Whole

Table A-1 summarizes the assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position of the District at June 30, 2025, as compared to June 30, 2024. The District's total net position was \$(7,785,935) at June 30, 2025.

Table A-1
Condensed Schedule of Net Position

	Governmental Activities		Business-type Activities		Total School District		Change to 2024-25
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	
Current and other assets	\$ 6,246,515	\$ 7,763,722	\$ 337,079	\$ 495,353	\$ 6,583,594	\$ 8,259,075	\$ (1,675,481)
Non-current assets	15,062,212	14,524,642	145,875	164,774	15,208,087	14,689,416	518,671
Total assets	<u>\$ 21,308,727</u>	<u>\$ 22,288,364</u>	<u>\$ 482,954</u>	<u>\$ 660,127</u>	<u>\$ 21,791,681</u>	<u>\$ 22,948,491</u>	<u>\$ (1,156,810)</u>
Deferred outflows of resources	\$ 3,100,652	\$ 4,034,849	\$ 0	\$ 0	\$ 3,100,652	\$ 4,034,849	\$ (934,197)
Current and other liabilities	\$ 3,509,864	\$ 2,089,997	\$ 30,430	\$ 141,643	\$ 3,540,294	\$ 2,231,640	\$ 1,308,654
Long-term liabilities	27,758,870	29,621,499	8,378	14,057	27,767,248	29,635,556	(1,868,308)
Total liabilities	<u>\$ 31,268,734</u>	<u>\$ 31,711,496</u>	<u>\$ 38,808</u>	<u>\$ 155,700</u>	<u>\$ 31,307,542</u>	<u>\$ 31,867,196</u>	<u>\$ (559,654)</u>
Deferred inflows of resources	\$ 1,370,726	\$ 979,098	\$ 0	\$ 0	\$ 1,370,726	\$ 979,098	\$ 391,628
Net Position:							
Invested in capital assets, net of related debt	\$ 2,368,836	\$ 1,795,107	\$ 145,875	\$ 164,774	\$ 2,514,711	\$ 1,959,881	\$ 554,830
Restricted for capital projects	110	0	0	0	110	0	110
Unrestricted	(10,599,027)	(8,162,488)	298,271	339,653	(10,300,756)	(7,822,835)	(2,477,921)
Total net position	<u>\$ (8,230,081)</u>	<u>\$ (6,367,381)</u>	<u>\$ 444,146</u>	<u>\$ 504,427</u>	<u>\$ (7,785,935)</u>	<u>\$ (5,862,954)</u>	<u>\$ (1,922,981)</u>

Analysis of Condensed Schedule of Net Position (Table A-1)

Current assets represent 30.21% of the total assets comprised primarily of cash and cash equivalents of \$3,453,494. Non-current assets are comprised of capital assets including land, construction in progress, site and building improvements, furniture and equipment, and right-of-use of \$15,208,087 and represent 69.79% of total assets.

The total liability amount of \$31,307,542 consists primarily of bonds payable of \$12,106,000 (38.67%) and pension liability of \$13,854,000 (44.25%).

The resulting \$(7,785,935) in net position includes \$2,514,711 invested in capital assets net of related debt, \$110 restricted for capital projects, and \$(10,300,756) in unrestricted net position.

The government-wide financial statements also reflect deferred inflows and outflows of resources relating to the pension plans and other post-employment benefits.

Conemaugh Valley School District
Management's Discussion and Analysis (MD&A)

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 the Basic Education Subsidy provided by the State of Pennsylvania, and local taxes assessed to local tax payers.

Table A-2 takes information from the Statement of Activities and shows total revenues and total expenses for the year.

Table A-2
Fiscal Year ended June 30, 2025
Net (Expense) Revenue and Changes in Net Position

	Governmental Activities		Business-type Activities		Total School District		Favorable (Unfavorable)
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	
Revenues							
Program Revenues							
Charges for Services	\$ 24,975	\$ 24,640	\$ 44,668	\$ 48,787	\$ 69,643	\$ 73,427	\$ (3,784)
Operating Grants and Contributions	4,780,325	4,602,426	863,634	741,901	5,643,959	5,344,327	299,632
Capital Grants and Contributions	163,615	160,434	0	0	163,615	160,434	3,181
General Revenues							
Taxes Levied	3,161,316	3,021,971	0	0	3,161,316	3,021,971	139,345
Grants, Subsidies and Contributions	6,924,024	6,776,835	0	0	6,924,024	6,776,835	147,189
Investment Earnings	166,844	227,592	1,665	2,359	168,509	229,951	(61,442)
Miscellaneous Income	17,179	14,871	0	0	17,179	14,871	2,308
Gain/(Loss) on disposal of assets	0	7,956	0	0	0	7,956	(7,956)
Total Revenues	\$ 15,238,278	\$ 14,836,725	\$ 909,967	\$ 793,047	\$ 16,148,245	\$ 15,629,772	\$ 518,473
Expenses							
Instruction	\$ 11,076,629	\$ 10,346,337	\$ 0	\$ 0	\$ 11,076,629	\$ 10,346,337	\$ (730,292)
Instructional Student Support	484,344	600,175	0	0	484,344	600,175	115,831
Administrative and Financial Support	1,992,491	2,099,507	0	0	1,992,491	2,099,507	107,016
Operation and Maintenance of Plant	1,696,447	1,668,780	0	0	1,696,447	1,668,780	(27,667)
Pupil Transportation	1,150,226	1,129,401	0	0	1,150,226	1,129,401	(20,825)
Student Activities	442,505	504,786	0	0	442,505	504,786	62,281
Community	6,253	1,170	0	0	6,253	1,170	(5,083)
Interest on Long-term Obligations	252,083	275,279	0	0	252,083	275,279	23,196
Food Services	0	0	970,248	868,216	970,248	868,216	(102,032)
Total Expenses	17,100,978	16,625,435	970,248	868,216	18,071,226	17,493,651	(577,575)
Increase (decrease) in net position	\$ (1,862,700)	\$ (1,788,710)	\$ (60,281)	\$ (75,169)	\$ (1,922,981)	\$ (1,863,879)	\$ (59,102)

Conemaugh Valley School District
Management's Discussion and Analysis (MD&A)

Comparison Analysis

Table A-3 analyzes the budget to actual variances for the 2024-25 school year and the 2024-25 actual to 2023-24 actual. The budgeted amount includes all budgetary transfers.

Table A-3
 Summary of Budgeted Revenues and Expenditures to Actual
 June 30, 2025

	2024-25 Actual	2023-24 Actual	Favorable/ (Unfavorable) From P/Y	2024-25 Final Budget	Amount Favorable/(Unfavorable) Final Budget
Revenues					
Local sources	\$ 3,708,742	\$ 3,512,814	\$ 195,928	\$ 3,275,000	\$ 433,742
State sources	11,044,432	10,666,028	378,404	10,678,445	365,987
Federal sources	<u>591,325</u>	<u>648,942</u>	<u>(57,617)</u>	<u>600,555</u>	<u>(9,230)</u>
Total revenues	<u>15,344,499</u>	<u>14,827,784</u>	<u>516,715</u>	<u>14,554,000</u>	<u>790,499</u>
Expenses					
Instructional	10,899,661	9,904,142	(995,519)	9,694,050	(1,205,611)
Support services	5,233,850	5,418,288	184,438	5,163,200	(70,650)
Operation of non-instructional services	435,177	489,036	53,859	479,200	44,023
Capital outlay	522,873	0	(522,873)	0	(522,873)
Debt service	820,280	817,130	(3,150)	818,000	(2,280)
Leases	<u>17,808</u>	<u>17,808</u>	<u>0</u>	<u>0</u>	<u>(17,808)</u>
Total expenses	<u>17,929,649</u>	<u>16,646,404</u>	<u>(1,283,245)</u>	<u>16,154,450</u>	<u>(1,775,199)</u>
Increase (decrease)	<u>(2,585,150)</u>	<u>(1,818,620)</u>	<u>(766,530)</u>	<u>(1,600,450)</u>	<u>(984,700)</u>
Other financing sources (uses)					
Other financing sources	0	0	0	5,000	(5,000)
Sale of capital assets	<u>0</u>	<u>15,050</u>	<u>(15,050)</u>	<u>0</u>	<u>0</u>
Total financing sources (uses)	<u>0</u>	<u>15,050</u>	<u>(15,050)</u>	<u>5,000</u>	<u>(5,000)</u>
Net change in fund balance	<u>\$ (2,585,150)</u>	<u>\$ (1,803,570)</u>	<u>\$ (781,580)</u>	<u>\$ (1,595,450)</u>	<u>\$ (989,700)</u>

Conemaugh Valley School District
Management’s Discussion and Analysis (MD&A)

The revenue for the School District comes from local, state, and federal sources. During the 2024-25 fiscal year, \$3,708,742 local funds (24.17%), \$11,044,432 state funds (71.98%), and \$591,325 federal funds (3.86%) were received by the general fund.

Local funding is primarily comprised of \$2,190,904 of real estate taxes and earned income taxes of \$738,125. Delinquent taxes in the amount of \$186,186 were collected during the fiscal year. The District also received \$170,645 from Federal IDEA funds which pass through the Appalachia Intermediate Unit.

Basic Educational Subsidy of \$6,511,505 makes up 58.96% of the total state subsidies received. It also represents 42.44% of total revenue received by the School District. Other significant receipts from the state include Transportation Subsidy, \$678,937; Special Education, \$749,643; Revenue for Retirement Payments, \$1,163,540; Revenue for Social Security Payments, \$252,980; State Property Tax Reduction Allocation, \$412,518; Ready to Learn Block Grant, \$271,026; and Pre K Counts, \$451,500.

No Child Left Behind, Title I – Improving the Academic Achievement of the Disadvantaged revenue made up the most significant portion of federal funds received in the amount of \$299,490. Federal funds also included, No Child Left Behind, Title II, \$41,309. The district also received \$104,198 from the School-Based Access Medicaid Reimbursement Program (SBAP) reimbursements (Access).

Review Comparing 2024-25 to 2023-24 Fund Financial Statements

- Actual revenue increased by \$516,715 mainly due to a real estate tax increase as well as increase in Basic Education and Special Education state subsidies.
- Total expenses increased by \$1,283,245 mainly due to increased healthcare premiums and cyber charter school tuition. The district also began an energy savings project with the district share of the cost being estimated at \$500,000.
- The District ended 2024-25 with a decrease of \$2,585,150 to the General Fund’s fund balance.

Debt Service

As of July 1, 2024, the District had total outstanding debt of \$12,320,418. In February 2025, the District issued Series of 2025 bonds totaling \$561,000. During fiscal year 2025, the District made payments against principal of \$560,976, resulting in ending outstanding principal debt of \$12,320,442 at June 30, 2025.

Table A-4
 Outstanding Debt

	<u>2024-25</u>	<u>2023-24</u>
General Obligation Bonds:		
Series of 2019	\$ 3,570,000	\$ 3,730,000
Series of 2020	7,975,000	8,335,000
Series of 2025	561,000	0
FNB Paving Loan	<u>214,442</u>	<u>255,418</u>
	<u>\$ 12,320,442</u>	<u>\$ 12,320,418</u>

Conemaugh Valley School District
Management's Discussion and Analysis (MD&A)

Capital Assets

Table A-5 illustrates changes in capital assets, net of depreciation, by asset type.

	Governmental Activities		Business-type Activities		Total		Percentage Change
	2024-25	2023-24	2024-25	2023-24	2024-25	2023-24	
Land	\$ 203,397	\$ 203,397	\$ 0	\$ 0	\$ 203,397	\$ 203,397	0.00%
Construction in progress	1,042,373	0	0	0	1,042,373	0	100.00%
Buildings and Improvements	13,343,126	13,776,388	0	0	13,343,126	13,776,388	-3.14%
Furniture and Equipment	432,669	487,391	145,875	164,774	578,544	652,165	-11.29%
	<u>\$15,021,565</u>	<u>\$14,467,176</u>	<u>\$ 145,875</u>	<u>\$ 164,774</u>	<u>\$ 15,167,440</u>	<u>\$ 14,631,950</u>	3.66%

Currently Known Facts, Decisions or Conditions

The rising cost of health care continued to be a financial burden on the District in 2024-25. The district has given the Greater Johnstown Healthcare Consortium notice of departure from the consortium effective July 1, 2025. The district has successfully negotiated new collective bargaining agreements with both the Professional and Support Staff bargaining units. Each agreement will become effective as of July 1, 2025, and include provisions for Individual Coverage Healthcare Reimbursement Arrangement (ICHRA) that will save the district a projected \$2,000,000 in healthcare costs per year.

Cyber School tuition costs are a growing financial concern for the district. Changes that are included in the 2025-26 Pennsylvania State Budget will help to alleviate some of these costs. Total savings are still to be determined.

The District does not expect growth in the near future in regards to student enrollment or the assessed value of the property in the District. Further, there is little business growth and no anticipated growth in employment opportunities.

Contacting the District Financial Management

This financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have any questions about this report or wish to request additional information, please contact Eric Miller, Business Manager, Conemaugh Valley School District, 1340 William Penn Avenue, Johnstown, PA 15906 or 814-535-5005.

BASIC FINANCIAL STATEMENTS

Conemaugh Valley School District
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Assets			
Current assets:			
Cash and equivalents	\$ 3,280,896	\$ 172,598	\$ 3,453,494
Investments	1,000,000	0	1,000,000
Taxes receivable	1,024,561	0	1,024,561
Intergovernmental receivables	748,611	162,190	910,801
Prepaid expenses	167,622	0	167,622
Other receivables	24,825	0	24,825
Inventory	0	2,291	2,291
Total current assets	6,246,515	337,079	6,583,594
Noncurrent assets:			
Land	203,397	0	203,397
Construction in progress	1,042,373	0	1,042,373
Depreciable capital assets, net	13,775,795	145,875	13,921,670
Right-of-use lease assets, net	40,647	0	40,647
Total noncurrent assets	15,062,212	145,875	15,208,087
Total assets	21,308,727	482,954	21,791,681
Deferred Outflows of Resources			
Defined benefit pension plan	2,580,907	0	2,580,907
Other post-employment benefits	519,745	0	519,745
Total deferred outflows of resources	3,100,652	0	3,100,652
Total assets and deferred outflows of resources	\$ 24,409,379	\$ 482,954	\$ 24,892,333

See accompanying notes to the basic financial statements.

Conemaugh Valley School District
Statement of Net Position
June 30, 2025

	Governmental Activities	Business-Type Activities	Total
Liabilities			
Current liabilities:			
Internal balances	\$ 53,497	\$ (53,497)	\$ 0
Accounts payable	1,217,799	67,905	1,285,704
Accrued salaries and benefits	760,750	9,750	770,500
Payroll liabilities	471,932	0	471,932
Accrued interest payable	83,754	0	83,754
Retirement incentives	98,500	0	98,500
Current portion of long-term obligations	823,632	5,585	829,217
Unearned revenues	0	687	687
Total current liabilities	3,509,864	30,430	3,540,294
Noncurrent liabilities:			
Bonds payable, net	11,785,263	0	11,785,263
Other long-term debt	172,470	0	172,470
Long-term portion of lease obligation	23,828	0	23,828
Long-term portion of retirement incentives	106,167	0	106,167
Long-term portion of compensated absences	240,794	8,378	249,172
Net other post employment benefits (OPEB)	1,576,348	0	1,576,348
Net pension liability	13,854,000	0	13,854,000
Total noncurrent liabilities	27,758,870	8,378	27,767,248
Total liabilities	31,268,734	38,808	31,307,542
Deferred Inflows of Resources			
Defined benefit pension plan	881,000	0	881,000
Other post-employment benefits	377,702	0	377,702
Deferred gain on refunding	112,024	0	112,024
Total deferred inflows of resources	1,370,726	0	1,370,726
Net Position			
Invested in capital assets, net of debt	2,368,836	145,875	2,514,711
Restricted for capital projects	110	0	110
Unrestricted	(10,599,027)	298,271	(10,300,756)
Total net position	(8,230,081)	444,146	(7,785,935)
Total liabilities, deferred inflows of resources and net position	\$ 24,409,379	\$ 482,954	\$ 24,892,333

See accompanying notes to the basic financial statements.

**Conemaugh Valley School District
Statement of Activities
For the Year Ended June 30, 2025**

	Program Revenues				Net (Expenses) Revenues and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:							
Instruction	\$ 11,076,629	\$ 0	\$ 3,569,370	\$ 0	\$ (7,507,259)	\$ 0	\$ (7,507,259)
Instructional student support	484,344	0	171,578	0	(312,766)	0	(312,766)
Administration and financial support	1,992,491	0	121,781	0	(1,870,710)	0	(1,870,710)
Operations and maintenance of plant	1,696,447	0	214,404	0	(1,482,043)	0	(1,482,043)
Pupil transportation	1,150,226	0	703,192	0	(447,034)	0	(447,034)
Student activities	442,505	24,975	0	0	(417,530)	0	(417,530)
Community	6,253	0	0	0	(6,253)	0	(6,253)
Interest on long-term obligations	252,083	0	0	163,615	(88,468)	0	(88,468)
Total governmental activities	17,100,978	24,975	4,780,325	163,615	(12,132,063)	0	(12,132,063)
Business-Type Activities:							
Food service	970,248	44,668	863,634	0	0	(61,946)	(61,946)
Total primary government	<u>\$ 18,071,226</u>	<u>\$ 69,643</u>	<u>\$ 5,643,959</u>	<u>\$ 163,615</u>	<u>(12,132,063)</u>	<u>(61,946)</u>	<u>(12,194,009)</u>
General Revenues:							
Taxes levied					3,161,316	0	3,161,316
Grants, subsidies and contributions, net restricted					6,924,024	0	6,924,024
Investment earnings					166,844	1,665	168,509
Miscellaneous					17,179	0	17,179
Total general revenues					<u>10,269,363</u>	<u>1,665</u>	<u>10,271,028</u>
Change in net position					(1,862,700)	(60,281)	(1,922,981)
Net position, beginning of year, restated					<u>(6,367,381)</u>	<u>504,427</u>	<u>(5,862,954)</u>
Net position, end of year					<u>\$ (8,230,081)</u>	<u>\$ 444,146</u>	<u>\$ (7,785,935)</u>

See accompanying notes to the basic financial statements.

**Conemaugh Valley School District
Balance Sheet
Governmental Funds
June 30, 2025**

	General Fund	Major Fund Capital Projects Fund	Total Governmental Funds
Assets			
Cash and cash equivalents	\$ 2,761,286	\$ 519,610	\$ 3,280,896
Investments	1,000,000	0	1,000,000
Taxes receivable	1,024,561	0	1,024,561
Due from other governments	748,611	0	748,611
Other receivables	24,825	0	24,825
Prepaid expenses	167,622	0	167,622
 Total assets	5,726,905	519,610	6,246,515
 Deferred Outflows of Resources	<u>0</u>	<u>0</u>	<u>0</u>
 Total assets and deferred outflows of resources	\$ 5,726,905	\$ 519,610	\$ 6,246,515
Liabilities			
Due to other funds	\$ 53,497	\$ 0	\$ 53,497
Accounts payable	698,299	519,500	1,217,799
Accrued salaries and benefits	760,750	0	760,750
Payroll liabilities	471,932	0	471,932
Retirement incentive	98,500	0	98,500
 Total liabilities	2,082,978	519,500	2,602,478
Deferred Inflows of Resources			
Delinquent taxes receivable	807,772	0	807,772
 Total deferred inflows of resources	807,772	0	807,772
Fund Balance			
Nonspendable	167,622	0	167,622
Restricted	0	110	110
Assigned	2,200,000	0	2,200,000
Unassigned	468,533	0	468,533
 Total fund balance	2,836,155	110	2,836,265
 Total liabilities, deferred inflows of resources and fund balance	\$ 5,726,905	\$ 519,610	\$ 6,246,515

See accompanying notes to the basic financial statements.

**Conemaugh Valley School District
Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2025**

Total fund balance – governmental funds \$ 2,836,265

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 the assets is \$25,060,991 and the accumulated depreciation is \$10,039,426. 15,021,565

Right-of-use assets (leases) used in governmental activities are not financial resources, and therefore, are not reported as assets in the \$84,096 and the accumulated amortization is \$43,449. 40,647

Property taxes receivable will be collected in the future, but are not available soon enough to pay for the current period's expenditures and therefore, are recorded as deferred inflows of resources in the funds. 807,772

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

General obligation bonds	\$(12,106,000)	
Paving project loan	(214,442)	
Lease obligations	(40,647)	
Accrued interest payable	(83,754)	
Compensated absences	(464,635)	
Retirement incentive	(106,167)	
Net other post-employment benefit obligation	(1,576,348)	
Unamortized bond premium	(220,263)	
Net pension liability	<u>(13,854,000)</u>	(28,666,256)

Deferred outflows and inflows of resources related to pensions, OPEB, and bond refundings are applicable to future periods and, therefore, are not reported in the funds.

Deferred outflows related to pensions	\$2,580,907	
Deferred inflows related to pensions	(881,000)	
Deferred outflows related to OPEB	519,745	
Deferred inflows related to OPEB	(377,702)	
Deferred inflows related to refundings	<u>(112,024)</u>	<u>1,729,926</u>

Net position of governmental activities \$ (8,230,081)

See accompanying notes to the basic financial statements.

Conemaugh Valley 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>Major Fund Capital Projects Fund</u>	<u>Total Governmental Funds</u>
Revenues			
Local sources	\$ 3,708,742	\$ 8,263	\$ 3,717,005
State sources	11,044,432	0	11,044,432
Federal sources	<u>591,325</u>	<u>0</u>	<u>591,325</u>
Total revenues	<u>15,344,499</u>	<u>8,263</u>	<u>15,352,762</u>
Expenditures			
Instruction	10,899,661	0	10,899,661
Support services	5,233,850	49,653	5,283,503
Non-instructional services	435,177	0	435,177
Capital outlay	522,873	519,500	1,042,373
Debt service (principal and interest)	820,280	0	820,280
Lease (principal and interest)	<u>17,808</u>	<u>0</u>	<u>17,808</u>
Total expenditures	<u>17,929,649</u>	<u>569,153</u>	<u>18,498,802</u>
Excess of revenues over (under) expenditures	<u>(2,585,150)</u>	<u>(560,890)</u>	<u>(3,146,040)</u>
Other financing sources (uses)			
Proceeds from bond issuance	<u>0</u>	<u>561,000</u>	<u>561,000</u>
Total other financing sources (uses)	<u>0</u>	<u>561,000</u>	<u>561,000</u>
Net change in fund balance	(2,585,150)	110	(2,585,040)
Fund balance, beginning of year	<u>5,421,305</u>	<u>0</u>	<u>5,421,305</u>
Fund balance, end of year	<u>\$ 2,836,155</u>	<u>\$ 110</u>	<u>\$ 2,836,265</u>

See accompanying notes to the basic financial statements.

**Conemaugh Valley School District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2025**

Total net change in fund balance – governmental funds \$(2,585,040)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.

Capital outlays, net disposals	\$1,042,373	
Less: Depreciation expense	<u>(487,984)</u>	554,389

While right-of-use assets (leases) are not reported in the governmental funds, these intangible assets are reported in the governmental activities at their present value and amortized over the lease term. This amount represents current year amortization. (16,819)

Because some property taxes will not be collected for several months after the District’s fiscal year ends, they are not considered as “available” revenues in the governmental funds. Deferred inflows of resources from tax revenues decreased by this amount this year. (9,577)

The proceeds and principal repayments on long-term obligations provide and consume current financial resources of the governmental funds, respectively. However, they increase and reduce long-term liabilities on the statement of net position, respectively. Further, the effect of bond premiums are reported in the funds in the year of issue but are deferred and amortized in the statement of activities. The effect is shown below:

Bond principal payments	\$520,000	
Proceeds from 2025 bond issue	(561,000)	
Other long-term debt payments	40,976	
Lease obligation principal payments	16,819	
Accretion of bond premium	<u>19,364</u>	36,159

Interest on long-term debt is recognized in the governmental funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. Accrued interest expense decreased by this amount this year. 8,210

In the governmental funds, compensated absences are measured by the amounts used. The statement of activities measures by the amounts earned. The liability for compensated absences decreased by this amount this year. 32,721

See accompanying notes to the basic financial statements.

**Conemaugh Valley School District
Reconciliation of the Statement of Revenues, Expenditures and
Changes in Fund Balances to the Statement of Activities
For the Year Ended June 30, 2025**

During fiscal year 2025, the District offered a three-year retirement incentive package to employees. In the governmental funds, the current portion of retirement incentives are recognized as expenditures when they are paid within 60 days of year end. In the statement of activities, the retirement incentives are recognized as expenses when incurred. The long-term portion of retirement incentives totaled this amount for the year. (106,167)

Governmental funds report District pension contributions as expenditures in the year required to be made. However, pension expense, which is the change in net pension liability, adjusted for changes in deferred outflows and inflows of resources related to pensions, is reported in the statement of activities.

District pension contributions	\$1,665,907	
Pension expense	<u>(1,288,693)</u>	377,214

Governmental funds report District payments for other post-employment benefits (OPEB) in the year such benefits are used. However, OEPB expense, which is the change in net OPEB liability, adjusted for changes in deferred outflows and inflows of resources related to OPEB, is reported in the statement of activities.

District OPEB benefit payments	\$ 82,729	
OPEB expense	<u>(131,612)</u>	(48,883)

Governmental funds reported refunds of prior year expenditures as current year revenues. However, they are reported as a restatement of net position on the statement of activities. (104,907)

Change in net position of governmental activities \$ (1,862,700)

See accompanying notes to the basic financial statements.

Conemaugh Valley School District
Statement of Net Position
Proprietary Fund
June 30, 2025

	<u>Food Service</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 172,598
Due from other funds	53,497
Due from other governments	162,190
Inventory	2,291
Total current assets	390,576
Noncurrent assets:	
Machinery and equipment, net	145,875
Total noncurrent assets	145,875
Total assets	536,451
Deferred Outflows of Resources	
	0
Total assets and deferred outflows of resources	\$ 536,451
Liabilities	
Current liabilities:	
Accounts payable	\$ 67,905
Accrued salaries and benefits	9,750
Unearned revenues	687
Current portion of compensated absences	5,585
Total current liabilities	83,927
Noncurrent liabilities:	
Long-term portion of compensated absences	8,378
Total noncurrent liabilities	8,378
Total liabilities	92,305
Deferred Inflows of Resources	
	0
Net Position	
Invested in capital assets	145,875
Unrestricted	298,271
Total net position	444,146
Total liabilities, deferred inflows of resources and net position	\$ 536,451

See accompanying notes to the basic financial statements.

Conemaugh Valley School District
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2025

	Food Service
Operating revenues	
Food service revenue	\$ 42,843
Other operating revenue	1,825
Total operating revenues	44,668
Operating expenses	
Salaries	242,947
Employee benefits	210,215
Purchased property services	17,352
Other purchased services	4,417
Supplies	468,000
Depreciation	25,689
Dues and fees	1,165
Other operating expenses	463
Total operating expenses	970,248
Operating income (loss)	(925,580)
Nonoperating revenues (expenses)	
Earnings on investments	1,665
Contributions and donations	2,000
State sources	80,508
Federal sources	781,126
Total nonoperating revenues (expenses)	865,299
Change in net position	(60,281)
Total net position, beginning of year, restated	504,427
Total net position, end of year	\$ 444,146

See accompanying notes to the basic financial statements.

**Conemaugh Valley School District
Statement of Cash Flows
Proprietary Fund
For the Year Ended June 30, 2025**

	Food Service
Cash flows from operating activities	
Cash received from customers	\$ 42,843
Cash received from other operating revenue	1,825
Cash payments to employees for services	(542,995)
Cash payments to suppliers for goods and services	(434,186)
Cash payments for other operating expenses	(1,628)
Net cash provided by (used for) operating activities	(934,141)
Cash flows from non-capital financing activities	
Local sources	2,000
State sources	76,454
Federal sources	666,210
Net cash provided by (used for) non-capital financing activities	744,664
Cash flows from capital and related financing activities	
Capital outlay	(6,790)
Net cash provided by (used for) capital and related financing activities	(6,790)
Cash flows from investing activities	
Earnings on investments	1,665
Net cash provided by (used for) investing activities	1,665
Net increase (decrease) in cash and cash equivalents	(194,602)
Cash and cash equivalents, beginning of year	367,200
Cash and cash equivalents, end of year	\$ 172,598
Reconciliation of operating income (loss) to net cash provided by (used for) operating activities:	
Operating income (loss)	\$ (925,580)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:	
Depreciation	25,689
(Increase) decrease in inventories	12,157
Increase (decrease) in accounts payable	(51,319)
Increase (decrease) in accrued salaries and benefits	5,006
Increase (decrease) in other current liabilities	(94)
Total adjustments	(8,561)
Net cash provided by (used for) operating activities	\$ (934,141)

See accompanying notes to the basic financial statements

**Conemaugh Valley School District
Statement of Fiduciary Net Position
Fiduciary Fund
June 30, 2025**

	<u>Custodial Fund</u>
Assets	
Cash and cash equivalents	\$ 78,913
Total assets	78,913
Deferred Outflows of Resources	0
Total assets and deferred outflows of resources	\$ 78,913
Liabilities	\$ 0
Total liabilities	0
Deferred Inflows of Resources	0
Net Position	
Restricted for student activities	78,913
Total net position	78,913
Total liabilities, deferred inflows of resources and net position	\$ 78,913

See accompanying notes to the basic financial statements.

Conemaugh Valley School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year ended June 30, 2025

	Custodial Fund
Additions:	
Interest income	\$ 397
Fundraising revenue	106,702
Total additions	107,099
Deductions:	
Supplies	107,447
Change in net assets	(348)
Net position, beginning of year	79,261
Net position, end of year	\$ 78,913

See accompanying notes to basic financial statements.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

1. Description of School District and Reporting Entity

Conemaugh Valley School District is a Pennsylvania School District formed by a merger July 1, 1966. The District provides educational services to students located in Conemaugh Township, East Taylor Township, Daisytown Borough, East Conemaugh Borough and Franklin Borough, all located in Cambria County, Pennsylvania. The District has an enrollment of approximately 700 students. The District is governed by an elected board of school directors.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Conemaugh Valley School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable or other organizations whose nature and significant relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (1) either the School District's ability to impose its will on the organization; or (2) there is a potential for the organization to provide a financial benefit to or impose a financial burden on the School District. The School District has no component units.

2. Summary of Significant Accounting Policies

The financial statements of the 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 more significant of these 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 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 and business-type activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of goods and services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. 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.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

Fund Financial Statements

Fund financial statements are also provided in the report for all governmental funds, proprietary funds, and the fiduciary funds of the School District. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund statements. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial record 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 deferred outflows of resources, and liabilities and deferred inflows of resources, is reported as fund balance. The following are the School District's major 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 – The capital projects fund accounts for financial resources that are restricted for the acquisition, construction, renovation, and deferred maintenance of major capital facilities or equipment, and for debt service.

Proprietary Funds

Proprietary funds focus on the determination of net position, changes in net position and cash flows and are classified as either internal service or enterprise funds. Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District. There are no internal service funds. Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods and services. The following is the School District's major enterprise fund:

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

Fiduciary Fund

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District has no private-purpose trust funds. The custodial funds are used to report fiduciary activities that are not required to be reported as another fiduciary fund type. The School District's custodial fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

C. Measurement Focus

Government-wide Financial Statements

Government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources and, liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements

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

Proprietary fund types distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Food Service fund are charges for sales and services. Operating expenses for the Food Service fund include the cost of sales and services and administrative expenses. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Fiduciary funds are reported using the economic resources measurement focus.

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 use 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 unearned revenue, deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures. Unearned revenues are further addressed in Note 2O and deferred inflows and outflows of resources in Note 2P.

Revenues - Exchange and Non-Exchange 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 sixty days of fiscal year-end.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

Non-exchange 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 (see Note 5). 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 non-exchange 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

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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. Budgetary Data

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

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

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

The School District is required to adopt a proposed budget at least thirty (30) days prior to adoption of the annual budget. The proposed budget shall be printed or otherwise made available for public inspection to all persons and shall be made available for duplication to any person, on request, at least twenty (20) days prior to the date set for the adoption of the budget. Final action shall not be taken on the proposed budget until after ten (10) days of public notice.

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. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2025. Fund balances in budgetary funds may be appropriated based on resolutions passed by the Board of Education, which authorized 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.

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.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

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. Investment Valuation

The District categorizes the fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The District's investments include a long-term certificate of deposit held by Pennsylvania Local Government Investment Trust (PLGIT). Similar to checking and savings accounts, non-negotiable certificates of deposit are not subject to fair value or the aforementioned fair value level disclosures.

Although included in cash and cash equivalents on the District's financial statements, the District also invests in pooled funds with the Pennsylvania Local Government Investment Trust (PLGIT). These funds represent investments held in 2a7-like pools. Portfolio securities are valued at amortized cost, which approximates market value. PLGIT acts like money market mutual funds in that their objective is to maintain a stable net asset value of \$1.00 per share. The District reports these funds at the pool's share price. These funds are further discussed in Note 3.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2025, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed. Prepaid expense consists of health insurance premiums, curriculum, and membership dues at June 30, 2025.

H. Inventory

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

Inventories in governmental funds are stated at cost by the first-in, first-out method and consist of supplies held for consumption. The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as an expenditure when purchased. Due to immateriality, an inventory balance is not reported for the governmental funds.

A physical inventory of the Food Service Fund food and supplies was taken as of June 30, 2025. The inventory consisted of government donated commodities which are valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2025 are reported as unearned revenue.

I. Capital Assets

General capital assets 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 used by the Enterprise Fund are reported in both the business-type activities column on the government-wide statement of net position and the fund financial statements.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

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 maintains a capitalization threshold of fifteen (\$1,500) hundred dollars. 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 capitalized.

All reported capital assets, except for land and construction in process, 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>Estimated Lives</u>
Buildings and Improvements	15 - 40 years
Furniture and Equipment	5 - 20 years

J. Leases

The District is a lessee for a noncancellable lease of office equipment. The District recognizes a lease liability and an intangible right-of-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of the lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently the lease liability is reduced by the principal portion of lease payments made. The District uses the interest rate charged by the lessor as the discount rate. When this rate is not provided, the District uses its estimated incremental borrowing rate as the discount rate for leases.

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the term of the lease.

K. Original Issue Discounts and Premiums

Bond premiums and discounts are reported as direct adjustments to the face of the bond and are deferred and amortized over the life of the bond using the straight-line method of amortization.

L. Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” In governmental fund financial statements, advances between funds are offset by an amount reported as nonspendable fund balance to indicate that they are not available for appropriation and are not expendable available financial resources.

All receivables are determined to be collectible, and no allowance has been established.

Receivables from and payables to external parties are reported separately and are not offset in the proprietary fund financial statements and business-type activities of the government-wide financial statements, unless a right of offset exists.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

M. Fund Balance Classification

GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance – amounts that are not in spendable form (such as inventory or prepaid items) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., School Board). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts the District intends to use for a specific purpose. Intent can be expressed by the School Board or by an official or body to which the School Board delegates the authority. Under the School Board’s policy, amounts may be assigned by the Superintendent and the Business Manager.
- Unassigned fund balance – amounts that are available for any purpose. Positive amounts are reported only in the general fund.

As of June 30, 2025, fund balance components, other than unassigned, consisted of the following:

	<u>Restricted</u>	<u>Assigned</u>	<u>Nonspendable</u>
General fund:			
Prepaid expenses	\$ 0	\$ 0	\$ 167,622
Future healthcare costs	0	2,200,000	0
Capital projects fund	<u>110</u>	<u>0</u>	<u>0</u>
	<u>\$ 110</u>	<u>\$ 2,200,000</u>	<u>\$ 167,622</u>

The School Board establishes (and modifies or rescinds) fund balance commitments by resolution of the board. A fund balance commitment is further indicated in the budget document as a commitment of the fund. Assigned fund balance is established by the School Board through adoption or amendment of the budget as intended for a specific purpose.

The District would typically use Restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources first to defer the use of these other classified funds.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

N. 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.

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.

O. Unearned Revenues

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

P. Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources

The District reports decreases in net assets that relate to future periods as deferred outflows of resources in a separate section of its government-wide statement of net position. The deferred outflows of resources reported in this year’s financial statements include those related to the District’s cost-sharing, multi-employer defined benefit pension plan, as well as those related to the District’s other post-employment benefits (OPEB). Depending on the nature of the deferred outflow, they may be amortized to expense over 5 years, or over the average remaining service lives of employees. See further detail on deferred outflows of resources related to the pension plan at Note 10, and to OPEB at Notes 11 and 12.

No deferred outflows of resources affect the fund financial statements in the current year.

Deferred Inflows of Resources

The District’s statement of net position and its governmental fund balance sheet report a separate section for deferred inflows of resources. This separate financial statement element reflects an increase in net assets that applies to a future period(s). The deferred inflows of resources reported on the District’s statement of net position include those related to the District’s cost-sharing, multi-employer defined benefit pension plan, as well as those related to the District’s other post-employment benefits (OPEB). Depending on the nature of the deferred inflow, they may be amortized to expense over 5 years, or over the average remaining service lives of employees. See further detail on deferred inflows of resources related to the pension plan at Note 10, and to OPEB at Notes 11 and 12.

The District also reports the deferred gain on the refunding of debt as a deferred inflow of resources in the government-wide statement of net position (\$112,024). The gain is recognized as a component of interest expense on a straight-line basis over the term of the corresponding debt.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

In the District's governmental funds, the only deferred inflow of resources is for revenues that are not considered available. The District will not recognize the related revenues until they are available (collected not later than 60 days after the end of the District's fiscal year) under the modified accrual basis of accounting. Accordingly, unavailable revenues from property taxes are reported in the governmental funds balance sheet as a deferred inflow of resources (\$807,772).

Q. Net Position

Net position represents the assets and deferred outflows of resources, net of liabilities and deferred inflows of resources. 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 borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on its 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.

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

The government-wide statement of net position reports \$110 of restricted net position, which is restricted by enabling legislation for capital projects.

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence.

S. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

T. Multi-Employer Benefit Plans

Pension Plan

Substantially all full-time and part-time employees of the District participate in a cost-sharing, multi-employer defined pension plan. GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires cost-sharing employers such as the District to recognize a liability for their proportionate share of the collective net pension liability. The standard further requires the District to recognize pension expense and report deferred outflows of resources and deferred inflows of resources related to pensions for its proportionate share of collective pension expense and collective deferred outflows and inflows of resources related to pensions.

Conemaugh Valley School District
Notes to Financial Statements
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Other Post-Employment Benefits (OPEB)

The Public School Employees Retirement System (PSERS) provides a health insurance premium assistance program, which is a governmental cost-sharing, multiple employer OPEB plan for all eligible District retirees who qualify and elect to participate. GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, requires cost-sharing employers such as the District to recognize a liability for their proportionate share of the collective net OPEB liability. The Standard further requires the District to recognize OPEB expense and report deferred outflows of resources and deferred inflows of resources related to OPEB for its proportionate shares of collective OPEB expense and collective deferred outflows and inflows of resources related to OPEB.

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

3. Cash and Cash Equivalents and Investments

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest its monies as follows:

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

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

Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933, provided certain requirements are met.

Repurchase agreements with respect to U. S. Treasury bills or obligations.

Local Government Investment Pools (LGIPs) which include, but are not limited to, the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT).

Under Pennsylvania Act 10 of 2016, effective May 24, 2016, all Pennsylvania local governments, including school districts, have additional investment options including commercial paper, bankers' acceptances, and negotiable certificates of deposit. These additional investments are subject to maturity terms and credit rating requirements, as defined in the Act. However, due to the collateralization requirements of the Code and because negotiable certificates of deposit do not exist in the current investment market in a collateralized form to satisfy the requirements, they are not an investment lawfully available to school districts at this time.

Conemaugh Valley School District
Notes to Financial Statements
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The deposit and investment policy of the school district adheres to state statutes and prudent business practice. Cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents include demand deposits at various financial institutions. The market values of deposits are equal to the cost of the deposits. Cash and cash equivalents further include pooled funds with the Pennsylvania Local Government Investment Trust (PLGIT) further discussed below.

PLGIT insures that it will not place deposits with any single issuing institution if the largest participant's pro rata share of such deposits exceeds the insurance limit unless such deposits are collateralized as prescribed by Act 72 of the Commonwealth of Pennsylvania. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, PLGIT "liquid portfolios" meet the requirements of investments held in 2a7-like pools, and accordingly, portfolio securities are valued at amortized cost, which approximates market value. Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT portfolios acts like money market mutual funds, in that, their objective it to maintain a stable net asset value of \$1.00 per share, are rated by a nationally recognized statistical rating organization, and are subject to an independent annual audit. Investments in certain PLGIT portfolios are highly liquid, as deposits can be converted to cash within twenty-four hours without loss of principal or interest. However, other portfolios, although liquid, impose penalties for withdrawals prior to initial holding period of 30 days or for exceeding limits on the number of withdrawals per month. Another has a 7-day wait time, in the case of premature redemptions, in addition to a premature redemption penalty.

The District's investments, as reported on the financial statements, include a long-term certificate of deposit held by PLGIT.

Cash

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a policy for custodial credit risk, however, the District's deposits in excess of FDIC limit are collateralized in accordance with the Pennsylvania Security for Public Deposit Act. As of June 30, 2025, \$3,313,660 of the District's bank balance of \$3,813,660 was exposed to custodial risk as:

Uninsured and uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution		0
Uninsured and collateral held by the pledging bank's trust department not in the District's name		3,313,660
Total		\$ 3,313,660

**Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025**

Reconciliation to Financial Statements

Uninsured amount above	\$ 3,313,660
Add: Insured amount	500,000
Add: Deposits in transit	828
Less: Outstanding checks	<u>(103,787)</u>
Carrying amount – bank balances	3,710,701
Add: Pooled investments considered to be cash equivalents	821,706
Less: Pooled certificates of deposit considered investments	<u>(1,000,000)</u>
Total cash per financial statements	<u><u>\$ 3,532,407</u></u>

Summary of Total Cash Per Financial Statements

Governmental Activities	\$ 3,280,896
Business-Type Activities	172,598
Fiduciary Funds	<u>78,913</u>
Total cash per financial statements	<u><u>\$ 3,532,407</u></u>

Investments

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

<u>Investments</u>	<u>Maturity</u>	<u>Value</u>
PA Local Government Investment Trust	N/A	\$ 821,706
PLGIT Certificate of Deposit	7 months	<u>1,000,000</u>
Total		<u><u>\$1,821,706</u></u>

Interest Rate Risk

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

State law limits investments to those authorized by State statutes. However, the District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2025, the District's investments were rated as:

<u>Investment</u>	<u>Standard & Poor's</u>
PA Local Government Investment Trust	AAAm

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer.

Custodial Credit Risk

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

**Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025**

Reconciliation to Financial Statements

Total investments above	\$ 1,821,706
Less: Deposits in investment pool considered cash equivalents	<u>(821,706)</u>
Total investments per financial statements	<u>\$ 1,000,000</u>

Summary of Total Investments Per Financial Statements

Governmental Activities	\$ 1,000,000
Total investments per financial statements	<u>\$ 1,000,000</u>

4. Real Estate Taxes

Real estate taxes for the School District are collected from the Borough of East Conemaugh, the Borough of Daisytown, the Borough of Franklin, the Township of East Taylor and the Township of Conemaugh. The tax on real estate for public school purposes for fiscal year 2025 was 64.40 mills (64.40 per \$1,000 of assessed valuation) as levied by the Board. Assessed valuations (\$44,445,070) of property are determined by Cambria County, and the elected tax collectors are responsible for collection. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	- Levy Date
July 1 - September 30	- 2% Discount Period
October 1 - November 30	- Face Amount Period
December 1 - December 31	- 10% Penalty Period
January 15	- Lien Date

5. Taxes Receivable

The elected tax collectors are required to return any uncollected real estate taxes to the county's tax claim bureau by January 15. It has been determined the amount of outstanding taxes as of June 30, 2025 is \$1,024,561. The School District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable. An allowance for uncollectible taxes was not established 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 reported as a deferred inflow of resources in the fund financial statements.

**Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025**

Uncollected taxes for the year ended June 30, 2025:

Delinquent real estate	\$	66,707
Realty transfer tax		3,817
Earned income taxes		<u>146,265</u>
Uncollected taxes recognized as revenue (received within 60 days)		216,789
Real estate tax-deferred inflows of resources		<u>807,772</u>
Total taxes receivable	\$	<u>1,024,561</u>

6. Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenues of \$687 in the Proprietary Fund represents donated commodities inventory on hand at June 30, 2025.

7. Due From Other Governments

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

<u>Due From</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
Federal	\$ 63,778	\$155,692
State	<u>684,833</u>	<u>6,498</u>
	<u>\$748,611</u>	<u>\$162,190</u>

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

8. Capital Assets

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

	Beginning Balance	Additions	Deductions	Ending Balance
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 203,397	\$ 0	\$ 0	\$ 203,397
Construction in progress	<u>0</u>	<u>1,042,373</u>	<u>0</u>	<u>1,042,373</u>
Total capital assets, not being depreciated	<u>203,397</u>	<u>1,042,373</u>	<u>0</u>	<u>1,245,770</u>
Capital assets, being depreciated:				
Buildings and improvements	21,196,569	0	0	21,196,569
Furniture and equipment	<u>2,618,652</u>	<u>0</u>	<u>0</u>	<u>2,618,652</u>
Total capital assets, being depreciated	<u>23,815,221</u>	<u>0</u>	<u>0</u>	<u>23,815,221</u>
Less accumulated depreciation:				
Buildings and improvements	7,420,181	433,262	0	7,853,443
Furniture and equipment	<u>2,131,261</u>	<u>54,722</u>	<u>0</u>	<u>2,185,983</u>
Total accumulated depreciation	<u>9,551,442</u>	<u>487,984</u>	<u>0</u>	<u>10,039,426</u>
Total capital assets, being depreciated, net	<u>14,263,779</u>	<u>(487,984)</u>	<u>0</u>	<u>13,775,795</u>
Governmental activities capital assets, net	<u>\$ 14,467,176</u>	<u>\$ 554,389</u>	<u>\$ 0</u>	<u>\$ 15,021,565</u>
Right-of-use lease assets				
Right-of-use lease assets	\$ 84,096	\$ 0	\$ 0	\$ 84,096
Less accumulated amortization	<u>26,630</u>	<u>16,819</u>	<u>0</u>	<u>43,449</u>
Governmental activities Right-of-use lease assets, net	<u>\$ 57,466</u>	<u>\$ (16,819)</u>	<u>\$ 0</u>	<u>\$ 40,647</u>
Business-Type Activities				
Capital assets, being depreciated:				
Equipment	\$ 755,451	\$ 6,790	\$ 0	\$ 762,241
Total capital assets, being depreciated	<u>755,451</u>	<u>6,790</u>	<u>0</u>	<u>762,241</u>
Less accumulated depreciation:				
Equipment	<u>590,677</u>	<u>25,689</u>	<u>0</u>	<u>616,366</u>
Total accumulated depreciation	<u>590,677</u>	<u>25,689</u>	<u>0</u>	<u>616,366</u>
Business-type activities capital assets, net	<u>\$ 164,774</u>	<u>\$ (18,899)</u>	<u>\$ 0</u>	<u>\$ 145,875</u>

**Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025**

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

Governmental Activities:

Instruction	\$ 345,106
Instruction support	15,038
Administration and finance	62,037
Operation and maintenance of plant	52,222
Student activities	<u>13,581</u>
 Total depreciation expense - governmental activities	 <u>\$ 487,984</u>

Amortization expense of \$16,819 was charged to operation and maintenance of plant.

9. Defined Benefit Pension Plan

Plan description

The District contributes to a governmental cost-sharing multiple-employer defined benefit pension plan administered by Pennsylvania Public School Employee’s Retirement System (PSERS). Benefit provisions of the plan are established under the provisions of the Pennsylvania Public School Employees’ Retirement Code (the Code) and may be amended by an act of the Pennsylvania State Legislature. The plan provides retirement and disability, legislatively mandated ad hoc cost-of-living adjustments, and healthcare insurance premium assistance to qualifying plan members and beneficiaries. It also provides for refunds of a member’s accumulated contribution upon termination of a member’s employment in the public school sector. The members eligible to participate in the plan include all full-time employees, part-time hourly employees who render at least 500 hours of service in the school year, and part-time per diem employees who render at least 80 days of service in the school year. PSERS issues a publicly available financial report that may be obtained at www.pa.gov/PSERS.

Funding Policy

The contribution policy is set by the Code and requires contributions by active members, employers, and the Commonwealth.

Benefits Provided

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

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

Act 5 of 2017 (Act 5) introduced a hybrid benefit plan with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of 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 service.

Benefits are generally between 1% to 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.

Contributions

Member Contributions:

Active members who joined PSERS prior to July 22, 1983, contribute at 5.25% (Membership Class T-C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined PSERS after June 30, 2001 and before July 1, 2011, contribute at 7.5% (automatic Membership Class T-D). For all new hires and for new members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined PSERS after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

**Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025**

Members who joined PSERS after June 30, 2019, are defaulted into Membership Class T-G rate of 8.25% (base rate) of the member’s qualifying compensation. Members may elect Class T-H which has a rate of 7.50%. Each of these classes are a hybrid of defined benefit and defined contribution plans. Members may also elect Class DC, which is a defined contribution plan with a rate of 7.50%.

Employer Contributions:

The contribution required of participating employers is based on an actuarial valuation and is expressed as a percentage of annual covered payroll during the period for which the amount is determined. Before July 1, 1995, the school district and the Commonwealth shared the employer contribution rate equally. Since July 1, 1995, the school districts are required to pay the entire employer contribution rate and are reimbursed by the Commonwealth in an amount equal to the Commonwealth’s share as determined by the market value/personal income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total employer rate.

The District’s contractually required contribution rate, 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. For the fiscal year ended June 30, 2025, the rate of the employer’s contribution was 33.90 percent of covered payroll. The 33.90 percent rate is composed of a pension contribution rate of 32.92 percent for pension defined benefits, 0.63 percent for healthcare insurance premium assistance, and 0.35 percent for the Act 5 defined contribution plan. Conemaugh Valley School District’s contributions to PSERS for the year ending June 30, 2025 were \$1,715,500. These contributions include \$17,712 to the defined contribution plan for the year ended June 30, 2025.

10. 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 \$13,854,000 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 District’s proportion of the net pension liability was calculated utilizing the employer’s one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District’s proportion was 0.0331%, which was a decrease of 0.0018% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized pension expense of \$1,288,693. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 0	\$ 218,000
Changes in assumptions	0	0
Net difference between projected and actual investment earnings	229,000	0
Changes in proportions	686,000	663,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	1,665,907	0
	\$ 2,580,907	\$ 881,000

**Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025**

\$1,665,907 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts, reported as deferred outflows of resources and deferred inflows of resources related to pensions, will be recognized in the pension expense as follows:

Year Ended June 30:	
2026	\$ (299,000)
2027	513,000
2028	(133,000)
2029	(47,000)
2030	0
Thereafter	0
	\$ 34,000

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment Return - 7.00%, includes inflation at 2.50%.
- Salary growth at an effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024 and 2023.

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

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

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

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Expected Real Rate of Return</u>
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure/MLPs	10.0%	6.4%
Real estate	<u>9.5%</u>	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 one percentage point lower (6.00%) or one 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 the net pension liability	\$ 18,250,000	\$ 13,854,000	\$ 10,142,000

Pension Plan Fiduciary Net Position

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

Conemaugh Valley School District
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11. Post-employment Benefit Plans – PSERS Health Insurance Premium Assistance Program

Plan Description

PSERS 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 PSERS can participate in the Premium Assistance program if they satisfy the following criteria:

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

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

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

Benefits Provided

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

Employer Contributions

The school district's contractually required 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 \$31,881 for the year ended June 30, 2025.

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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 \$590,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.0332%, which was a decrease of 0.0019% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the District recognized OPEB expense of \$21,841. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,000	\$ 9,000
Changes in assumptions	36,000	90,000
Net difference between projected and actual investment earnings	1,000	0
Changes in proportions	52,000	45,000
Difference between employer contributions and proportionate share of total contributions	0	0
Contributions subsequent to the measurement date	31,881	0
	\$ 122,881	\$ 144,000

\$31,881 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2026	\$ (12,000)
2027	(14,000)
2028	(21,000)
2029	2,000
2030	(8,000)
Thereafter	0
	\$ (53,000)

Conemaugh Valley School District
Notes to Financial Statements
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Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.21% - S&P 20-Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre-age 65 at 50%
 - Eligible retirees will elect to participate Post-age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

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

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

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

**Conemaugh Valley School District
Notes to Financial Statements
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<u>OPEB - Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.0%</u> <u>100.0%</u>	1.70%

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

Discount Rate

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

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

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

	<u>1% Decrease 3.21%</u>	<u>Current Discount Rate 4.21%</u>	<u>1% Increase 5.21%</u>
District's proportionate share of the net OPEB liability	\$ 666,000	\$ 590,000	\$ 526,000

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees’ Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2024, 92,149 retirees from the PSERS system were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 PSERS 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.

**Conemaugh Valley School District
Notes to Financial Statements
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The following presents the District’s net OPEB liability for June 30, 2024, calculated using current healthcare cost trends as well as what the District’s net OPEB liability would be if the healthcare cost trends were 1 percentage point lower or 1 percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	\$ 590,000	\$ 590,000	\$ 590,000

OPEB Plan Fiduciary Net Position

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

12. Post-employment Benefit Plan – District Specific Plan

Plan Description

The District School Board of Directors administers a single-employer defined benefit postemployment benefit (OPEB) plan (the “Plan”) that is used to provide continuation of medical, dental, and pharmacy benefits to employees who retire from the District. Plan provisions are established based on bargaining agreements negotiated by the District. The plan is unfunded and no financial report is prepared.

Eligibility

Teachers: Eligible for District incentive upon retirement with 30 years of PSERS service or upon superannuation retirement.

Administrators: Eligible for District incentive upon retirement with 30 years of PSERS service or upon superannuation retirement.

Cafeteria and Custodial Supervisors: Eligible for District incentive upon retirement with 35 years of service with the District.

All Other Support Staff: Eligible for District incentive upon retirement with 30 years of PSERS service or upon superannuation retirement.

Duration of Healthcare Benefits

Retiree coverage continues until age 65, or death or qualification for Medicare, if earlier. Spouse coverage continues until age 65, death, qualification for Medicare, or cessation of retiree coverage, if earlier.

Participant Contributions for Healthcare Benefits

Teachers/Administrators:

- Retired prior to August 24, 2013: Retired members may elect medical and prescription drug by contributing the amount of the PSERS premium assistance. The family may elect medical and prescription drug by paying the full premiums. The member and family may elect dental by paying the full premiums.

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- Retired after August 24, 2013: Retired employees are allowed to continue coverage for themselves and their dependents in the employer’s group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

Cafeteria and Custodial Supervisors: Retired members may elect medical and prescription drug by contributing the amount of the PSERS premium assistance. The family may elect medical and prescription drug by paying the full premiums. The member and family may elect dental by paying the full premium.

All Other Support Staff: Retired employees are allowed to continue coverage for themselves and their dependents in the employer’s group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

The number of participants as of July 1, 2023, the effective date of the most recent full OPEB valuation, follows. There have been no significant changes in the number covered or the type of coverage since that date.

	<u>District</u>
Active employees	107
Retired employees	<u>1</u>
Total	<u>108</u>

Funding Policy

The contribution requirements of the plan members and the District are established and may be amended by the School Board of Directors. No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid annually to fund healthcare benefits provided to current retirees, primarily through annual appropriations from the General Fund.

Net OPEB Liability

The District’s net OPEB liability of \$986,348 was measured as of June 30, 2023 and was rolled forward using actuarial assumptions to the valuation date of June 30, 2024.

Actuarial Assumptions and Other Inputs

- Discount Rate – 4.29% based on S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2024.
- Healthcare Cost Trend Rates – 6.0% for 2026, decreasing to an ultimate rate of 4.0% by 2075.
- Salary increases composed of 2.5% cost of living adjustment, 1.0% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Mortality rates are assumed using the PubT-2010 and PubG-2010 headcount – weighted mortality tables, adjusted to reflect the Mortality Improvement Scale MP-2021.

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Changes in the District's net OPEB liability for the plan for the fiscal year ended June 30, 2025 (measurement date June 30, 2024) was as follows:

Balance at July 1, 2024	\$	930,040
Service cost		54,689
Interest		39,771
Changes in assumptions		1,983
Benefit payments		(40,135)
Net changes		56,308
Balance at June 30, 2025	\$	986,348

Sensitivity of the Net OPEB Liability to Changes in Discount Rate

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

	<u>1% Decrease</u> 3.29%	<u>Current</u> Rate 4.29%	<u>1% Increase</u> 5.29%
District's net OPEB liability	\$ 1,052,675	\$ 986,348	\$ 923,038

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

The following presents the net OPEB liability, calculated using the valuation healthcare cost trend rate, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1 percentage point lower or 1 percentage point higher than the current trend rate.

	<u>1% Decrease</u>	<u>Current</u> Rate	<u>1% Increase</u>
District's net OPEB liability	\$ 890,379	\$ 986,348	\$ 1,097,633

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$109,771. At June 30, 2025, the District reported deferred outflows and inflows related to OPEB from the following sources:

	<u>Deferred Outflows</u> <u>Of Resources</u>	<u>Deferred Inflows</u> <u>Of Resources</u>
Changes in assumptions	\$ 53,598	\$ 233,702
Differences between expected and actual experience	292,418	0
Contributions subsequent to the measurement date	50,848	0
	\$ 396,864	\$ 233,702

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\$50,848 reported as deferred outflow of resources related to OPEB resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30:	
2026	\$ 15,311
2027	15,311
2028	15,311
2029	15,311
2030	15,311
Thereafter	<u>35,759</u>
	<u>\$ 112,314</u>

Economic/demographic (gains)/losses and assumption changes are recognized over the average remaining service life for all active and inactive members.

13. Long-Term Obligations

During the fiscal year ended June 30, 2025, general long-term obligations changed as follows:

	Bonds Payable	Lease Obligation	Other Long-term Debt	(Restated) Compensated Absences	Retirement Incentives	Total General Long-term Obligations
Beginning of year	\$12,065,000	\$ 57,466	\$ 255,418	\$ 511,413	\$ 0	\$ 12,889,297
Bond proceeds	561,000	0	0	0	0	561,000
Principal retirement	(520,000)	(16,819)	(40,976)	0	0	(577,795)
Retirement incentive earned	0	0	0	0	204,667	204,667
Net changes in compensated absences	0	0	0	(32,815)	0	(32,815)
End of year	12,106,000	40,647	214,442	478,598	204,667	13,044,354
Unamortized original issue premium	220,263	0	0	0	0	220,263
Less: current portion	(541,000)	(16,819)	(41,972)	(229,426)	(98,500)	(927,717)
Long-term liabilities	\$11,785,263	\$ 23,828	\$ 172,470	\$ 249,172	\$ 106,167	\$ 12,336,900

The obligation for compensated absences was restated with implementation of GASB Statement No. 101. See Note 21.

Conemaugh Valley School District
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The future annual payments required to amortize all outstanding debt and obligations, except for compensated absences and retirement incentives, as of June 30, 2025, including total interest payments are as follows:

Year Ended June 30,	General Obligation Bonds/Notes			Lease Obligation		
	Interest	Principal	Total	Interest	Principal	Total
2026	\$ 266,447	\$ 582,972	\$ 849,419	\$ 989	\$ 16,819	\$ 17,808
2027	253,182	615,895	869,077	989	16,819	17,808
2028	241,838	627,839	869,677	412	7,009	7,421
2029	230,224	643,798	874,022	0	0	0
2030	218,337	650,938	869,275	0	0	0
2031-2035	927,279	3,197,000	4,124,279	0	0	0
2036-2040	563,881	3,556,000	4,119,881	0	0	0
2041-2045	131,339	2,446,000	2,577,339	0	0	0
	<u>\$ 2,832,527</u>	<u>\$ 12,320,442</u>	<u>\$ 15,152,969</u>	<u>\$ 2,390</u>	<u>\$ 40,647</u>	<u>\$ 43,037</u>

General Obligation Bonds, Series of 2019

In October 2019, the District issued \$4,160,000 of General Obligation Bonds, Series of 2019. Proceeds were used for the refunding of Series of 2013 bonds and to pay all costs and expenses incurred in connection with the issuance of bonds. The estimated amount of savings resulting from the refunding is \$254,869. The bonds bear interest rates ranging from 1.40% to 2.70% with annual maturities from September 2021 through September 2042. The balance outstanding at June 30, 2025 is \$3,570,000.

General Obligation Bonds, Series of 2020

In December 2020, the District issued \$9,125,000 of General Obligation Bonds, Series of 2020. Proceeds were used for the refunding of Series of 2015 bonds and to pay all costs and expenses incurred in connection with the issuance of the bonds. The estimated amount of savings resulting from the refunding is \$1,191,607. The bonds bear interest rates ranging from 0.50% to 2.25% with annual principal maturities from September 2021 through September 2042. The balance outstanding at June 30, 2025 is \$7,975,000.

General Obligation Bonds, Series of 2025

On February 18, 2025, the District issued General Obligation Bonds, Series of 2025, in the amount of \$561,000. Proceeds were used to finance the Guaranteed Energy Savings Act Project and to pay all costs incurred in connection with the issuance of the bonds. These bonds bear interest rates ranging from 5.33% to 7.89% with annual principal maturities from February 1, 2026 to February 1, 2045. The outstanding balance at June 30, 2025 was \$561,000.

Lease Obligation

On December 19, 2022, the District entered into a lease agreement for copiers with Ricoh for a term from December 2022 through December 2027. The noncancellable lease term is 60 months. The initial lease obligation and right-of-use lease asset were recorded at the present value of the payments expected to be made during the lease term, using a discount rate of 2.35%, representing the District's estimated incremental borrowing rate.

The value of the right-of use lease asset as of June 30, 2025 was \$84,096 less accumulated amortization of \$43,449 and is disclosed with capital assets at Note 8.

Conemaugh Valley School District
Notes to Financial Statements
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Other Long-Term Debt: Paving Project

In June 2020, the District entered into an agreement with First National Bank in the amount of \$480,288 to provide financing for the Paving Project. The terms for repayment were as follows: interest at 2.20% for the first 60 months and 2.50% for the remainder of the 10-year term, expiring in August 2030, with annual payments of principal and interest. The balance outstanding at June 30, 2025 is \$214,442.

Accumulated Compensated Absences

Employees of the District are entitled to paid personal, vacation, and sick leave depending on various employment agreements and contracts. The liability for unused accumulated leave earned at June 30 is calculated using the employees' pay rates and/or contracted termination rates depending on the probability of method of settlement through either cash or noncash means. The District has computed a liability of \$478,598 at June 30, 2025, with \$464,635 reflected in the governmental activities and \$13,963 in the business-type activities/proprietary fund. The District has estimated the current portion of this liability based on history of annual utilization. However, due to the nature of the obligation for accrued leave, annual requirements to amortize such obligations are not determinable and have not been presented.

Other Long-Term Debt: Retirement Incentives

In May 2025, the District offered a retirement incentive for eligible employees retiring prior to June 30, 2025. The retirement incentive included a District contribution of \$13,000 per year for three consecutive years or until age 65, plus payout of employee's unused sick days into the employee's 403(b) account. This retirement incentive totals \$204,667 and is not included in the OPEB liability. The District's balance due to retiree accounts for incentives at June 30, 2025 is \$204,667.

General obligation bonds, lease obligations, retirement incentives, and other long-term debt issued for governmental activity purposes are liquidated by the general fund.

APVTS Debt

The Admiral Peary Vocational Technical School (APVTS), with authority from the seven participating school districts, have agreed to borrow \$935,545 to construct additions and improvements to the technical school facilities, including roof repairs and replacement of HVAC units, and to pay related costs and expenses of the financing. The participating districts, such as Conemaugh Valley School District, will be required to pay their proportionate shares of the incurred debt under the Articles of Agreement, in subsequent years, for capital projects undertaken by or for the APVTS, including the debt service on the financing of such capital projects. The District's proportionate share is based on each district's percentage of their respective market value to the total market value of all participating districts.

The APVTS financing translates into an ongoing obligation of the participating districts for credit purposes; however, for purposes of the Local Governmental Unit Debt Act, this borrowing is not considered general obligation debt of the school districts. Therefore, the future obligations of debt service are not recorded as a liability on Conemaugh Valley School District's financial statements. The District's share of the outstanding balance of the APVTS debt at June 30, 2025 was \$48,225.

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14. Interfund Transactions

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

	Receivables	Payables
General Fund (Major Fund)	\$ 0	\$ 53,497
Food Service Fund (Major Fund)	53,497	0
	\$ 53,497	\$ 53,497

The interfund balance between the general fund and the food service fund represents federal and state subsidies received by the general fund but not remitted to the food service fund at June 30, 2025.

15. Related Party Transactions

Jointly Governed Organization

The District is a participating member of Appalachia Intermediate Unit 8 (IU8). The IU8 is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the IU8's annual operating budget. The IU8 is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest in, or financial responsibility to, the IU8. The District contracts for various services provided by the IU8, including special education services, curriculum development, and certain internal service functions. IU8 also acts as a conduit for certain federal programs. The total of services provided to Conemaugh Valley School District for the year ended June 30, 2025 for IU8 programs amounted to \$181,908. At June 30, 2025, the District had a balance due to IU8 for services of \$20,372.

Joint Venture

The School District is a participating member of the Admiral Peary Vocational-Technical School (APVTS). The APVTS is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the APVTS' annual operating budget. Each participating district pays a pro-rata share of the APVTS' operating costs based on the number of students attending the APVTS for each district. Conemaugh Valley School District's share of the APVTS operating costs for 2024-25 was \$291,058.

Upon dissolution of the APVTS, the net position will be shared on a pro-rata basis of each participating district's current market value of taxable real property, as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in the APVTS, as defined by GASB Statement No. 14, *The Financial Reporting Entity*, except a residual interest in the net position upon dissolution that should not be reflected in the financial statements. Complete financial statements for the APVTS can be obtained from the APVTS' administrative office at 948 Ben Franklin Hwy, Ebensburg, PA.

At June 30, 2025, the District had no balance due to or from APVTS.

Conemaugh Valley School District
Notes to Financial Statements
June 30, 2025

16. Contingent Liabilities

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 term of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

Litigation

The School District is involved in various minor litigation at year end with uncertain results, however, none is expected to have a material effect on the financial position of the District.

17. Self-Insurance - Medical Insurance

The School District is participating in the insurance consortium with the Greater Johnstown Area Consortium to provide for the medical care for eligible employees and their dependents. The consortium, which administers the plan, monitors the School's deposit into the school district trust account to be held for the benefits described above and Highmark Services, the plan administrator, processes and pays the claims. The consortium limits its liability by stop-loss insurance coverage. Conemaugh Valley School District's liability at June 30, 2025, for unpaid claims incurred prior to fiscal year end is not readily determinable. No liability has been recorded for these claims at June 30, 2025, as the District recognizes medical claim expenses as claims are paid.

18. 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. During the year ended June 30, 2025 and the two previous fiscal years, no settlements exceeded insurance coverage.

19. Economic Dependency

Conemaugh Valley School District receives approximately 68.4% of its revenue from the State of Pennsylvania in the form of state subsidies. Changes in funding levels by the State could have a material effect on future operations of the District.

20. Nonmonetary Transactions

The District receives one of its federal program subsidies by means of a noncash transfer. The U.S. Department of Agriculture, through the Pennsylvania Department of Agriculture, provides food commodities under the National School Lunch Program. These nonmonetary commodity items are valued at market values and recorded as revenues as utilized. The total food commodities donated by the federal government for the fiscal year 2025 totaled \$50,557.

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21. Change in Accounting Principle

For the year ended June 30, 2025, the District adopted the provisions of GASB Statement No. 101, *Compensated Absences*. The objective of this standard is to align the recognition and measurement guidance for compensated absences under a unified model. This Statement requires that liabilities for compensated absences be recognized for 1) leave that has not been used, and 2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributed to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The standard further provides guidance on measurement and amends existing disclosure requirements.

The unified recognition and measurement model in this Statement is expected to result in a more robust estimate of the amount of compensated absences that a government will pay or settle; more accurately reflect when a government incurs an obligation; and allow for consistent application eliminating potential comparability issues between governments that offer different types of leave.

The implementation of GASB Statement No. 101 resulted in a restatement (decrease) of the District's net position of the governmental activities of \$263,528 and the business-type activities/proprietary fund of \$10,169 effective July 1, 2024. See Note 22 for more details on the prior period restatements.

22. Restatement of Net Position

In addition to the restatements discussed in Note 21, the net position of the District's governmental activities has been further restated (increased) effective July 1, 2024 to correct for an understatement of receivables for the refund of vocational school tuition (\$104,907). See the effect of the restatements summarized below:

	06/30/24		06/30/24
	As Previously	Adjustment	As Restated
	Reported		
	<u> </u>	<u> </u>	<u> </u>
Government-Wide			
Governmental Activities	\$ (6,208,760)	\$ (158,621)	\$ (6,367,381)
Business-Type Activities	<u>514,596</u>	<u>(10,169)</u>	<u>504,427</u>
Total Primary Government	<u>\$ (5,694,164)</u>	<u>\$ (168,790)</u>	<u>\$ (5,862,954)</u>
 Proprietary Funds			
Major Funds:			
Food Service Fund	\$ 514,596	\$ (10,169)	\$ 504,427
Total Proprietary Funds	<u>\$ 514,596</u>	<u>\$ (10,169)</u>	<u>\$ 504,427</u>

Conemaugh Valley School District
Required Supplementary Information – Pension Schedules
June 30, 2025

Schedule of Proportionate Share of the Net Pension Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of net pension liability	0.0331%	0.0349%	0.0318%	0.0325%	0.0332%	0.0319%	0.0322%	0.0330%	0.0328%	0.0340%
District's proportionate share of net pension liability	\$ 13,854,000	\$ 15,526,000	\$ 14,138,000	\$ 13,343,000	\$ 16,347,000	\$ 14,924,000	\$ 15,458,000	\$ 16,298,000	\$ 16,255,000	\$ 14,727,000
District's covered-employee payroll *	\$ 5,271,916	\$ 5,375,118	\$ 4,689,013	\$ 4,612,001	\$ 4,662,681	\$ 4,392,794	\$ 4,331,295	\$ 4,390,091	\$ 4,249,644	\$ 4,373,443
District's proportionate share of net pension liability as percentage of its covered-employee payroll	262.79%	288.85%	301.51%	289.31%	350.59%	339.74%	356.89%	371.25%	382.50%	336.74%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

* The District's covered employee payroll noted above is as of the measurement date of the net pension liability (June 30, 2024 and prior).

See accompanying notes to the basic financial statements.

Conemaugh Valley School District
Required Supplementary Information – Pension Schedules
June 30, 2025

Schedule of District Contributions

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 1,665,907	\$ 1,749,693	\$ 1,839,492	\$ 1,591,748	\$ 1,544,588	\$ 1,548,837	\$ 1,427,337	\$ 1,360,227	\$ 1,259,566	\$ 1,043,192
Contributions in relation to the contractually required contributions	<u>(1,665,907)</u>	<u>(1,749,693)</u>	<u>(1,839,492)</u>	<u>(1,591,748)</u>	<u>(1,544,588)</u>	<u>(1,548,837)</u>	<u>(1,427,337)</u>	<u>(1,360,227)</u>	<u>(1,259,566)</u>	<u>(1,043,192)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 5,060,472	\$ 5,271,916	\$ 5,375,118	\$ 4,689,013	\$ 4,612,001	\$ 4,662,681	\$ 4,392,794	\$ 4,331,295	\$ 4,390,091	\$ 4,249,644
Contributions as a percentage of covered-employee payroll	32.92%	33.19%	34.22%	33.95%	33.49%	33.22%	32.49%	31.40%	28.69%	24.55%

See accompanying notes to the basic financial statements.

**Conemaugh Valley School District
Required Supplementary Information-OPEB Schedules
PSERS Health Insurance Premium Assistance Program
June 30, 2025**

Schedule of Proportionate Share of the Net OPEB Liability

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
District's proportion of net OPEB liability	0.0332%	0.0351%	0.0319%	0.0325%	0.0332%	0.0319%	0.0322%	0.0330%	0.0328%
District's proportionate share of net OPEB liability	\$ 590,000	\$ 635,000	\$ 587,000	\$ 771,000	\$ 717,000	\$ 678,000	\$ 671,000	\$ 672,000	\$ 707,000
District's covered-employee payroll*	\$ 5,271,916	\$ 5,375,118	\$ 4,689,013	\$ 4,612,001	\$ 4,662,681	\$ 4,392,794	\$ 4,331,295	\$ 4,390,091	\$ 4,249,644
District's proportionate share of net OPEB liability as percentage of its covered-employee payroll	11.19%	11.81%	12.52%	16.71%	15.38%	15.43%	15.49%	15.31%	16.63%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

*The District's covered employee payroll noted above is as of the measurement date of the net OPEB liability (June 30, 2024 and prior).

Schedule of District Contributions

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contributions	\$ 31,881	\$ 33,841	\$ 40,210	\$ 37,464	\$ 37,797	\$ 38,999	\$ 36,340	\$ 35,570	\$ 35,803
Contributions in relation to the contractually required contributions	(31,881)	(33,841)	(40,210)	(37,464)	(37,797)	(38,999)	(36,340)	(35,570)	(35,803)
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered-employee payroll	\$ 5,060,472	\$ 5,271,916	\$ 5,375,118	\$ 4,689,013	\$ 4,612,001	\$ 4,662,681	\$ 4,392,794	\$ 4,331,295	\$ 4,390,091
Contributions as a percentage of covered-employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.82%	0.82%

Note: These schedules are intended to present information for ten years. Additional years will be displayed prospectively as information becomes available.

See accompanying notes to the basic financial statements.

Conemaugh Valley School District
Required Supplementary Information-OPEB Schedules
District Specific Plans
June 30, 2025

Schedule of Changes in District's OPEB liability:

	2025	2024	2023	2022	2021	2020	2019	2018
Service cost	\$ 54,689	\$ 54,225	\$ 71,409	\$ 46,842	\$ 33,024	\$ 33,794	\$ 31,706	\$ 29,953
Interest	39,771	38,796	23,346	13,898	21,974	19,313	20,697	14,377
Changes in benefit terms	0	30,318	0	0	0	0	0	0
Difference between expected and actual experience	0	40,503	0	246,429	0	42,271	0	114,165
Changes of assumptions	1,983	(122,749)	(123,307)	(28,999)	76,696	(17,369)	1,244	3,863
Benefit payments	<u>(40,135)</u>	<u>(27,018)</u>	<u>(17,477)</u>	<u>(36,131)</u>	<u>(71,370)</u>	<u>(71,289)</u>	<u>(66,052)</u>	<u>(97,060)</u>
Net change in total OPEB liability	56,308	14,075	(46,029)	242,039	60,324	6,720	(12,405)	65,298
Total OPEB liability - beginning	<u>930,040</u>	<u>915,965</u>	<u>961,994</u>	<u>719,955</u>	<u>659,631</u>	<u>652,911</u>	<u>665,316</u>	<u>600,018</u>
Total OPEB liability - ending	<u>\$ 986,348</u>	<u>\$ 930,040</u>	<u>\$ 915,965</u>	<u>\$ 961,994</u>	<u>\$ 719,955</u>	<u>\$ 659,631</u>	<u>\$ 652,911</u>	<u>\$ 665,316</u>
Covered payroll*	\$ 4,881,905	\$ 4,881,905	\$ 4,374,120	\$ 4,374,120	\$ 4,052,865	\$ 4,052,865	\$ 4,034,927	\$ 4,034,927
District net OPEB liability as a percentage of its covered-employee payroll	20.20%	19.05%	20.94%	21.99%	17.76%	16.27%	16.18%	16.49%

*The District's covered employee payroll noted above is as of the measurement date of the net OPEB liability (June 30, 2024 and prior).

Note: This schedule is intended to present information for ten years. Additional years will be displayed prospectively as information becomes available.

See accompanying notes to the basic financial statements.

Conemaugh Valley School District
Schedule of Revenues, Expenditures and Changes
In Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2025

	Budgeted Amounts Original	Final	Actual (Budgetary Basis)	Variance with Final Budget Favorable (Unfavorable)
Revenues				
Local sources	\$ 3,275,000	\$ 3,275,000	\$ 3,708,742	\$ 433,742
State sources	10,678,445	10,678,445	11,044,432	365,987
Federal sources	<u>600,555</u>	<u>600,555</u>	<u>591,325</u>	<u>(9,230)</u>
Total revenues	<u>14,554,000</u>	<u>14,554,000</u>	<u>15,344,499</u>	<u>790,499</u>
Expenditures				
Instruction:				
Regular programs	6,114,950	6,114,950	7,665,437	(1,550,487)
Special programs	2,399,400	2,399,400	1,911,756	487,644
Vocational education programs	481,300	481,300	479,004	2,296
Other instructional programs	321,400	321,400	390,989	(69,589)
Nonpublic school programs	1,000	1,000	975	25
Pre-kindergarten	376,000	376,000	451,500	(75,500)
Support services:				
Pupil personnel	220,200	220,200	162,846	57,354
Instructional staff	261,400	261,400	294,716	(33,316)
Administration	1,405,200	1,405,200	1,266,015	139,185
Pupil health	167,800	167,800	175,452	(7,652)
Business	477,900	477,900	517,877	(39,977)
Operation and maintenance of plant	1,560,700	1,560,700	1,649,342	(88,642)
Student transportation	1,060,000	1,060,000	1,150,226	(90,226)
Central	10,000	10,000	7,704	2,296
Other support services	0	0	9,672	(9,672)
Operation of noninstructional services:				
Student activities	442,200	442,200	428,924	13,276
Community services	37,000	37,000	6,253	30,747
Capital outlay	0	0	522,873	(522,873)
Debt service	818,000	818,000	820,280	(2,280)
Leases	<u>0</u>	<u>0</u>	<u>17,808</u>	<u>(17,808)</u>
Total expenditures	<u>16,154,450</u>	<u>16,154,450</u>	<u>17,929,649</u>	<u>(1,775,199)</u>
Excess (deficiency) of revenues over expenditures	<u>(1,600,450)</u>	<u>(1,600,450)</u>	<u>(2,585,150)</u>	<u>(984,700)</u>
Other financing sources (uses)				
Other financing sources	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Total other financing sources (uses)	<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Net change in fund balance	(1,595,450)	(1,595,450)	(2,585,150)	(989,700)
Fund balance, beginning of year	<u>7,368,911</u>	<u>7,368,911</u>	<u>5,421,305</u>	<u>(1,947,606)</u>
Fund balance, end of year	<u>\$ 5,773,461</u>	<u>\$ 5,773,461</u>	<u>\$ 2,836,155</u>	<u>\$ (2,937,306)</u>

See accompanying notes to the basic financial statements.

Conemaugh Valley School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2025

Federal/Grant Project Title	Source Code	Federal ALN	Pass Through Grantors Number	Grant Period Beginning/End Date	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Adjustments	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2025
U.S. DEPARTMENT OF EDUCATION												
Passed through the Pennsylvania Department of Education:												
ECIA Title I - Low Income	I	84.010	013-250095	07/01/24-09/30/25	\$ 300,529	\$ 260,761	\$ 0	\$ 300,529	\$ 300,529	\$ 0	\$ 0	\$ 39,768
ECIA Title I - Low Income	I	84.010	013-240095	07/01/23-09/30/24	305,437	64,412	65,451	0	0	1,039	0	0
ECIA Title II - Improving Teacher Quality	I	84.367	020-250095	07/01/24-09/30/25	33,525	23,326	0	33,429	33,429	0	0	10,103
ECIA Title II - Improving Teacher Quality	I	84.367	020-240095	07/01/23-09/30/24	31,438	17,937	10,057	7,880	7,880	0	0	0
ECIA Title IV - Student Support and Academic Enrichment	I	84.424	144-250095	07/01/24-09/30/25	22,924	16,811	0	20,909	20,909	0	0	4,098
ECIA Title IV - Student Support and Academic Enrichment	I	84.424	144-240095	07/01/23-09/30/24	26,201	7,486	(350)	7,836	7,836	0	0	0
Rural and Low Income Schools	I	84.358	007-250095	09/06/2024-10/14/2025	25,282	16,253	0	20,112	20,112	0	0	3,859
Subtotal					745,336	406,986	75,158	390,695	390,695	1,039	0	57,828
Passed through the Pennsylvania Department of Education:												
American Rescue Plan - ESSER 7% Learning Loss	I	84.425U	225-210095	03/13/20-09/30/24	114,547	2,082	2,082	0	0	0	0	0
American Rescue Plan - ESSER 7% Summer Program	I	84.425U	225-210095	03/13/20-09/30/24	22,909	416	(12,061)	12,477	12,477	0	0	0
American Rescue Plan - ESSER 7% After School Program	I	84.425U	225-210095	03/13/20-09/30/24	22,909	416	416	0	0	0	0	0
Subtotal Education Stabilization Fund					160,365	2,914	(9,563)	12,477	12,477	0	0	0

See accompanying notes.

**Conemaugh Valley School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2025**

Federal/Grant Project Title	Source Code	Federal ALN	Pass Through Grantors Number	Grant Period Beginning/End Date	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Adjustments	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2025
Passed through Appalachia Intermediate Unit 08:												
IDEA Part B - Section 611	I	84.027	062-250008	07/01/24-09/30/25	169,337	169,337	0	169,337	169,337	0	0	0
IDEA Part B - Section 619	I	84.173	131-230008	07/01/24-06/30/25	1,308	1,308	0	1,308	1,308	0	0	0
Passed through Lancaster-Lebanon Intermediate Unit 13												
Comprehensive Supports Initiative	I	84.027	062-24-0033	07/01/23-06/30/24	9,900	9,862	9,862	0	0	0	0	0
Subtotal Special Education Cluster					180,545	180,507	9,862	170,645	170,645	0	0	0
Total U.S. Department of Education					1,086,246	590,407	75,457	573,817	573,817	1,039	0	57,828
<u>U.S. DEPARTMENT OF TREASURY</u>												
Passed through Pennsylvania Commission on Crime and Delinquency:												
Coronavirus State and Local Fiscal												
Recovery Funds	I	21.027	2023-CM-01-43123	01/01/24-12/31/25	108,918	102,968	27,507	81,411	81,411	0	0	5,950
Total U.S. Department of Treasury					108,918	102,968	27,507	81,411	81,411	0	0	5,950
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>												
Passed through Pennsylvania Department of Human Services:												
Medical Assistance Program - Reimbursement:												
SBAP Administration Reimbursement	I	93.778	N/A	07/01/24-06/30/25	N/A	3,583	0	3,583	3,583	0	0	0
SBAP Administration Reimbursement	I	93.778	N/A	07/01/23-06/30/24	N/A	541	541	0	0	0	0	0
Total U.S. Department of Health and Human Services						4,124	541	3,583	3,583	0	0	0

See accompanying notes.

Conemaugh Valley School District
Schedule of Expenditures of Federal Awards and Certain State Grants
For the Year Ended June 30, 2025

Federal/Grant Project Title	Source Code	Federal ALN	Pass Through Grantors Number	Grant Period Beginning/End Date	Program or Award Amount	Total Received For the Year	Accrued (Unearned) Revenue at July 1, 2024	Revenue Recognized	Expenditures	Adjustments	Passed Through to Subrecipients	Accrued (Unearned) Revenue June 30, 2025
U.S. DEPARTMENT OF AGRICULTURE												
Passed through the Pennsylvania Department of Agriculture:												
National School Lunch (Donated Commodities)	I	10.555	N/A	07/01/24-06/30/25	N/A	(a) 50,557	(b) (8,792)	58,662	(c) 58,662	0	0	(d) (687)
Passed through the Pennsylvania Department of Education:												
National School Lunch	I	10.555	N/A	07/01/24-06/30/25	N/A	401,207	0	501,656	501,656	0	0	100,449
National School Lunch	I	10.555	N/A	07/01/23-06/30/24	N/A	70,405	70,405	0	0	0	0	0
School Breakfast Program	I	10.553	N/A	07/01/24-06/30/25	N/A	165,565	0	220,808	220,808	0	0	55,243
School Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	37,654	37,654	0	0	0	0	0
Subtotal Child Nutrition Cluster						725,388	99,267	781,126	781,126	0	0	155,005
State Matching	S	N/A	N/A	07/01/24-06/30/25	N/A	28,126	0	34,624	34,624	0	0	6,498
State Matching	S	N/A	N/A	07/01/23-06/30/24	N/A	5,646	5,646	0	0	0	0	0
Total U.S. Department of Agriculture						759,160	104,913	815,750	815,750	0	0	161,503
TOTAL FINANCIAL ASSISTANCE						\$ 1,195,164	\$ 208,418	\$ 1,474,561	\$ 1,474,561	\$ 1,039	\$ 0	\$ 225,281

See accompanying notes.

**Conemaugh Valley School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025**

Notes to Schedule of Expenditures of Federal Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Conemaugh Valley School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Conemaugh Valley School District, it is not intended to and does not present the financial position, changes in financial position, or cash flows of Conemaugh Valley School District.

Note B - Significant Accounting Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Conemaugh Valley School District has elected not to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

Note C – Donated Commodities

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2025, the District had food commodities totaling \$687 in inventory.

- (a) Total amount of commodities received from the Department of Agriculture.
- (b) Beginning inventory at July 1, 2024.
- (c) Total amount of commodities used.
- (d) Ending inventory at June 30, 2025.

Note D – Direct/Indirect Funding

The following source codes reflect program funding:

- D = Direct Funding
- I = Indirect Funding
- F = Federal Share
- S = State Share

**Conemaugh Valley School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025**

Notes to Schedule of Expenditures of Federal Awards

Note E – Reconciliation to Financial Statements

Total Federal Sources reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	\$	591,325
Plus: Special Education Cluster passed through, recorded as Local Sources		170,645
Less: School Based Access Medicaid Reimbursement Program		(104,198)
Add: Adjustment - Title I		<u>1,039</u>
 Total Federal Expenditures – Governmental Funds		 <u>658,811</u>
 Total Federal Sources reported on Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund		 <u>781,126</u>
 Total Federal Expenditures – Proprietary Fund		 <u>781,126</u>
 Total Federal Expenditures	 \$	 <u>1,439,937</u>

Note F – Test of 40% Rule

Total Expenditures	\$	1,474,561
Less: State matching funds		<u>(34,624)</u>
 Total Federal Expenditures		 <u>\$ 1,439,937</u>
 Child Nutrition Cluster		 <u>\$ 781,126</u>
 Tested		 <u>\$ 781,126</u>
 Total Federal Expenditures		 <u>\$ 1,439,937</u>
	=	54.25%

**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***

Independent Auditors' Report

To the Members of the Board
Conemaugh Valley School District
1340 William Penn Avenue
Johnstown, Pennsylvania 15906

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 Conemaugh Valley School District as of and for the year ended June 30, 2025 and the related notes to the financial statements, which collectively comprise Conemaugh Valley School District's basic financial statements, and have issued our report thereon dated January 29, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Conemaugh Valley School District's internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of Conemaugh Valley School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item #2025-001, that we consider to be a material weakness.

Report on Compliance and Other Matters

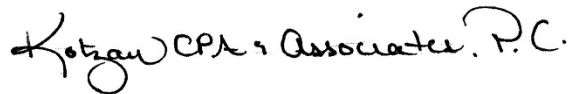
As part of obtaining reasonable assurance about whether Conemaugh Valley School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a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

Conemaugh Valley School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Conemaugh Valley School District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. Conemaugh Valley School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 29, 2026

**Report on Compliance for Each Major Federal Program and on
Internal Control over Compliance Required by The Uniform Guidance**

Independent Auditors' Report

To the Members of the Board
Conemaugh Valley School District
1340 William Penn Avenue
Johnstown, Pennsylvania 15906

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Conemaugh Valley School District's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Conemaugh Valley School District's major federal programs for the year ended June 30, 2025. Conemaugh Valley School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Conemaugh Valley School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Conemaugh Valley School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Conemaugh Valley School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

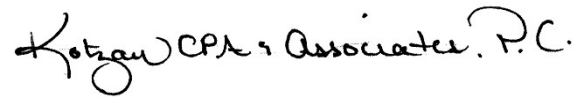
Report on Internal Control over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Kotzan CPA & Associates, P.C." The signature is written in a cursive, flowing style.

Kotzan CPA & Associates, P.C.
Johnstown, Pennsylvania
January 29, 2026

**Conemaugh Valley School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *unmodified*

Internal control over financial reporting:

Material weakness(es) identified? X Yes No

Significant deficiency identified not considered to be material weaknesses? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency identified not considered to be material weakness(es)? Yes X None reported

Type of auditors' report issued on compliance for major programs: *unmodified*

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major programs:

Federal ALN

Name of Federal Program or Cluster

10.553/10.555

Child Nutrition Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes X No

**Conemaugh Valley School District
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025**

Section II - Financial Statement Findings

INTERNAL CONTROL OVER FINANCIAL REPORTING

Finding #2025-001

CONDITION:

Material audit adjustments were required in order for the financial statements to be fairly presented in accordance with U.S. generally accepted accounting principles at June 30, 2025.

CRITERIA:

An indicator of a material weakness is when the auditor identifies a material misstatement in the financial statements that was not detected by the entity's internal control.

CAUSE:

Management's review of District financial statements failed to detect material misstatements. The misstatements in the General Fund resulted from improperly recorded interest income earned in the PLGIT account. Further, misstatements in the Proprietary Fund resulted from unrecorded accounts payable.

EFFECT:

The effect was materially misstated cash and corresponding revenues in the General Fund, as well as accounts payable, and corresponding expenditures in the Proprietary Fund at June 30, 2025, the details of which were provided to management in the form of proposed audit adjustments.

RECOMMENDATION:

We recommend that management record all audit adjustments in the general ledger accounting system, effective June 30, 2025, and ensure beginning balances for fiscal year 2026 balance sheet accounts agree to June 30, 2025 audited balances. Further, we recommend a more frequent and detailed management review of the financial statements of all funds to ensure completeness of financial information and that transactions are accurately reported in the proper fund and proper period.

MANAGEMENT RESPONSE:

Management agrees with the recommendations. All audit adjustments have been recorded in the general ledger accounting system effective June 30, 2025 and management will review beginning fiscal year 2026 balance sheet account balances to ensure accuracy. Management will more carefully review financial information and seek guidance as necessary on reporting of transactions.

Section III – Federal Award Findings and Questioned Costs No Findings or Questioned Costs



CONEMAUGH VALLEY SCHOOL DISTRICT

Excellence in Public Education

Corrective Action Plan For the Fiscal Year Ended June 30, 2025

Administrative Office
1340 William Penn Ave.
Johnstown, PA 15906
(814) 535-5005
(814) 536-8902 (Fax)

High School
1342 William Penn Ave.
Johnstown, PA 15906
(814) 535-5523
(814) 536-4025 (Fax)

Elementary School
1340 William Penn Ave
Johnstown, PA 15906
(814) 535-6970
(814) 536-8370 (fax)

Section II – Financial Statement Findings

2025-001 Internal Control Over Financial Reporting – Material Audit Adjustments

Name of contact person – Eric Miller, PRSBA, Business Manager

Recommendation: We recommend that management record all audit adjustments in the general ledger accounting system, effective June 30, 2025, and ensure beginning balances for fiscal year 2026 balance sheet accounts agree to June 30, 2025 audited balances. Further, we recommend a more frequent and detailed management review of the financial statements of all funds to ensure completeness of financial information and that transactions are accurately reported in the proper fund and proper period.

Action Taken: Management agrees with the recommendations. All audit adjustments have been recorded in the general ledger accounting system effective June 30, 2025 and management will review beginning fiscal year 2026 balance sheet account balances to ensure accuracy. Management will more carefully review financial information and seek guidance as necessary on reporting of transactions.

Proposed Completion Date: January 31, 2026

**Conemaugh Valley School District
Schedule of Prior Audit Findings
Year Ended June 30, 2025**

Financial Statement Findings

INTERNAL CONTROLS OVER FINANCIAL REPORTING

Finding #2024-001 – Material Weakness, June 30, 2024

CONDITION:

Audit adjustments that were material to the financial statements were required in order for the financial statements to be fairly presented in accordance with accounting principles generally accepted in the United States of America.

RECOMMENDATIONS:

We recommended that management record all audit adjustments in the general ledger accounting system, effective June 30, 2024, and ensure beginning balances for fiscal year 2025 balance sheet accounts agree to June 30, 2024 audited balances. Further, we recommended that management perform a review of the District's financial statements to ensure year-end accruals are supported and expenditures are accounted for in the correct fiscal year.

CURRENT STATUS:

Management agreed with the recommendations and posted the proposed audit adjustments to the District's general ledger effective June 30, 2024. While improvements were noted, issues with proper recording of revenues and accounts payable, as well as issues with management's review of financial statements persisted in the current year. Accordingly, the finding for material audit adjustments remained at June 30, 2025.

APPENDIX D
Form of Continuing Disclosure Agreement

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FORM OF CONTINUING DISCLOSURE UNDERTAKING

This Continuing Disclosure Undertaking (the “Disclosure Undertaking”) is executed and delivered by Conemaugh Valley School District (Cambria County, Pennsylvania) (the “Issuer”), in connection with the issuance of its \$[_____], aggregate principal amount, General Obligation Bonds, Series of 2026 (the “Obligations”). The Obligations are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer (the “Governing Body”) on June 11, 2026 (the “Resolution”). The Issuer covenants and agrees as follows:

Section 1. ***Purpose of the Disclosure Undertaking.*** This Disclosure Undertaking is being executed and delivered by the Issuer in order to comply with, and constitutes the written undertaking for the benefit of the holders of the Obligations 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 Report*” means any Annual Report provided by the Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Undertaking.

“*Disclosure Representative*” means the Business Manager of the Issuer or his or her designee, or such other officer or employee of the Issuer as the Governing Body may 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.

“*Listed Events*” means any of the events listed in Section 5(a) of this Disclosure Undertaking with respect to the Obligations.

“*MSRB*” means the Municipal Securities Rulemaking Board.

“*Official Statement*” means the Preliminary Official Statement relating to the Obligations, and the Official Statement relating to the Obligations, dated [_____], 2026.

“*Purchaser*” means Stifel, Nicolaus & Company, Incorporated, in its role as original purchaser and underwriter of the Obligations.

“*Tax-exempt*” means that interest on the Obligations 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 Reports.** The Issuer shall provide the Annual Report not later than 270 days following the end of each fiscal year (the “Report Date”), beginning with the fiscal year ending June 30, 2026, to EMMA which is consistent with the requirements of Section 4 of this Disclosure Undertaking. The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Undertaking, provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Report. The Annual Report must be submitted in the manner prescribed by the Municipal Securities Rulemaking Board, currently by uploading a machine word-searchable .pdf file to the EMMA Dataport web site. If the Issuer is unable to provide the Annual Report to the MSRB by the Report Date, the Issuer shall file with the MSRB no later than the Report Date notice of such failure to file.

Section 4. **Content of Annual Reports.** The Issuer's Annual Report shall contain or incorporate by reference the following financial information and operating information for the Issuer:

- (a) financial statements for the Issuer for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units¹; and
- (b) a summary of the budget for the current fiscal year (the fiscal year following the fiscal year of the financial statements being provided).

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to EMMA. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board or EMMA. The Issuer shall clearly identify each such other document so incorporated by reference.

Section 5. **Reporting of Significant Events.** (a) Pursuant to the provisions of this Section 5, the Issuer shall file, in a timely manner not in excess of ten (10) business days after the occurrence of such event, with the MSRB, notice of the occurrence of any of the following events with respect to the Obligations:

- (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 similar events affecting the tax-exempt status of the security;
- (vii) modifications to the rights of security holders, if material;

¹ If not submitted as part of the annual financial information, then when and if available, audited financial statements for the Issuer.

- (viii) bond calls, if material 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 of 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.

(b) The Issuer shall file in a timely manner with the MSRB and accompanied by such identifying information as prescribed by the MSRB, notice of a failure to provide the required annual financial information specified above, on or before the date specified above. Notwithstanding the foregoing: notice of Listed Events described in subsection (a)(viii) need not be given under this subsection any earlier than the notice (if any) of the underlying event is given to holders of affected Bonds pursuant to the Resolution.

(c) For the purposes of the Listed Event identified in clause (a)(xii) of this Section, the event is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer.

Section 6. **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 Obligations.

Section 7. **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. The Dissemination Agent shall have no duty or obligation to review or verify any information, disclosures or notices provided to it by the Issuer and shall not be deemed to be acting in any fiduciary capacity for the Issuer, the holders of the Obligations or any other party. If no replacement Dissemination Agent is appointed, the Issuer shall undertake all obligations thereof hereunder.

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

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

Section 10. **Default.** In the event of a failure of the Issuer or the Dissemination Agent to comply with any provision of this Disclosure Undertaking, any holder of Obligations 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 its obligations under this Disclosure Undertaking. A default under this Disclosure Undertaking shall not be deemed a default under the Resolution or the Obligations and the rights and remedies provided by the Resolution and the Obligations upon the occurrence of a default 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 this Disclosure Undertaking shall be an action to compel performance.

Section 11. **Immunities of Individuals.** No recourse shall be had for any claim based hereon against any member, director, officer, or employee, past, present or future, of the Issuer or the officers of the Issuer or of any successor body, as such.

Section 12. **Beneficiaries.** This Disclosure Undertaking shall inure solely to the benefit of the Issuer, the Purchaser, and holders from time to time of the Obligations, and shall create no rights in any other person or entity.

Section 13. **Notices.**

Any notices or communications to or with the Issuer may be given as follows:

Conemaugh Valley School District
1340 William Penn Avenue
Johnstown, PA 15906
Attention: Business Manager

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Continuing Disclosure Undertaking as of this [____] day of [____], 2026.

CONEMAUGH VALLEY SCHOOL DISTRICT

By: _____
President, Board of School Directors

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APPENDIX E
Specimen Municipal Bond Insurance Policy

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MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No.: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

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

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

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

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

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

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

ASSURED GUARANTY INC.

By _____
Authorized Officer

1633 Broadway, New York, N.Y. 10019

(212) 974-0100

Form 500 (8/24)