Certain information contained herein is subject to completion and amendment or other change without notice. The securities may not be sold nor may an offer to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall the Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful, prior to registration or qualification under the securities laws of any such jurisdiction. The School District has deemed this Preliminary Official Statement to be final for purposes of Rule 15c2-12(b)(1) of the Securities and Exchange Commission, except for certain information which has been omitted in accordance with such Rule and which will be provided in the final Official Statement.

PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 5, 2026

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P Global Ratings Rated "AA"
"AG" Insured
Moody's Investors Service "A1" Underlying
See "**RATINGS**" herein

*In the opinion of Note Counsel, assuming compliance with certain covenants of the School District, interest on and accruals of original issue discount with respect to the Notes are excluded from gross income of the owners thereof for federal income tax purposes under existing law, as currently enacted and construed. Such interest and accruals are not items of tax preference for purposes of the alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on Corporations under the Code. (See section entitled "**TAX MATTERS**" herein.) Under the laws of the Commonwealth of Pennsylvania, as currently enacted and construed, the Notes are exempt from personal property taxes in Pennsylvania and the interest on the Notes is exempt from Pennsylvania personal income tax. (See section entitled "**TAX MATTERS**" herein.)*

$80,305,000*
POCONO MOUNTAIN SCHOOL DISTRICT
(Monroe County, Pennsylvania)
General Obligation Notes, Series of 2026
Consisting of:
$30,305,000* General Obligation Notes, Series A of 2026
$50,000,000* General Obligation Notes, Series B of 2026

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: As shown on inside front cover
First Interest Payment: June 15, 2027

The Pocono Mountain School District (the "School District") will issue its General Obligation Notes, Series of 2026 in the aggregate principal amount of $80,305,000* consisting of two series, the $30,305,000* General Obligation Notes, Series A of 2026 (the "2026A Notes"), and the $50,000,000* General Obligation Notes, Series B of 2026 (the "2026B Notes"), and together with the 2026A Notes, "the Notes" will be issued as fully registered Notes. The Notes 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 Notes may be acquired in denominations of $5,000 or any integral multiple thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Notes will not receive physical delivery of the Notes. For so long as any purchaser is the beneficial owner of a Note, 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 Notes. See "**BOOK-ENTRY ONLY SYSTEM**" herein. If, under the circumstances described herein, Notes are ever issued in certificated form, the Notes will be subject to registration of transfer, exchange and payment as described herein. The principal of the Notes will be paid to the registered owners or assigns, when due, upon presentation and surrender of the Notes to Manufacturers and Traders Trust Company ("Paying Agent"), acting as paying agent and sinking fund depository, at its designated corporate trust office in Harrisburg, Pennsylvania. Interest on the Notes is payable initially on June 15, 2027, and thereafter, semiannually on June 15 and December 15 of each year, until the principal sum thereof is paid. Payment of interest on the Notes will be made by check drawn on the Paying Agent mailed to the registered owners of the Notes as of the Record Date (see "**THE NOTES**" *herein)*.

The Notes are subject to redemption prior to maturity as set forth herein.

The Notes are general obligations of the School District, payable from local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution authorizing the Notes adopted by the Board of the School District on October 7, 2026 (the "Resolution") that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Notes for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its legally available revenues or funds the principal of every Note and the interest thereon on the dates, at the place and in the manner stated in the Notes, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and available taxing power, which taxing power including the power to levy ad valorem taxes on all taxable real property within the School District, within the limitations provided by law. *(See **"SECURITY" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS",** including the description of the Taxpayer Relief Act and other legislation described herein).*

Proceeds of the 2026A Notes will be used to: (1) currently refund all or a portion of the School District's outstanding General Obligation Bonds, Series A of 2015; (2) currently refund all or a portion of the School District's outstanding General Obligation Bonds, Series A of 2016; and (3) pay the costs associated with issuing the Notes. Proceeds of the 2026B Notes will be used to: (1) fund various capital improvement projects to the School District's existing buildings and facilities; (2) pay capitalized interest; and (3) pay the costs associated with issuing the Notes.

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

The scheduled payment of principal of and interest on the Notes when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Notes by Assured Guaranty Inc. ("AG").

ASSURED GUARANTY

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

The Notes 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 King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, Note Counsel. Certain legal matters will be passed upon for the School District by its counsel, King, Spry, Herman, Freund & Faul, LLC, of Bethlehem, Pennsylvania. Certain legal matters will be passed upon for the Underwriter by its counsel, Cozen O'Connor, Pittsburgh, Pennsylvania. It is expected that the Notes will be available for delivery through DTC in New York, New York on or about _____ __, 2026.

STIFEL

Dated: _____

*Preliminary, subject to change

$80,305,000*
POCONO MOUNTAIN SCHOOL DISTRICT
(Monroe County, Pennsylvania)
General Obligation Notes, Series of 2026

NOTE MATURITY SCHEDULE

$30,305,000* General Obligation Notes, Series A of 2026

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: as shown below
First Interest Payment: June 15, 2027

Year	Principal Amount	Coupon	Yield	Price	CUSIP 730436[(1)]

$50,000,000* General Obligation Notes, Series B of 2026

Dated: Date of Delivery
Interest Due: June 15 and December 15

Principal Due: as shown below
First Interest Payment: June 15, 2027

Year	Principal Amount	Coupon	Yield	Price	CUSIP 730436[(1)]

[(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 noteholders 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 or 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.

* Preliminary, subject to change.

POCONO MOUNTAIN SCHOOL DISTRICT
Monroe County, Pennsylvania
135 Pocono Mountain School Road
Swiftwater, PA 18370
(570) 839-7121
www.pmsd.org

BOARD OF SCHOOL DIRECTORS

Marion Pyzik	President
Nathan Strunk	Vice President
Ronnie Byrd	Member
Christina Grape-Garvey	Member
Anna Lopez	Member
Elyse Nehring	Member
Patricia Rinehimer	Member
Michael Stern	Member
Stephen Watto	Member

CENTRAL ADMINISTRATION

Dr. Elizabeth Robison	Superintendent
Joseph P. Colozza	CFO/Board Secretary*
Constance Reed	Controller/Board Treasurer*

* Non-Voting

SCHOOL DISTRICT SOLICITOR
KING, SPRY, HERMAN, FREUND & FAUL, LLC
Bethlehem, Pennsylvania

NOTE COUNSEL
KING, SPRY, HERMAN, FREUND & FAUL, LLC
Bethlehem, Pennsylvania

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Harrisburg, Pennsylvania

DISSEMINATION AGENT
DIGITAL ASSURANCE CERTIFICATION, LLC (DAC)
Orlando, Florida

UNDERWRITER
STIFEL, NICOLAUS & COMPANY, INCORPORATED
Pittsburgh, Pennsylvania

UNDERWRITER'S COUNSEL
COZEN O'CONNOR
Pittsburgh, Pennsylvania

No dealer, broker, salesperson or other person has been authorized by the School District or the Underwriter to give any information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, any such other information or representations may not be relied upon as having been authorized by the School District or the Underwriter. 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 Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Preliminary Official Statement has been approved by the School District and the information set forth herein has been obtained from the School District and other sources which are believed to be reliable but is not guaranteed as to accuracy or completeness by, and is not to be construed as a representation by, the Underwriter or, as to information from other sources, by 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 under this Preliminary Official Statement 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 or the earliest date of which said information is given.

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

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRELIMINARY OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS PRELIMINARY OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DOES NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

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

THIS OFFICIAL STATEMENT IS SUBMITTED IN CONNECTION WITH THE SALE OF THE SECURITIES REFERRED TO HEREIN, AND MAY NOT BE REPRODUCED OR BE USED, IN WHOLE OR IN PART, FOR ANY OTHER PURPOSE. NEITHER THE DELIVERY OF THIS OFFICIAL STATEMENT NOR ANY SALE MADE HEREUNDER SHALL UNDER ANY CIRCUMSTANCES AT ANY TIME IMPLY THAT THE INFORMATION HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO ITS DATE.

Neither the School District's independent auditors, nor any other independent accountants, have compiled, examined, or performed any procedures with respect to the forecasted information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability, and assume no responsibility for, and disclaim any association with, the forecasted information.

If and when included in this Preliminary Official Statement, the words "expects," "forecasts," "projects," "intends," "anticipates," "estimates," "assumes" and analogous expressions are intended to identify forward-looking statements and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected. Such risks and uncertainties which could affect the revenues and obligations of the School District include, among others, changes in economic conditions, mandates from other governments and various other events, conditions and circumstances, many of which are beyond the control of the School District. Such forward-looking statements speak only as of the date of this Preliminary Official Statement. The School District disclaims any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any changes in the School District's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

The School District does not generally publish its business plans and strategies or make external disclosures of its anticipated financial position or results of operations. Accordingly, the School District does not intend to update or otherwise revise the forecasted financial information to reflect circumstances existing since its preparation or to reflect the occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the School District does not intend to update or revise the forecasted financial information to reflect changes in general economic or industry conditions. Additional information relating to the principal assumptions used in preparing the projections is set forth herein.

Assured Guaranty Inc. ("AG") makes no representation regarding the Notes or the advisability of investing in the Notes. 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 C - Specimen Municipal Bond Insurance Policy".

SUMMARY STATEMENT

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

Issuer	Pocono Mountain School District, Monroe County, Pennsylvania (the "School District").
The Notes…….	The Notes described herein are in the aggregate principal amount of $80,305,000* and consists of two series, the $30,305,000* General Obligation Notes, Series A of 2026 (the "2026A Notes"), and the $50,000,000* General Obligation Notes, Series B of 2026 (the "2026B Notes"), and together with the 2026A Notes, the "Notes". The Notes are initially dated the date of delivery, and will mature as shown in the **NOTE MATURITY SCHEDULE** shown on the inside of the Cover Pages of this Official Statement. Interest on the Notes will begin to accrue on the date of delivery, and is payable initially on June 15, 2027, and on each June 15 and December 15 thereafter. (See **"THE NOTES"** herein.)
Redemption Provisions.....	The Notes are subject to redemption prior to maturity as set forth herein. (See **"REDEMPTION OF NOTES"** herein.)
Form of Notes.....	Book-entry form only.
Purpose of the Issue	Proceeds of the 2026A Notes will be used to: (1) currently refund all or a portion of the School District's outstanding General Obligation Bonds, Series A of 2015; (2) currently refund all or a portion of the School District's outstanding General Obligation Bonds, Series A of 2016; and (3) pay the costs associated with issuing the Notes. Proceeds of the 2026B Notes will be used to: (1) fund various capital improvement projects to the School District's existing buildings and facilities; (2) pay capitalized interest; and (3) pay the costs associated with issuing the Notes. (See **"PURPOSE OF THE ISSUE"** and **"SOURCES AND USES OF FUNDS"** herein.)
Security for the Notes	The Notes are general obligations of the School District, payable from local taxes, state subsidy and other general revenues. The School District has covenant in the Resolution authorizing the Notes adopted by the Board of the School District on October 7, 2026 (the "Resolution") that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Notes for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its legally available revenues or funds the principal of every Note and the interest thereon on the dates, at the place and in the manner stated in the Notes, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and available taxing power, which taxing power including the power to levy ad valorem taxes on all taxable real property within the School District, within the limitations provided by law. (See **"SECURITY" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS"** including the description of the Taxpayer Relief Act and other legislation described herein.)
Credit Enhancement.....	The scheduled payment of principal of and interest on the Notes when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Notes by Assured Guaranty Inc. ("AG"). (See "**BOND INSURANCE**" herein.)
Rating.....	The Notes are expected to receive an insured credit rating of "AA" (stable outlook) from S&P Global Ratings ("S&P") with the understanding that the above-described municipal bond insurance policy will be issued and delivered at the time of settlement of the Notes by Assured Guaranty Inc. ("AG"). Moody's Investors Service has also assigned its underlying rating of "A1" to the Notes. (See "**RATINGS**" herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities and Exchange Act of 1934, as amended and interpreted (the "Rule"). (See **"CONTINUING DISCLOSURE UNDERTAKING"** herein.)

* Preliminary, subject to change.

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PRELIMINARY OFFICIAL STATEMENT

$80,305,000*
POCONO MOUNTAIN SCHOOL DISTRICT
Monroe County, Pennsylvania
General Obligation Notes, Series of 2026

Consisting of:
$30,305,000* General Obligation Notes, Series A of 2026
$50,000,000* General Obligation Notes, Series B of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover page hereof and Appendices hereto, is furnished in connection with the offering by the Pocono Mountain School District, Monroe County, Pennsylvania (the "School District") of the Notes described herein, issued in the aggregate principal amount of $80,305,000* and consisting of two series, the $30,305,000* General Obligation Notes, Series A of 2026 (the "2026A Notes"), and the $50,000,000* General Obligation Notes, Series B of 2026 (the "2026B Notes"), and together with the 2026A Notes, "the Notes". The Notes are being issued by the School District pursuant to a Resolution of the Board of School Directors of the School District adopted on October 7, 2026 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. C.S. A. §8001 *et seq*., as amended (the "Act").

The Notes shall be issued in denominations of $5,000 or any integral multiple thereof. Interest on the Notes is payable semiannually on June 15 and December 15 of each year, commencing June 15, 2027. Interest on any Note is payable by check mailed to the registered owner at the address as it appears on the registration books on the appropriate Record Date as described below. The principal of the Notes is payable at the corporate trust office of Manufacturers and Traders Trust Company, Harrisburg, Pennsylvania (the "Paying Agent" or "Sinking Fund Depository"). The Notes are only transferable on the registration books maintained by the Paying Agent upon presentation and surrender thereof (see "**THE NOTES – Description of the Notes**" herein). The Notes are subject to redemption prior to maturity as stated herein.

The information which follows contains summaries of the Resolution, the School District's Budget and the School District's financial statements. Such summaries do not purport to be complete and reference is made to the Resolution, the School District's budget and the School District's financial statements, copies of which are on file and available for examination at the offices of the School District.

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

PURPOSE OF THE ISSUE

Proceeds of the 2026A Notes will be used to: (1) currently refund all or a portion of the School District's outstanding General Obligation Bonds, Series A of 2015; (2) currently refund all or a portion of the School District's outstanding General Obligation Bonds, Series A of 2016; and (3) pay the costs associated with issuing the Notes. Proceeds of the 2026B Notes will be used to: (1) fund various capital improvement projects to the School District's existing buildings and facilities; (2) pay capitalized interest; and (3) pay the costs associated with issuing the Notes.

[THIS SECTION LEFT INTENTIONALLY BLANK]

* Preliminary, subject to change.

Sources and Uses of Notes Proceeds

The following is a summary of the estimated sources and uses of the proceeds of the Notes.

SOURCE OF FUNDS	2026A	2026B	Total
Par Amount of the Notes			
Plus/Less: Net Original Issue Premium/Discount			
TOTAL SOURCES OF FUNDS			
USE OF FUNDS			
Deposit to Capital Projects Fund			
Redemption of 2015A Bonds			
Redemption of 2016A Bonds			
Capitalized Interest			
Costs of Issuance[(1)]			
TOTAL USES OF FUNDS			

[(1)]Includes legal, underwriter's discount, printing, rating, CUSIP, bond insurance premium, paying agent, and other miscellaneous costs.

THE NOTES

Description: Payment of Principal and Interest

The Notes will be issued in registered form, without coupons, in denominations of $5,000 principal amount and integral multiples thereof, will be in the combined principal amount of $80,305,000* and will be dated the date of delivery, when interest begins to accrue. The Notes will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on each of the Notes will be payable initially on June 15, 2027, and thereafter, semiannually on June 15 and December 15 of each year until the maturity date of such Notes or, if such Note 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. Interest shall be computed on the basis of a 30-day month and a 360-day year.

*When issued, the Notes will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Notes (the "Beneficial Owners") will not receive any physical delivery of Note certificates, and beneficial ownership of the Notes will be evidenced only by book entries. Each Beneficial Owner of a Note may desire to make arrangements with a DTC Participant to receive notices or communications with respect to matters described herein. (See "**BOOK – ENTRY ONLY SYSTEM**" herein).*

So long as Cede & Co., as nominee of DTC, is the registered owner of the Notes, payments of principal of, redemption premium, if any, and interest on the Notes, 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 Notes is discontinued for any reason, Note certificates will be issued to the Beneficial Owners of the Notes and payment of principal, redemption premium, if any, and interest on the Notes shall be made as described in the following paragraphs:

The principal of certificated Notes, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Notes, or registered assigns, upon surrender of such Notes to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent and sinking fund depositary for the Notes, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)). Interest on each of the Notes will be payable initially on June 15, 2027, and thereafter, semiannually on June 15 and December 15 of each year until the maturity date of such Note or, if such Note 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. Interest shall be computed on the basis of a 30-day month and a 360-day year.

* Preliminary, subject to change.

Interest will be payable to the registered owner of a Note from the interest payment date next preceding the date of registration and authentication of such Note, unless: (a) such Note is registered and authenticated as of an interest payment date, in which event such Note shall bear interest from said interest payment date, or (b) such Note is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Note shall bear interest from such interest payment date, or (c) such Note is registered and authenticated on or prior to the Record Date preceding June 15, 2027, in which event such Note shall bear interest from the date of delivery, or (d) as shown by the records of the Paying Agent, interest on such Note shall be in default, in which event such Note shall bear interest from the date to which interest was last paid on such Note. Interest on each certificated Note will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the last day of the 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 such Note 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 such certificated Note 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 Notes not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Notes are registered at the close of business on the fifth (5^{th}) day preceding the date of mailing. If the date for payment of the principal of or interest on any Notes 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 Notes

Subject to the provisions described below under "Book-Entry Only System," certificated Notes are transferable or exchangeable upon surrender of such Notes 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 Note or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of certificated Notes 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 Notes of authorized denominations of the same series, maturity date 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 such Note as the absolute owner thereof (whether or not a Note 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.

Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations of the same series, maturity date and interest rate.

Neither the School District nor the Paying Agent shall be required (a) to register the transfer of or exchange any Notes then considered for redemption during a period beginning at the close of business on the fifteenth (15^{th}) day next preceding any date of selection of Notes to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Note selected for redemption until after the redemption date or (c) to register the transfer of or to exchange any Note during the period beginning at the close of business on the fifteenth day preceding the date of maturity of the Note and ending at the close of business on the date of maturity. Notes may be exchanged for a like aggregate principal amount of Notes of other authorized denominations of the same series, maturity and interest rate.

SECURITY FOR THE NOTES

General Obligation Pledge Security

The Notes are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution 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 due on the Notes 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 Notes and the interest thereon at the dates and place and in the manner stated on the Notes, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and available taxing power, which taxing power presently includes *ad valorem* taxes on all taxable property within the School District, within the limitations provided by law (See ***"TAXING POWERS AND LIMITS" and "PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS"*** herein). The Act presently provides for enforcement of debt service payments as hereinafter described (see "**Actions in the Event of Default on the Notes**" 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 "**State Subsidy Intercept Under Section 633 of the Pennsylvania School Code**" herein).

Sinking Fund

A sinking fund for the payment of debt service on the Notes, to be designated "Sinking Fund, General Obligation Notes, Series A of 2026" and Sinking Fund, General Obligation Notes, Series B of 2026 (collectively the "Sinking Funds"), has been created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Notes (or such earlier date as may be required by the Bond Insurer) 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 principal then due on the Notes.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent as authorized by the Act and 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 depositary, is authorized without further order from the School District to pay from the Sinking Fund the principal of and interest on the Notes, as and when due and payable.

State Subsidy Intercept Under Section 633 of the Pennsylvania School Code

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 or the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Notes 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, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such note issue. These withholding provisions are not part of any contract with the holders of the Notes, 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 Noteholders. 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.

Pennsylvania Budget Adoption

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 2023-2024 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 2023-2024 Budget for education.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year eleven 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. In this budget, 348 school districts (including the School District) received additional funding totaling $493.8 million under a new Adequacy Supplement and 182 school districts received an additional $60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

After months of negotiations, Governor Josh Shapiro signed the state's budget for the 2025-2026 fiscal year late on November 12, 2025. The $50.1 billion budget included (i) $8.262 billion for the basic education funding appropriation, which was more than a $100 million increase over the basic education funding appropriation for the 2024-2025 fiscal year, and (ii) $1.526 billion for the special education appropriation, which was a $40,000,000 increase over the same appropriation for the 2024-2025 fiscal year. The budget also increased the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-2025 fiscal year. In addition, the budget hoped to provide $175 million in estimated savings for school districts through reforms to the cyber charter school law.

After approximately two weeks of delay, Governor Josh Shapiro signed the state's budget for the 2026-2027 fiscal year on July 12, 2026. The $50.85 billion budget represents a 1.4% increase in spending over the prior fiscal year. The budget includes $8.3 billion for the basic education funding appropriation, which is a $50 million increase over the 2025-2026 fiscal year appropriation, and $1.58 billion for the special education funding appropriation, which is a $55 million increase over the same appropriation for the 2025-2026 fiscal year. The budget also includes $75 million in annual savings for cyber charter funding reforms to the existing cyber charter school law.

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

Act 85 of 2016

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XV1-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by PDE from a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

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

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

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

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

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

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

The total of all intercept payments under Article XV11-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information to PDE within the prescribed timeframe following the issuance of the Notes. 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 Notes and may be amended or repealed by future legislation.

Actions in the Event of Default on the Notes

Subject to the exclusive representation of Noteholders by a trustee appointed under the Act as described in the following paragraph, if the School District fails or neglects to pay principal or interest on any of the Notes as it becomes due and payable, and such failure continues for thirty (30) days, the holder of such Note may bring suit in the Court of Common Pleas of the County in which the School District is located (Monroe County, Pennsylvania) and any judgment recovered shall have an appropriate priority upon the money next coming into the treasury of the School District, all as

provided in the Act. The Act also provides other remedies to Noteholders to enforce the School District's covenants in respect of payment of the Notes.

In the event the School District defaults in the payment of the principal of or the interest on any of the Notes after the same shall become due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty (30) days, or if the School District fails to comply with any provision of the Notes or the Resolution, the Act provides that the holders of 25% in aggregate principal amount of the Notes then outstanding may, upon appropriate action, appoint a trustee to represent the Noteholders. The trustee may, and upon request of the holders of 25% in principal amount of the Notes then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Noteholders as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

NOTE INSURANCE

Note Insurance Policy

Concurrently with the issuance of the Notes, Assured Guaranty Inc. ("AG" and "Insurer") will issue its Municipal Bond Insurance Policy (the "Policy") for the Notes. The Policy guarantees the scheduled payment of principal of and interest on the Notes 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 3, 2026, KBRA announced that it had affirmed AG's insurance financial strength rating of "AA+" (stable outlook).

On July 27, 2026, Moody's announced that it had affirmed AG's insurance financial strength rating of "A1" (stable outlook).

On July 17, 2026, S&P announced that it had affirmed AG's financial strength rating of "AA" (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 June 30, 2026:

- The policyholders' surplus of AG was approximately $3,088 million.
- The contingency reserve of AG was approximately $1,569 million.

- The net unearned premium reserves and net deferred ceding commission income of AG and its subsidiaries (as described below) were approximately $2,411 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);

(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); and

(iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2026 (filed by AGL with the SEC on August 7, 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 Notes 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 "NOTE 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 Notes or the advisability of investing in the Notes. 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 "NOTE INSURANCE".

NOTE INSURANCE RISK FACTORS

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

Under most circumstances, any default in the payment of principal and interest does not accelerate the obligations of the Insurer without its consent. The Insurer may direct, and must consent to, any remedies that a trustee might exercise following such a default and the Insurer's consent may be required in connection with amendments to the Resolution in those circumstances.

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

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

The obligations of the Insurer under the Policy are general obligations of the Insurer and, upon an event of default by the Insurer, the remedies available to a trustee may be limited by applicable bankruptcy law or other similar laws related to the insolvency of entities like the Insurer.

NEITHER THE SCHOOL DISTRICT, NOR THE UNDERWRITER, HAS MADE AN INDEPENDENT INVESTIGATION INTO THE CLAIMS PAYING ABILITY OF THE INSURER AND NO ASSURANCE OR REPRESENTATION REGARDING THE FINANCIAL STRENGTH OR PROJECTED FINANCIAL STRENGTH OF THE INSURER IS GIVEN. THUS, WHEN MAKING AN INVESTMENT DECISION, POTENTIAL INVESTORS SHOULD CAREFULLY CONSIDER THE ABILITY OF THE SCHOOL DISTRICT TO PAY PRINCIPAL AND INTEREST ON THE NOTES AND THE CLAIMS PAYING ABILITY OF THE INSURER, PARTICULARLY OVER THE LIFE OF THE INVESTMENT. SEE "NOTE INSURANCE" HEREIN FOR FURTHER INFORMATION PROVIDED BY THE INSURER WITH RESPECT TO ITSELF AND THE POLICY, WHICH INCLUDES FURTHER INSTRUCTIONS FOR OBTAINING CURRENT FINANCIAL INFORMATION CONCERNING THE INSURER.

BOOK-ENTRY ONLY SYSTEM

The information in this section has been provided by The Depository Trust Company, New York, New York ("DTC") and is not deemed to be a representation of the School District or the Underwriter.

DTC, New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered Notes 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 certificate will be issued for each maturity of the Notes, respectively, 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 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor 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 and www.dtc.org.

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

To facilitate subsequent transfers, all Notes 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 Notes 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 Notes; DTC's

records reflect only the identity of the Direct Participants to whose accounts such Notes 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 Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes 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 Notes within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Notes 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 School District or the Paying 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 if the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, the Paying Agent, or School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of School District or the 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 Notes at any time by giving reasonable notice to the School District or the Paying Agent. Under such circumstances, in the event that a successor depository is not obtained, Note certificates are required to be printed and delivered.

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

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

Disclaimer of Liability for Failures of DTC

The School District and the Underwriter cannot and do not give any assurances that DTC, the Direct and Indirect Participants or others will distribute payments of principal, interest or premium with respect to the Notes paid to DTC or its nominee as the owner of Notes, or will distribute any redemption or other notices, to the Beneficial Owners, or that they will do so on a timely basis or will serve and act in the manner described in this Preliminary Official Statement. The School District and the Underwriter are not responsible or liable for the failure of DTC or any Participant to make any payment or give any notice to a Beneficial Owner with respect to the Notes, or any error or delay relating thereto.

So long as Cede & Co. is the registered owner of the Notes, as nominee of DTC, references herein to the Noteholders or registered owners of the Notes (other than under the caption "**TAX MATTERS**" and "**TAX EXEMPTION**") shall mean Cede & Co. and shall not mean the beneficial owners of the Notes. Payments made by the paying agent to DTC or its nominee shall satisfy the School District's obligations with respect to the Notes to the extent of such payments.

Discontinuance of Book-Entry-Only System

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the School District and the Paying Agent. In addition, the School District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). Under either of such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered, and the following provisions will apply: (i) principal or redemption price of the Notes will be payable upon surrender of the Notes at the designated corporate trust office of the Paying Agent; (ii) Notes may be transferred or exchanged for other Notes of authorized denominations at the designated office of the Paying Agent of the Notes,

without cost to the owner thereof except for any tax or other governmental charge; and (iii) Notes will be issued in denominations as described above under **"THE NOTES"**.

REDEMPTION OF NOTES

Optional Redemption

The Notes maturing on or after December 15 _____ are subject to redemption prior to maturity, at the option of the School District, in whole, or in part (in any order of maturity selected by the School District), at any time on or after _____ at a price equal to 100% of the principal amount of the Notes redeemed and accrued interest thereon to the date fixed for such optional redemption. In the event that less than all Notes of a particular maturity are to be redeemed, the Notes of such maturity to be redeemed shall be drawn by lot by the Paying Agent.

Mandatory Redemption

The 2026A Notes stated to mature on December 15, ____ are subject to mandatory sinking fund redemption prior to maturity as required by the Resolution, on December 15 of the years shown below (at a price equal to the principal amount of the Notes called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) in the principal amount set forth below, as drawn by lot by the Paying Agent:

Notes stated to mature December 15, _____:

The 2026B Notes stated to mature on December 15, ____ are subject to mandatory sinking fund redemption prior to maturity as required by the Resolution, on December 15 of the years shown below (at a price equal to the principal amount of the Notes called for mandatory redemption plus accrued interest thereon to the date fixed for such mandatory redemption) in the principal amount set forth below, as drawn by lot by the Paying Agent:

Notes stated to mature December 15, _____:

Such mandatory redemption shall be made upon payment of the principal amount of the Notes being redeemed, plus accrued interest to the date fixed for redemption.

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, or the School District may tender to the Paying Agent, all or part of the Notes subject to Mandatory Redemption in any such year.

Notice of Redemption

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

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption addressed to each of the registered owners of Notes 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 Notes so called for redemption as to which proper notice has been given.

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

If at time of mailing of a notice of redemption the School District shall not have deposited with the Paying Agent (or, in the case of a refunding, with another bank or depositary acting as refunding escrow agent) money sufficient to redeem all Notes called for redemption, the notice of redemption may state that it is conditional, *i.e.*, that it is subject to the deposit of sufficient redemption money with the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited.

Manner of Redemption

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

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

If the redemption date for any Notes shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required 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 or required to close, and payment on such date shall have the same force and effect as if made on the nominal date of redemption.

THE SCHOOL DISTRICT

Introduction

The School District is located in Northeastern Pennsylvania. Covering an area of approximately 304 square miles, the School District serves a population per the 2020 Census of approximately 63,653 within eight municipalities in Monroe County. The municipalities consist of the Borough of Mount Pocono and the Townships of Barrett, Coolbaugh, Jackson, Paradise, Pocono, Tobyhanna and Tunkhannock. Predominately, the School District is a rural school district located within the heart of the Pocono resort area.

Organization and Central Administration

The School District was organized in 1964 by a consolidation of a number of smaller school districts in the area. It is governed by a nine member Board of School Directors (the "School Board"), elected for staggered four-year terms. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finance. The Chief Financial Officer is responsible for budget and financial operations. Both of these officials are appointed by the School Board.

School Building Facilities

The School District presently operates five elementary buildings, two junior high schools, and two high schools, all as described on the following table. Students in grades 10 through 12 are eligible to attend the Monroe Career and Technical Institute.

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TABLE 1

POCONO MOUNTAIN SCHOOL DISTRICT FACILITIES

Building	Original Construction Date	Addition/Renovation Date(s)	Grades	Rated Pupil Capacity	2026-27 Enrollment
Elementary:					
Clear Run Elementary Center	1996	N/A	K-2	991	625
Clear Run Intermediate School	1996	N/A	3-6	1,589	944
Swiftwater Elementary Center	2008	N/A	K-3	1,663	960
Tobyhanna Elementary Center	1982	1989	K-6	774	536
Swiftwater Intermediate School	1961	1987/2008	4-6	1,173	825
Total - Elementary				6,190	3,890
Secondary:					
East Junior High School	1979	1989/1993/2005/2008	7-8	1,518	559
West Junior High School	2006	N/A	7-8	1,586	663
East High School	1993	N/A	9-12	1,637	1,224
West High School	2002	N/A	9-12	2,240	1,470
Total - Secondary				6,981	3,916
Total Enrollment				13,171	7,806

Source: School District Administrative Officials

TABLE 2

Pupil Enrollment

Actual Enrollments

Fiscal Year	K - 6	7 - 12	Total
2019-20	4,414	4,393	8,807
2020-21	4,010	4,280	8,290
2021-22	3,991	4,200	8,191
2022-23	3,970	4,133	8,103
2023-24	3,926	4,050	7,976
2024-25	3,895	4,021	7,916
2025-26	3,822	3,948	7,770
2026-27	3,890	3,916	7,806

Projected Enrollments

Fiscal Year	K – 6	7 - 12	Total
2027-28	3,768	3,800	7,568
2028-29	3,651	3,792	7,443
2029-30	3,499	3,808	7,307

Source: School District Officials and Pennsylvania Department of Education

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 Chief Financial Officer and submitted to the School Board for approval prior to the beginning of each fiscal year on July 1.

Financial Reporting

The School District has organized its accounts on the basis of funds or groups of funds, each of which is a separate accounting entity. It maintains a General Fund for instructional, operation and administrative expenses, a Food Service Fund, a Capital Projects Fund and various school activity funds. Federal funds are appropriated by the School Board during the fiscal year and grant commitments and project approvals are received. The School District maintains the books and prepares the financial reports for the General Fund according to a modified accrual basis of accounting. Major accrual items include salaries and wages, payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units. The School District's financial statements are audited annually by an independent certified public accounting firm, as required by Commonwealth law. The firm of CliftonLarsonAllen LLP, King of Prussia, Pennsylvania, currently serves as the independent auditor for the School District.

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

Budgeting Process in School Districts under the Taxpayer Relief Act, as Amended (Act 1)

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

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act (Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act No. 25 of 2011 ("Act 1") all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than ninety (90) days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal must be printed and made available for public inspection at least twenty (20) days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least ten (10) days public notice of its intent to adopt the final budget.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to PDE no later than eighty-five (85) days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (*see* **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS"**) and within ten (10) days, but not later than seventy-five (75) days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under Act 1 (hereinafter defined).

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

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

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than one hundred ten (110) days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, Act 1 requires only that the proposed annual budget be prepared at least thirty (30) days, and made available for public inspection at least twenty (20) days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

Status of 2026-27 Budget Under Act 1. The Index applicable to the School District in the 2026-27 fiscal year is 4.5%. The School District's budget for fiscal year 2026-27 did not require an increase to its tax rates by more than the Index.

Annual Financial Statements

The School District's annual financial statements for the fiscal years ended June 30, 2021 through 2025, inclusive, have been filed by the School District on EMMA (as hereinafter defined) (http://emma.msrb.org). Such financial statements are incorporated herein by reference. The School District's annual financial statement for fiscal year ended June 30, 2025 has been included as Appendix B of this Preliminary Official Statement.

The Tables 3, 4, 5 and "General Fund Budget Summary for the Fiscal Years Ending June 30, 2025 and June 30, 2026" are summaries only and are not intended to be a complete report. For more complete information, the individual financial statements and the 2025-26 and 2026-27 budgets of the School District should be reviewed at the Business Office, Pocono Mountain School District, Swiftwater, Pennsylvania, or on the School District's website.

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Summary and Discussion of Financial Results

A summary of comparative General Fund Balance Sheet, Summary of Changes in Fund Balance and Summary of General Fund Revenues and Expenditures for the fiscal years ended June 30 are presented in Table 3, Table 4 and Table 5 which follows.

TABLE 3
POCONO MOUNTAIN SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET FOR YEARS ENDED JUNE 30,

ASSETS	**2021**	**2022**	**2023**	**2024**	**2025**
Cash and Cash Equivalents	$ 41,561,883	$ 33,539,415	$ 40,437,189	$ 40,293,658	$ 39,558,543
Due from Other Funds	108,531	181,487	-	470,339	278,069
Taxes Receivable	18,954,597	16,588,769	14,116,601	13,322,988	14,014,915
Due from Other Goverments	10,697,578	15,283,359	9,671,534	9,819,923	8,281,979
Other Receivables	42,120	26,999	725,872	37,618	101,918
Prepaid Items	11,244	76,189	60,804	96,243	14,461
TOTAL ASSETS	**$ 71,375,953**	**$ 65,696,218**	**$ 65,012,000**	**$ 64,040,769**	**$ 62,249,885**
LIABILITIES AND FUND BALANCES					
LIABILITIES					
Accounts Payable	$ 4,531,298	$ 5,536,991	$ 6,523,794	$ 5,804,623	$ 5,867,361
Due to Other Funds	-	-	372,694	-	-
Unearned Revenue	-	-	-	-	2,281,225
Accrued Salaries Payroll Withholdings and Benefits	23,702,473	24,703,863	23,958,515	26,604,585	28,006,723
TOTAL LIABILITIES	**$ 28,233,771**	**$ 30,240,854**	**$ 30,855,003**	**$ 32,409,208**	**$ 36,155,309**
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues - Property Taxes	**$ 16,616,823**	**$ 14,339,622**	**$ 11,521,295**	**$ 10,892,338**	**$ 11,262,124**
FUND BALANCES					
Nonspendable					
Prepaid Items	$ 11,244	$ 76,189	$ 60,804	$ 96,243	$ 14,461
Restricted for					
Compensatory Education	133,737	133,728	165,723	165,428	182,415
Assigned/Committed to					
Balance Subsequent Year Budget	6,575,000	6,575,000	2,000,000	4,000,000	2,000,000
Contingency	-	-	-	-	547,329
Capital improvements and infrastructure	712,490	-	-	-	-
Unassigned	19,092,888	14,330,825	20,409,175	16,477,552	12,088,247
TOTAL FUND BALANCES	**$ 26,525,359**	**$ 21,115,742**	**$ 22,635,702**	**$ 20,739,223**	**$ 14,832,452**
TOTAL LIABILITIES, DEREFFED INFLOWS OF RESOURCES AND FUND BALANCES	**$ 71,375,953**	**$ 65,696,218**	**$ 65,012,000**	**$ 64,040,769**	**$ 62,249,885**

TABLE 4
POCONO MOUNTAIN SCHOOL DISTRICT
SUMMARY OF CHANGES IN FUND BALANCE FOR YEARS ENDED JUNE 30,

	2021	2022	2023	2024	2025
Beginning Fund Balance	$30,550,018	$26,525,359	$21,115,742	$22,635,702	$20,739,223
Net Change in Fund Balances	(4,024,659)	(5,409,617)	1,519,960	(1,896,479)	(5,906,771) *
Ending Fund Balance	$26,525,359	$21,115,742	$22,635,702	$20,739,223	$14,832,452

Source: School District Annual Financial Reports
* Includes a planned transfer of $4,000,000 to capital projects fund.

TABLE 5
POCONO MOUNTAIN SCHOOL DISTRICT
SUMMARY OF GENERAL FUND REVENUES AND EXPENDITURES FOR FISCAL YEARS ENDED JUNE 30,

Revenues	2021	2022	2023	2024	2025
Local Sources	$ 139,172,787	$ 142,396,672	$ 145,930,468	$ 153,794,244	$ 160,375,185
State Sources	66,193,904	69,519,108	76,000,822	79,091,465	85,439,159
Federal Sources	10,563,895	14,651,761	18,631,900	14,742,763	6,543,086
Total Revenues	$ 215,930,586	$ 226,567,541	$ 240,563,190	$ 247,628,472	$ 252,357,430
Expenditures					
Instruction	$ 131,127,527	$ 132,218,515	$ 135,371,656	$ 138,123,919	$ 143,310,507
Support Services	65,832,199	75,049,488	74,257,811	79,830,096	85,541,525
Operation of Noninstructional Services	3,276,434	3,945,708	4,530,448	4,572,763	4,978,002
Capital Outlay	57,919	1,151,217	5,846,347	4,979,366	485,316
Debt Service Principal	13,172,204	13,690,539	15,429,763	16,042,855	15,505,054
Debt Service Interest	5,400,864	4,883,463	4,323,656	4,037,466	4,483,797
Refund of Prior Year Receipts	833	43,944	-	-	-
Total Expenditures	$ 218,867,980	$ 230,982,874	$ 239,759,681	$ 247,586,465	$ 254,304,201
Excess (Deficiency) of Revenues Over (Under) Expenditures	**$ (2,937,394)**	**$ (4,415,333)**	**$ 803,509**	**$ 42,007**	**$ (1,946,771)**
Other Financing Sources (Uses)					
Issuance of Debt	$ -	$ -	$ 2,017,337	$ -	$ -
Issuance of Right-to-Use Arrangements	-	-	-	-	40,000
Transfers In	-	-	-	-	-
Transfers Out	(1,087,265)	(5,744,926)	(1,313,036)	(2,000,000)	(4,000,000)
Proceeds from extended term financing	-	-	-	59,714	-
Sale/Compensation for Capital Assets	-	4,750,642	12,150	1,800	-
Total Other Financing Sources (Uses)	$ (1,087,265)	$ (994,284)	$ 716,451	$ (1,938,486)	$ (3,960,000)
Net Change in Fund Balance	(4,024,659)	(5,409,617)	1,519,960	(1,896,479)	(5,906,771)
Fund Balance - Beginning of Year	30,550,018	26,525,359	21,115,742	22,635,702	20,739,223
Fund Balance - End of Year	$ 26,525,359	$ 21,115,742	$ 22,635,702	$ 20,739,223	$ 14,832,452

Source: School District Annual Financial Reports

POCONO MOUNTAIN SCHOOL DISTRICT
GENERAL FUND BUDGET SUMMARY FOR THE
FISCAL YEARS ENDING JUNE 30, 2026 AND JUNE 30, 2027

	2025-26	2026-27
Estimated Beginning Fund Balance – Nonspendable	$ 261,671	$ 744,205
Estimated Beginning Fund Balance – Restricted	-	-
Estimated Beginning Fund Balance – Assigned	-	-
Estimated Beginning Fund Balance – Unassigned	16,477,552	12,088,246
Total Estimated Beginning Unassigned Fund Balance Available For Appropriation and Reserves Scheduled for Liquidation During The Fiscal Year	16,477,552	12,088,246
ESTIMATED REVENES AND OTHER FINANCING SOURCES		
Revenues from Local Sources	$ 164,135,329	$ 167,176,240
Revenues from State Sources	90,170,702	90,732,059
Revenues from Federal Sources	4,687,969	4,716,601
Other Financing Sources	2,500,000	4,000,000
Total Estimated Revenues and Other Financing Sources	$ 261,494,000	$ 266,625,000
Total Estimated Unassigned Fund Balance, Revenues & Other Financing Sources Available for Appropriation	$ 277,971,552	$ 278,713,246
ESTIMATED EXPENDITURES AND OTHER FINANCING USES		
Instruction	$ 148,423,230	$ 148,741,589
Support Services	86,043,163	88,544,956
Operation of Noninstructional Services	5,130,447	5,173,870
Total Estimated Expenditures	$ 239,596,840	$ 242,460,415
Other Expenditures and Other Financing Uses		
Debt Service	$ 18,042,160	$ 18,034,585
Interfund Transfers – Out	4,000,000	4,050,000
Budgetary Reserve Appropriation	1,855,000	2,080,000
Total Other Expenditures and Other Financing Uses	$ 23,897,160	$ 24,164,585
Total Estimated Expenditures and Other Financing Uses	$ 263,494,000	$ 266,625,000
Total Estimated Ending Unassigned Fund Balance	$ 14,477,552	$ 12,088,246

Source: Pocono Mountain School District General Fund Budgets for 2025 – 26 and 2026 – 27 Fiscal Years.

TAXING POWERS AND LIMITS

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see **"PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS – The Taxpayer Relief Act, as Amended (Act 1)"** herein***),*** the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An *ad valorem* tax on all 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 ad valorem tax on the property taxable for school purposes to provide funds:

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

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

   c) to pay interest and principal on any indebtedness incurred under the 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 bonds to finance construction of school facilities, if issued prior to the first Monday in July, 1959.

3. An annual per capita tax on each resident over eighteen years old 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 by Act 32 of 2008, enacted July 2, 2008 (53 P.S. §6924.101) the ("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.

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

The Taxpayer Relief Act, as Amended (Act 1)

Pennsylvania Act No. 1 of the Special Session of 2006 (the "Act 1"), which became effective June 27, 2006 provides, *inter alia*, that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 fiscal year, raise the rate of any earned income and net profits tax, if already imposed under the authority of the Local Tax Enabling Act (Act 511), or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the exceptions provided below. On June 30, 2011, the General Assembly adopted legislation (Act 25 of 2011) amending Act 1, eliminating several exceptions previously permitted under Act 1 and providing for the rescission of certain prior approved referendum exceptions for disaster/emergency costs, implementation of a court order, school construction and non-academic school construction (effective after the last payment of principal and interest on debt incurred to finance same). (Act 1, together with Act 25 of 2011, will hereinafter be referred to as the "Taxpayer Relief Act").

The exceptions contained in Act 1 are:

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 Indexes applicable to the School District in the current and previous fiscal years are as follows:

Fiscal Year (ending June 30)	**Applicable Index**
2026-27	4.5%
2025-26	5.1%
2024-25	7.0%
2023-24	5.4%
2022-23	4.5%
2021-22	4.0%
2020-21	3.4%
2019-20	3.0%
2018-19	3.1%
2017-18	3.2%

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.

Status of the Notes Under Act 1 – The Notes are Not Eligible for Act 1 Exception

The debt evidenced by the Notes constitutes indebtedness incurred after the effective date of Act 1 and, therefore, no exception to the referendum requirement is expected for new taxes to pay the debt service on the Notes if a tax increase greater than the index is required.

THE SUMMARY OF ACT 1, AS AMENDED, IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OR A LEGAL REPRESENTATION THEREOF, AND A PROSPECTIVE PURCHASER OF THE NOTES SHOULD REVIEW THE FULL TEXT OF ACT 1, AS AMENDED, AS PART OF ANY DECISION TO PURCHASE THE NOTES.

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district implemented a personal income tax in accordance with Act 1, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the

matter and then place a binding referendum question on the ballot at a general or municipal election for approval by the voters.

The School District has not placed a referendum question on the ballot.

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:

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

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

The total budgeted expenditures in the School District's budget for the 2026-27 fiscal year is $266,625,000, and the School District's estimated ending “unassigned fund balance” is $12,088,246 which as a percentage of total budgeted expenditures for the 2026-27 fiscal year is 4.53%.

SET FORTH IN THE TWO IMMEDIATELY PRECEDING TWO SUBSECTIONS ARE SUMMARIES OF PORTIONS OF ACT 130 OF 2008 AND ACT 48 OF 2003. THESE SUMMARIES ARE NOT INTENDED TO BE EXHAUSTIVE DISCUSSIONS OF THE PROVISIONS OF ACT 130 OF 2008 OR ACT 48 OF 2003 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS THEREOF. A PROSPECTIVE PURCHASER OF THE NOTES SHOULD REVIEW THE FULL TEXT OF ACT 130 OF 2008 AND ACT 48 OF 2003 AND CONSULT WITH HIS OR HER ATTORNEY AND/OR TAX ADVISOR AS PART OF ANY DECISION TO PURCHASE THE NOTES.

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 municipalities that comprise the School District, and for Monroe County.

TABLE 6

POCONO MOUNTAIN SCHOOL DISTRICT TAX RATES [(1)(2)]

Fiscal Year	Real Estate (mills)	Real Estate Transfer (Percent)	Earned Income (Percent)
2020-21	19.905	0.5	0.5
2021-22	19.905	0.5	0.5
2022-23	20.350	0.5	0.5
2023-24	21.440	0.5	0.5
2024-25	21.440	0.5	0.5
2025-26	23.250	0.5	0.5
2026-27	23.690	0.5	0.5

[(1)]Includes Public School Code and Act 511 taxes.

Source: Pennsylvania Department of Community & Economic Development.

TABLE 7

POCONO MOUNTAIN SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value [1])

	2021	2022	2023	2024	2025	2026
School District	19.9050	20.3500	21.4400	21.4400	23.2500	23.6900
Barrett Township	2.5937	2.5937	2.5937	2.5937	2.5937	2.5937
Coolbaugh Township	3.7970	3.9630	4.1000	4.3540	4.4740	4.5240
Jackson Township	1.6500	1.6500	1.6500	1.6500	1.6500	1.6500
Mount Pocono Borough	5.5030	5.5030	6.5030	6.5030	6.5030	6.5030
Paradise Township	1.2900	1.2900	1.2900	1.2900	1.2900	1.2900
Pocono Township	2.3610	2.6300	3.6300	3.6300	3.7300	3.3871
Tobyhanna Township	1.9400	1.9400	1.9400	2.4990	2.4990	2.4990
Tunkhannock Township	2.0090	2.0090	2.0090	2.0090	2.0090	2.0090
Monroe County	3.2270	3.2270	3.2270	4.1632	5.6632	5.4773

[1] Includes library tax.
Source: Pennsylvania Department of Community & Economic Development.

Real Property Tax

Tables 8 through 13 summarize recent trends of assessed and market valuations of real property and real property tax collection data.

TABLE 8

POCONO MOUNTAIN SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

Fiscal Year	Total Flat Billing	Total Adjusted Flat Billing[1]	Current Year Collections (July-June)	Percentage of Total Adjusted Flat Billing	Total Current Plus Delinquent Collections[2]	Total Collections As Percentage of Total Adjusted Flat Billing
2018-19	$141,215,345	$135,014,026	$126,135,108	93.42%	$134,355,303	99.51%
2019-20	141,622,950	135,416,114	126,612,748	93.50%	134,871,552	99.60%
2020-21	138,414,047	132,212,716	123,746,540	93.60%	130,714,661	98.87%
2021-22	139,649,242	133,445,782	125,740,165	94.23%	132,331,249	99.16%
2022-23	137,191,959	134,410,098	127,322,458	94.73%	133,647,832	99.43%
2023-24	142,646,901	142,527,669	135,924,218	95.37%	140,721,020	98.73%
2024-25	149,299,718	149,118,416	142,006,769	95.23%	144,712,356	97.05%
2025-26	155,855,222	155,256,918	Currently In Collections Process			

[1] Flat billing plus penalties and additions, less discounts and exonerations.
[2] Delinquent for all levies; the only other taxes collected locally are realty transfer tax and earned income tax.
Source: School District Officials.

TABLE 9

POCONO MOUNTAIN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value [1]	Assessed Value [2]	Ratio
2020	$5,527,329,349	$6,971,811,040	126.13%
2021	5,535,310,966	6,964,058,560	125.81%
2022	6,745,262,920	6,967,905,460	103.30%
2023	6,558,664,355	6,802,258,651	103.71%
2024	7,844,453,538	6,931,032,581	88.36%
2025	8,028,487,856	7,065,032,380	87.99%

Source:
[1] Pennsylvania State Tax Equalization Board.
[2] Monroe County Assessment Office. Reassessment Effective January 2020.

TABLE 10

POCONO MOUNTAIN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY/COUNTY

Municipality	2024 Market Value	2024 Assessed Value	2025 Market Value	2025 Assessed Value
Barrett Township	$ 505,069,261	$ 499,179,290	$ 502,959,773	$ 497,328,360
Coolbaugh Township	1,919,032,707	1,539,116,410	1,959,517,561	1,562,170,240
Jackson Township	732,954,023	634,975,190	738,975,983	638,812,980
Mount Pocono Borough	246,858,767	255,746,250	293,757,495	302,815,980
Paradise Township	444,298,589	348,130,210	448,924,350	351,440,720
Pocono Township	1,514,012,676	1,373,966,015	1,543,186,821	1,391,995,110
Tobyhanna Township	1,840,598,514	1,716,350,326	1,895,648,465	1,754,787,370
Tunkhannock Township	641,629,001	563,568,890	645,517,408	565,681,620
Monroe County	16,576,120,047	14,562,575,079	16,675,344,408	14,635,001,510

Source: Pennsylvania State Tax Equalization Board.

TABLE 11

POCONO MOUNTAIN SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	2020	2021	2022	2023	2024
Residential	$4,764,896,850	$4,920,164,040	$4,976,269,740	$5,025,777,250	$5,114,770,630
Lots	241,085,910	235,092,200	227,506,950	219,917,370	207,268,940
Industrial	245,544,310	152,203,560	154,070,820	154,113,920	126,072,900
Commercial	1,428,056,850	1,405,775,660	1,316,179,230	1,102,351,701	1,173,436,241
Agriculture	238,576,690	197,769,180	238,284,750	245,367,890	251,723,530
Land	23,699,390	23,699,930	26,174,400	24,981,420	28,343,940
Trailers	29,951,040	29,353,990	29,419,570	29,749,100	29,416,400
Total	**$6,971,811,040**	**$6,964,058,560**	**$6,967,905,460**	**$6,802,258,651**	**$6,931,032,581**

Source: Pennsylvania State Tax Equalization Board.

The largest real property taxpayers, together with 2026 assessed values, are shown in Table 12. The aggregate assessed value of these taxpayers totals approximately 12.96% of total taxable assessed value.

TABLE 12

POCONO MOUNTAIN SCHOOL DISTRICT
LARGEST REAL PROPERTY TAXPAYERS

Owner	Property	2026 Assessed Value	% of Assessed Value
Kalahari Resorts LLC [1]	Resort/Convention Ctr/Water Park	$208,735,560	3.07%
Sanofi Pasteur Inc.	Pharmaceutical Manufacturer	116,389,560	1.71%
Mount Airy Casino Resort	Casino/Resort/Convention Center	100,584,940	1.48%
Chelsea Pocono Finance LLC	Factory Outlet Stores	100,109,750	1.47%
Thomson Logistics Assets, LLC	Logistics/Distribution	90,500,000	1.33%
EPT Ski Properties, Inc. [1]	Resort/Indoor Water Park/Skiing	78,481,480	1.15%
Great Wolf Lodge	Resort/Indoor Water Park	71,152,290	1.05%
Wal-Mart Stores, Inc.	Distribution Center	65,000,000	0.96%
Pocono International Raceway	Race Track	28,672,420	0.42%
Skytop Lodges Inc.	Resort	21,705,480	0.32%
TOTAL		$881,331,480	12.96%

[1] Property within a Tax Increment Financing District.

Source: Monroe County Assessment Office.

Other Taxes

Under Act 511, the School District expects to collect, based on the 2026-27 budget, $9,750,000 in other taxes. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, and the Earned Income Tax (including net profits), are levied by the School District.

Real Estate Transfer. The School District collects a tax of 0.50% of the value of real estate transfers. It expects to collect, based on the 2026-27 budget $2,500,000 or approximately 0.93% of School District revenues*.

Earned Income Tax. A tax of one-half of one percent (0.50%) is levied on the earned income of residents. It expects to collect, based on the 2026-27 budget $7,250,000 or approximately 2.72% of School District revenues*.

* Total 2026-27 estimated revenues and other financing sources $266,625,000.

Commonwealth Aid to School Districts

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

The largest subsidy, the basic instructional subsidy, is allocated to all school districts based on (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; and (3) the school district's tax effort, as compared with the tax effort of other school districts in the Commonwealth. School districts also receive subsidies for special education, pupil transportation, vocational education, pupil health and debt service.

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 Notes following final approval by PDE. Commonwealth reimbursement is calculated based on the “Reimbursable Percentage” assigned to the Notes by the PDE and the School District's permanent Capital Account Reimbursement Fraction (“CARF”) (5.09%) or the wealth based Market Value Aid Ratio (“MVAR”) currently (40.68%), 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 Notes will not be subject to reimbursement by the Commonwealth.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contained 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 new 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. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon reimbursements for applications submitted between July 1, 2017, and November 6, 2017 if the school district voted to proceed with construction and awarded bids on its construction contracts no later than July 1, 2021.

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 principal amount of $412,520,000 issued on January 18, 2018 and its Revenue Bonds, Series A of 2019 (Federally Taxable) in the principal amount of $388,975,000 issued on May 22, 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 provided 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 payment of debt service on its outstanding debt and may have a material adverse effect on the financial resources of the School District.

Recently enacted Act 70 of 2019 (approved July 2, 2019) reforms the PlanCon program by, among other things, reducing the number of individual parts to the program, adjusting the reimbursement formulae, providing reimbursement for certain repair and maintenance projects and limiting state reimbursement payments to fixed amount over a twenty-year period. However, the General Assembly did not include PlanCon funding in the 2021-22 fiscal year budget, and so the moratorium on new projects first imposed by Act 25 of 2016 continues to this day. To the extent that Act 70, or any future legislation, contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

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DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the School District as of date of delivery, assuming the issuance of the Notes.

TABLE 13

POCONO MOUNTAIN SCHOOL DISTRICT
DEBT STATEMENT*
(As of November 1, 2026)

NONELECTORAL DEBT		**Gross Outstanding**
General Obligation Notes, Series A of 2026**		$30,305,000
General Obligation Notes, Series B of 2026**		50,000,000
General Obligation Bonds, Series of 2026		35,000,000
General Obligation Bonds, Series of 2024 (2)		38,720,000
General Obligation Bonds, Series A of 2016 (1)		-
General Obligation Bonds, Series of 2016		14,435,000
General Obligation Bonds, Series A of 2015 (1)		-
Subtotal	$	168,460,000
Less: Self-Liquidating Debt		-
TOTAL NONELECTORAL DEBT	$	168,460,000
LEASE RENTAL DEBT		
	$	-
TOTAL LEASE RENTAL DEBT	$	-
TOTAL PRINCIPAL OF DIRECT DEBT	$	168,460,000

* Includes Notes issued through this Preliminary Official Statement.
** Estimated
(1) Bonds to be refunded by General Obligation Notes, Series A of 2026.
(2) Bonds outstanding after partial cash defeasance.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Notes, the principal of direct debt of the School District will total $168,460,000*. After adjustment for available funds and estimated state aid, the local effort of direct debt will total $164,770,842*.

TABLE 14

POCONO MOUNTAIN SCHOOL DISTRICT
INDEBTEDNESS AND DEBT RATIOS
(As of November 1, 2026)*

		Gross Outstanding	Local Effort or Net of Available Funds and Estimated Commonwealth Aid[1]
DIRECT DEBT			
Nonelectoral Debt		$168,460,000	$164,770,842
Lease Rental Debt		-	-
TOTAL DIRECT DEBT		$168,460,000	$164,770,842
OVERLAPPING DEBT			
Monroe County, General Obligation[2]		$36,127,308	$36,127,308
Municipal Debt		35,652,059	35,652,059
TOTAL OVERLAPPING DEBT		$71,779,367	$71,779,367
TOTAL DIRECT AND OVERLAPPING DEBT		$240,239,367	$236,550,210
DEBT RATIOS – TOTAL DIRECT DEBT AND OVERLAPPING DEBT			
Per Capita (2020 Population)	63,562	$3,779.61	$3,721.57
Percent 2025 Market Value	$8,028,487,856	2.99%	2.95%
Percent 2025 Assessed Value	$7,065,032,380	3.40%	3.35%

[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 of debt outstanding.

[2]Pro rata 42.37 percent share of $85,270,000 principal outstanding as of November 1, 2026.

* Estimated.

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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:

	2023-24	2024-25	2025-26 [1]	TOTAL REVENUE LAST 3 YEARS
TOTAL REVENUES	$247,628,472	$252,357,430	$254,947,124	
State Rental Reimbursements	1,213,222	869,185	775,986	
Nonrecurring Receipts	8,348,131	521,628	34,814	
Issuance of Debt	-	-	-	
SUB TOTAL	9,591,353	1,390,813	810,800	
TOTAL	$238,037,119	$250,966,617	$254,136,324	$743,180,060
ANNUAL ARITHMETIC AVERAGE (Borrowing Base)				$247,726,687

[1] Estimated.

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

NET NONELECTORAL DEBT	LEGAL LIMIT	NET DEBT*	REMAINING BORROWING CAPACITY
LIMIT: 225% OF BORROWING BASE	$557,385,045	$168,460,000	$388,925,045

*Includes the Notes offered through this Preliminary Official Statement and all debt issued pursuant to the Act. Does not reflect credits against gross indebtedness that may be claimed for the portion of principal of debt estimated to be reimbursed by Commonwealth Aid.

Debt Service Requirements

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

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

On April 2, 2024, the School District discovered that a debt service notification and an invoice dated as of April 1, 2024, had been sent to the School District concerning its first interest payment due on its General Obligation Notes, Series of 2023. The School District's offices were closed on April 1, 2024, and debt service payment was not timely made. The School District subsequently made the debt service payment in full on April 2, 2024, and has implemented internal systems and procedures to ensure the timely payment of debt service in the future. The School District posted a notice to EMMA on April 5, 2024, disclosing the late payment.

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TABLE 15

POCONO MOUNTAIN SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS

Jun 30	Outstanding	Series A&B of 2026			Total
	Debt*	Principal	Interest	Subtotal	Requirements
2027	18,234,860				
2028	18,411,998				
2029	18,411,390				
2030	18,551,033				
2031	18,552,776				
2032	18,552,970				
2033	7,620,712				
2034	3,076,130				
2035	3,078,874				
2036	2,727,750				
2037	2,723,750				
2038	2,727,500				
2039	2,728,500				
2040	2,726,750				
2041	2,727,250				
2042	2,724,750				
2043	2,724,250				
2044	2,725,500				
2045	2,728,250				
2046	2,727,250				
2047	2,727,500				
2048	2,723,750				
2049	2,726,000				
2050	2,723,750				
2051	2,727,000				
2052	2,725,250				
2053	2,728,500				
2054	2,726,250				
2055	2,728,500				
2056	2,724,750				
Total	$181,743,493				

*Totals may not add due to rounding.

TABLE 16

POCONO MOUNTAIN SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID*

2026-27 Commonwealth Aid Budgeted	$90,732,059
2026-27 Debt Service Budgeted	$18,034,585
Maximum Future Debt Service Requirements after Issuance of Notes	$_____
Coverage of 2026-27 Debt Service Requirements	5.03 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Notes	____ times

*Assumes Current State Aid Ratio. See "Commonwealth Aid to School Districts."

Future Financing

The School District anticipates issuing approximately $30 million in additional long-term debt in the near future for various capital projects.

LABOR RELATIONS

School District Employees

There are approximately 1,181 employees of the School District, including 773 teaching faculty, 67 administrative personnel and 341 support personnel which include administrative assistants, computer technicians, custodians, duplication clerks, grounds and building maintenance, health room nurses, non-teaching assistants, para-professionals and security guards.

The School District's teaching faculty are represented by the Pocono Mountain Education Association (the "Association"), an affiliate of the Pennsylvania State Education Association ("PSEA"), under a contract with the School District which expires August 31, 2028. Support personnel are represented by the Pocono Mountain Educational Support Professionals Association, also a PSEA affiliate, under a contract which expires June 30, 2028. Administrative personnel are not covered under a collective bargaining agreement. These employees are covered under "Act 93" and may be modified and/or amended by the School District's Board of Education at any time.

Pension Program

School Districts in Pennsylvania are required to participate in a statewide pension program administered by the State Public School Employees Retirement System ("PSERS"). All of the School District's full-time employees, part-time employees who work more than eighty (80) days in a school year, and hourly employees who work over 500 hours a year participate in the program.

The PSERS Board of Trustees has set the fiscal year 2026-27 employer retirement contribution at a certified rate of 33.60% of payroll. Both the School District and the Commonwealth are responsible for paying a portion of the employer's share. Employers are divided into two groups; school entities and non-school entities. School entities are responsible for paying 100 percent of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. Recent School District payments have been as follows:

2018-19	29,658,007
2019-20	29,746,753
2020-21	28,163,747
2021-22	29,789,138
2022-23	31,444,371
2023-24	30,066,852
2024-25	31,015,166
2025-26	32,244,558

The School District is current in all payments. The PSERS complete report is available on the PSERS website on the Internet: www.psers.state.pa.us.

Source: PSERS – Financial Highlights

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide health insurance coverage for current and future retired employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009.

The School District annually appropriates funds to meet its obligation to pay such benefits on a "pay-as-you-go" basis, and has not established any fund or irrevocable trust for the accumulation of assets with which to pay such benefits in future years. In the fiscal year ended June 30, 2025, the School District's OPEB cost was approximately $593,547.

LITIGATION

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

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 Notes, as the same becomes due and payable, the holders of the Notes shall be entitled to certain remedies provided by the Act. Among the remedies, if the failure to pay shall continue for thirty (30) days, holders of the Notes 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 thirty (30) days, holders of at least 25 percent of the Notes 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.

NOTEHOLDER CONSIDERATIONS

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

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).

Public Health Emergencies Could Negatively Affect the School District's Operations

Regional, national or global public health emergencies, such as the outbreak of the novel coronavirus ("COVID-19" or the "Pandemic"), could have materially adverse regional, national or global economic and social impacts causing, among other things, the promulgation of local or state orders limiting certain activities, extreme fluctuations in financial markets and contraction in available liquidity, prohibitions of gatherings and public meetings in such places as entertainment venues extensive job losses and declines in business activity across important sectors of the economy, impacts on supply chain and availability of resources, declines in business and consumer confidence that negatively impact economic conditions or cause an economic recession. The School District cannot predict the extent to which its operations or financial condition may decline nor the amount of increased costs, if any, that may be incurred by the Issuer associated with operating during any public health emergencies, including, but not limited to, the amount of (1) costs to clean, sanitize and maintain its facilities, (2) costs to hire substitute employees, (3) costs to acquire supporting goods and services, or (4) costs to operate remotely and support the employees of the School District. Accordingly, the School District cannot predict the effect any public health emergencies will have on the finances or operations of the School District or whether any such effects will have a material adverse effect on the ability to support payment of debt service on the Notes.

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 not been the subject of a cybersecurity breach that has had a material adverse impact on the operations or financial condition of the School District.

The School District has measurers in place to respond to and mitigate cybersecurity incidents. 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 paying agent, 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 the Notes, including the possibility of impacting the timely payments of debt service on the Notes or timely filings pursuant to the Continuing Disclosure Undertaking.

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 Notes. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Note purchasers may have no right to participate in such procedure. Neither the School District, the Underwriter or Note Counsel is obligated to defend the tax-exempt status of the Notes on behalf of the Note purchasers, nor to pay or reimburse the cost of any Note purchaser with respect to any audit or litigation relating to the Notes. See "**TAX EXEMPTION AND OTHER MATTERS**" herein.

TAX EXEMPTION AND OTHER TAX MATTERS

Note Counsel Opinion

The information which follows is a summary of Note Counsel's opinion. This summary does not purport and should not be construed to be a complete recitation of Note Counsel's opinion. The full text draft of Note Counsel's opinion is appended hereto in Appendix "D" and reference is made hereto. On the date of delivery of the Notes, King, Spry, Herman, Freund & Faul, LLC, as Note Counsel, will issue an opinion to the effect that under existing statutes, regulations and judicial decisions, interest on the Notes is excluded from gross income for purposes of Federal income taxation and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed. However, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on Corporations under the Code. This opinion of Note Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District will comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Notes in order that the interest thereon be, and continue to be, excluded from gross income for Federal income tax purposes. The School District has covenanted to comply with all such requirements. Failure to comply with such requirements could cause interest on the Notes to be included in gross income retroactive to the date of issuance of the Notes. In the opinion of Note Counsel, under the law of the Commonwealth of Pennsylvania, the Notes, their transfer and income therefrom shall at all times be free from taxation for state and local purposes within the Commonwealth of Pennsylvania but such exemption does not extend to gift, succession, or inheritance taxes, taxes on gain on the same or transfer thereof, or other taxes not levied or assessed directly on the Notes or the transfer thereof. All other discussions concerning the Code or tax consequences discussed within the Official Statement are not statements or comments of Note Counsel and are not matters to which Note Counsel will opine.

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Notes or otherwise prevent holders of the Notes from realizing the full benefit of the tax exemption of interest on the Notes. Further, such proposals may impact the marketability or market value of the Notes simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to Notes issued prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Notes.

Other Federal Tax Matters

Accruals of the original issue discount with respect to a Note allocable to an owner of a Note under a constant yield method of accrual (a) are not included in gross income for federal income tax purposes, and (b) are added to such owner's tax basis in the Note for the purpose of determining gain or loss for federal income tax purposes upon sale, exchange, redemption and other disposition of the Note. The opinions set forth in the preceding two sentences are subject to the condition that the School District complies with all the requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest on and accruals of original issue discount with respect to the Notes be (or continue to be) excluded from gross income for federal income tax purposes.

Failure to comply with such requirements could cause the interest on and accruals of original issue discount with respect to the Notes to be included in gross income retroactively to the date of issuance of the Notes. The School District has covenanted to comply with all such requirements.

Ownership of the Notes may give rise to collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, S corporations with Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Notes. Note Counsel expresses no opinion as to any such collateral federal income tax consequences. Purchasers of Notes should consult their own tax advisors as to such collateral federal income tax consequences.

It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Notes would be impacted thereby. Purchasers of the Notes should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The disclosures and opinions expressed herein are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Notes, and no opinion is expressed as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

State Tax Matters

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

The residence of the holder of a Note 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 Notes.

Proposed Tax Legislation; Miscellaneous

Tax legislation (either proposed or future), administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest and could affect the market price or marketability of the Notes.

PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE, AND LOCAL INCOME TAX CONSEQUENCES OF OWNERSHIP OF THE NOTES AND ANY CHANGES IN THE STATUS OF PENDING OR PROPOSED FEDERAL AND STATE TAX LEGISLATION.

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 Notes, the School District (being an "obligated person" with respect to the Notes, within the meaning of the Rule), will execute and deliver a written continuing disclosure certificate with respect to the Notes. 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.

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 Notes and shall be enforceable by the holders and beneficial owners of the Notes, but the right of the holders and beneficial owners of the Notes 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 Notes.

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 Notes or if and when the School District is no longer an "obligated person" with respect to the Notes, 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.

COMPLIANCE WITH PREVIOUS CONTINUING DISCLOSURE UNDERTAKINGS

The School District has entered into prior undertakings to provide certain annual financial information as described in the continuing disclosure agreements or certificates associated with prior bond issues, including audited financial statements, certain operating data and notices of certain events under the Rule. The School District has conducted a thorough review of its continuing disclosure obligations and submissions. Upon discovering any inadvertent omissions with respect to these filings, the School District, to the best of its knowledge, has attempted to bring its continuing disclosure filings up to date. In summary, the School District has failed to comply in the past five years in that it filed audited financial statements late for fiscal years 2024 and 2025 with notice of late filing.

RATINGS

S&P Global Ratings ("S&P") is expected to assign an insured bond rating of "AA" (Stable) to the Notes with the understanding that, upon issuance and delivery of the Notes, a Municipal Bond Insurance Policy guaranteeing when due the scheduled payment of the principal of and the interest on the Notes will be issued concurrently with the delivery of the Notes by Assured Guaranty Inc. ("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, 38th Floor, New York, New York 10041.

Moody's Investors Service has assigned an underlying rating of "A1" to the Notes. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating may be obtained only from the rating agency furnishing the same. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will be in effect for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency if, in the judgment of such agency, circumstances so warrant. Any such downward revision or withdrawal of any such rating may have an adverse effect on the market price of the Notes.

UNDERWRITING

Stifel, Nicolaus & Company, Incorporated has agreed, subject to certain conditions, to purchase the Notes from the School District at an aggregate price of $_____ (which represents the par amount of the Notes, plus/less original issue premium/discount of $_____, less underwriter's discount of $_____). The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Notes if any such Notes are purchased. The Notes may be offered and sold to certain dealers (including dealers depositing such Notes into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

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 issuance and delivery of the Note is subject to the unqualified approving legal opinion of King, Spry, Herman, Freund & Faul, LLC, Note Counsel of Bethlehem, Pennsylvania, Note Counsel, and to the delivery at settlement of a certificate that there is no litigation pending affecting the validity of the Note. Certain legal matters will be passed upon for the School District by King, Spry, Herman, Freund & Faul, LLC, Bethlehem, Pennsylvania, School District Solicitor. Certain legal matters will be passed upon for the Underwriter by Cozen O'Connor, Pittsburgh, Pennsylvania, Counsel to the Underwriter.

Note Counsel's opinions are based on existing law, which is subject to change. Such opinions are further based on factual representations made to Note Counsel as of the date thereof. Note Counsel assumes no duty to update or supplement its opinions to reflect any facts or circumstances that may thereafter come to Note Counsel's attention or to reflect any changes in law that may thereafter occur or become effective. Moreover, Note Counsel's opinions are not a guarantee of a particular result and are not binding on the Internal Revenue Service or the courts; rather, such opinions represent Note Counsel's professional judgment based on its review of existing law and in reliance on the representations and covenants that it deems relevant to such opinions.

MISCELLANEOUS

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 Notes, 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 Underwriter upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Notes.

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

POCONO MOUNTAIN SCHOOL DISTRICT
Monroe County, Pennsylvania

By: /s/_____
President, Board of School Directors

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APPENDIX A

Demographic and Economic Information
Relating to Pocono Mountain School District

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Population

Table A-1 shows recent population trends for the School District, Monroe County, and the Commonwealth of Pennsylvania. Table A-2 shows 2020 age composition and average number of persons per household in Monroe County and for the Commonwealth. Average household size was slightly larger than the statewide average.

TABLE A-1

RECENT POPULATION TRENDS

Geographic Area	2010	2020	Percentage Change
Barrett Township	4,225	4,053	-4.07%
Coolbaugh Township	20,564	20,805	1.17%
Jackson Township	7,033	6,578	-6.47%
Mount Pocono Borough	3,170	3,083	-2.74%
Paradise Township	3,186	2,898	-9.04%
Pocono Township	11,065	10,884	-1.64%
Tobyhanna Township	8,554	8,315	-2.79%
Tunkhannock Township	6,789	7,037	3.65%
School District	**64,586**	**63,653**	-1.44%
Monroe County	169,842	168,327	-0.89%
Pennsylvania	12,702,379	13,002,700	2.36%

Source: U.S. Bureau of the Census 2020

TABLE A-2

AGE COMPOSITION

Geographic Area	Under 5 Years Old	Under 18 Years Old	Over 65 Years Old
Monroe County	4.60%	19.50%	18.50%
Pennsylvania	5.30%	20.60%	19.00%

Source: U.S Bureau of the Census 2020

Table A-3 shows recent trends in labor force, employment, and unemployment for Monroe County and the Commonwealth.

TABLE A-3

RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT

	2020	2021	2022	2023	2024	2025
Monroe County						
Civilian Labor Force	82.8	82.0	82.7	82.5	83.0	83.0
Employment	73.3	75.7	78.2	78.8	79.4	79.4
Unemployment	9.5	6.3	4.5	3.7	3.5	3.5
Unemployment Rate	11.50%	7.70%	5.40%	4.50%	4.20%	4.20%
Pennsylvania						
Civilian Labor Force (000)	6,483	6,406	6,442	6,518	6,572	6,542
Employment (000)	5,894	5,999	6,217	6,296	6,321	6,262
Unemployment (000)	589	407	226	223	251	280
Unemployment Rate	9.10%	6.30%	3.50%	3.40%	3.80%	4.30%

Source: Pennsylvania State Employment Service: www.paworkstats.state.pa.us

Leading Employers

Monroe County's major employers run the gamut from sophisticated pharmaceutical and electronics production facilities to family recreational resorts and educational facilities training the kids that will provide the brain power for our future. What all these employers have in common is their awareness that our diverse and committed labor pool provides a foundation on which their companies' futures can be built.

The largest employers located within the County or near the School District include the following:

PRINCIPAL EMPLOYERS 2024

Company	Product/Service	Employees
Tobyhanna Army Depot	Electronics	3,855
Sanofi Pasteur	Vaccine Manufacturing	2,400
Lehigh Valley Health Network - Pocono	Hospital	2,000
Kalahari Resort & Conventions	Hotel/Waterpark/Convention Center	1,374
Camelback Resort	Ski Area/Waterpark/Hotel	1,344
Mount Airy Casino Resort	Resort	1,038
Wal-Mart Associates	Distribution and Warehousing	1,200
Pocono Mountain School District	Public School	1,145
Pleasant Valley School District	Public School	900

Source: Pocono Mountains Economic Development Corporation website/data center (as of August 1, 2024)

Income

The data in Table A-4 shows recent trends in per capita income for the Monroe County and the Commonwealth over the 2010-2024 period. Per capita income in the School District is higher than average per capita income in Monroe County and the Commonwealth.

TABLE A-4

RECENT TRENDS IN PER CAPITA INCOME*

Geographic Area	2010	2024	Percentage Change 2010-2024
Monroe County	24,938	40,475	62.30%
Pennsylvania	26,374	44,674	69.39%

*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: Census Quickfacts.

Industry

The School District contains several manufacturing industries. The largest industrial employer in the School District is Sanofi Pasteur, which manufactures pharmaceutical products and employs over 2,400 persons. The Monroe County Industrial Development Authority presently has completed development of a major industrial park within the School District.

Education Institutions

Northampton County Community College has a satellite campus located within the School District which offers courses to School District students. East Stroudsburg University is located in East Stroudsburg, Monroe County. The School District is also serviced by charter schools and nonpublic schools.

Medical Facilities

Monroe County is home to two full service hospitals, Lehigh Valley Hospital-Pocono in East Stroudsburg and St. Luke's Hospital-Monroe Capus in Bartonsville. Geisinger Health System also contributes to the county's wealth of health care services.

Transportation Facilities

The School District is crossed by Interstate 80 and Interstate 380. Interstate 80 provides direct access to the New York City area and Interstate 380 provides direct access to the Scranton-Wilkes-Barre area. Nearby Pennsylvania Route 33 and Interstate 476 (the Pennsylvania Turnpike's Northeast Extension) provide direct access to Allentown/Bethlehem/Easton and the Philadelphia area. There is a small commercial airport at Mount Pocono, within the School District; however, the area is primarily served by Lehigh Valley International Airport in Allentown. Norfolk Southern provides freight service within the School District. Scheduled buses from New York and Philadelphia provide passenger service to the communities in the School District.

Utilities

Utility services for the area served by the School District are provided by Brodhead Creek Regional Authority Verizon, Frontier, UGI and PPL Utilities. Water and sewer service is provided by on-site systems for the Tobyhanna Elementary Center, Sullivan Trail Campus and the Clear Run Campus.

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APPENDIX B

Audited Financial Statement
For Year Ended June 30, 2025

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POCONO MOUNTAIN SCHOOL DISTRICT
SWIFTWATER, PENNSYLVANIA
MONROE COUNTY

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

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CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of School Directors
Pocono Mountain School District
Swiftwater, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, 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 Pocono Mountain School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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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 Pocono Mountain 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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pocono Mountain 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 Pocono Mountain 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, the budgetary comparison schedule – general fund, the schedules of the District's proportionate share of the net pension liability – PSERS and pension plan contributions – PSERS, schedule of changes in OPEB liability – single employer plan, and the schedules of the District's proportionate share of the net OPEB liability – PSERS and OPEB plan contributions – PSERS be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the comparative schedules of revenues expenditures an changes in fund balance – General Fund but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2026, on our consideration of Pocono Mountain 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 Pocono Mountain 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 Pocono Mountain School District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
May 14, 2026

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

District Profile

During 2024 – 2025, the District consisted of nine schools – five elementary schools, two junior high schools and two senior high schools consisting of approximately 7,916 students. The District is located in Northeastern Pennsylvania and covers an area of approximately 316 square miles. The District serves a population of over 60,000 within eight municipalities in Monroe County, Pennsylvania. The municipalities consist of the Borough of Mount Pocono and the Townships of Barrett, Coolbaugh, Jackson, Paradise, Pocono, Tobyhanna and Tunkhannock. There were a total of 1,166 employees in the District, consisting of 775 teachers, 67 administrators including general administration, principals and supervisors and 324 support personnel which includes administrative assistants, computer technicians, duplication clerks, couriers, grounds and building maintenance, health room nurses, non-teaching assistants, para-professionals and security guards.

The mission of the District is to prepare all students for tomorrow's challenges and opportunities.

Financial Highlights

- On a government-wide basis, including all governmental activities and the business-type activities, the liabilities and deferred inflows of resources of the District exceeded the assets and deferred outflows of resources resulting in a deficit in total net position at the close of the 2024 – 2025 fiscal year of $148,906,230. During the 2024 – 2025 fiscal year, the District had an increase in total net position of $18,478,105. The net position of governmental activities increased by $18,777,712 and net position of business-type activities decreased by $299,607.

- The General Fund reported a decrease in fund balance of $5,906,771, bringing the cumulative fund balance to $14,832,452 at the conclusion of the 2024 – 2025 fiscal year.

- At June 30, 2025, the General Fund Balance includes $2,729,744 restricted or assigned for the following purposes:

- $182,415 restricted for compensatory education.

- $547,329 assigned for real estate tax payments made under protest.

- $2,000,000 assigned to balance the 2025 – 2026 General Fund budget.

- At June 30, 2025, the General Fund Balance includes unassigned amounts of $12,088,247 of the $263,494,000 General Fund expenditure budget for 2025 – 2026. The unassigned fund balance amount is in compliance with Board of School Directors policy and guidelines prescribed by the Pennsylvania Department of Education. Limits pursuant to 24 PS 6-688, enacted by Act 48 of 2003 allows a school district to maintain an unassigned maximum General Fund Balance of 8.00% of the following year's expenditure budget, as long as the District did not raise property taxes above the Act 1 Index.

The final budget to actual variance for the General Fund for the fiscal year ended June 30, 2025 resulted as follows:

	Final Budget	Actual (GAAP Basis)	Variance Positive (Negative)
Revenues	$ 250,434,000	$ 252,357,430	$ 1,923,430
Expenditures	(249,652,746)	(254,304,201)	(4,651,455)
Other Financing Sources (Uses)	(4,781,254)	(3,960,000)	821,254
Total Net Change in Fund Balance	$ (4,000,000)	$ (5,906,771)	$ (1,906,771)

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

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

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

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

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

Governmental Activities

The majority of the District's basic services are included as part of governmental activities, which include but not limited to regular and special education, maintenance, transportation and administration services and student activities.

Business-Type Activities

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

The government-wide financial statements can be found on Pages 19 through 21 of this report.

Fund Financial Statements

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

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

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

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

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

  The governmental fund financial statements can be found on Pages 22 through 25 of this report.

- *Proprietary Funds* – The District maintains two types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Food Service Fund is reported as an enterprise fund of the proprietary fund type. Internal service funds are used to accumulate and allocate certain costs internally among the District's various functions. The District utilizes internal service funds to account for the District's health and workers' compensation self-funded insurance programs. Since an Internal Service Fund predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

  The proprietary fund financial statements provide separate financial information for its major fund and internal service funds.

  The proprietary fund financial statements can be found on Pages 26 through 28 of this report.

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

  The fiduciary fund financial statements can be found on Pages 30 and 31 of this report.

Notes to the Financial Statements

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

The notes to the financial statements can be found on Pages 32 through 73 of this report.

Other Information

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

The supplementary information and additional analysis can be found on Pages 74 through 90 of this report.

Government-Wide Financial Analysis

As previously noted, net position is a useful indicator of the District's financial position. At the close of the 2024 – 2025 fiscal year the District's liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by $148,906,230. The following table presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2024 and 2025.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current Assets	$ 100,990,560	$ 100,831,967	$ 2,011,548	$ 2,308,725	$ 103,002,108	$ 103,140,692
Capital Assets	218,304,380	208,915,388	67,793	88,587	218,372,173	209,003,975
Total Assets	319,294,940	309,747,355	2,079,341	2,397,312	321,374,281	312,144,667
Deferred Outflows of Resources:						
Deferred Amounts on Debt Refunding	444,124	1,581,691	-	-	444,124	1,581,691
Deferred Charges - OPEB	9,614,167	10,981,599	-	-	9,614,167	10,981,599
Deferred Charges - Pensions	35,293,166	42,046,852	-	-	35,293,166	42,046,852
Total Deferred Outflows of Resources	45,351,457	54,610,142	-	-	45,351,457	54,610,142
Liabilities:						
Current Liabilities	40,156,947	35,979,749	208,520	226,884	40,365,467	36,206,633
Noncurrent Liabilities	437,395,895	459,959,430	-	-	437,395,895	459,959,430
Total Liabilities	477,552,842	495,939,179	208,520	226,884	477,761,362	496,166,063
Deferred Inflows of Resources:						
Deferred Credits - OPEB	26,217,606	25,581,081	-	-	26,217,606	25,581,081
Deferred Credits - Pensions	11,653,000	12,392,000	-	-	11,653,000	12,392,000
Total Deferred Outflows of Resources	37,870,606	37,973,081	-	-	37,870,606	37,973,081
Net Position (Deficit):						
Net Investment in Capital Assets	108,401,445	103,518,857	67,793	88,587	108,469,238	103,607,444
Restricted	9,057,151	4,432,015	-	-	9,057,151	4,432,015
Unrestricted (Deficit)	(268,235,647)	(277,505,635)	1,803,028	2,081,841	(266,432,619)	(275,423,794)
Total Net Position (Deficit)	$ (150,777,051)	$ (169,554,763)	$ 1,870,821	$ 2,170,428	$ (148,906,230)	$ (167,384,335)

The District's total assets as of June 30, 2025 were $321,374,281 of which $79,793,240 or 24.83% consisted of cash and $218,372,173 or 67.95% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2025 were $477,761,362 of which $119,890,450 or 25.09% consisted of general obligation debt used to acquire and construct capital assets, $237,526,802 or 49.72% consisted of the actuarially determined net pension liability and $63,964,986 or 13.39% consisted of the actuarially determined OPEB liability.

The District had a deficit in unrestricted net position of $266,432,619 at June 30, 2025. The District's unrestricted net position increased by $8,991,175 during 2024 – 2025 primarily due to the results of current operations and the change in the District's actuarially determined net pension and OPEB liabilities and related pension and OPEB items.

A portion of the District's net position reflects its restricted net position which totaled $9,057,151 as of June 30, 2025. The District's restricted net position related to amounts restricted for capital project expenditures and compensatory education.

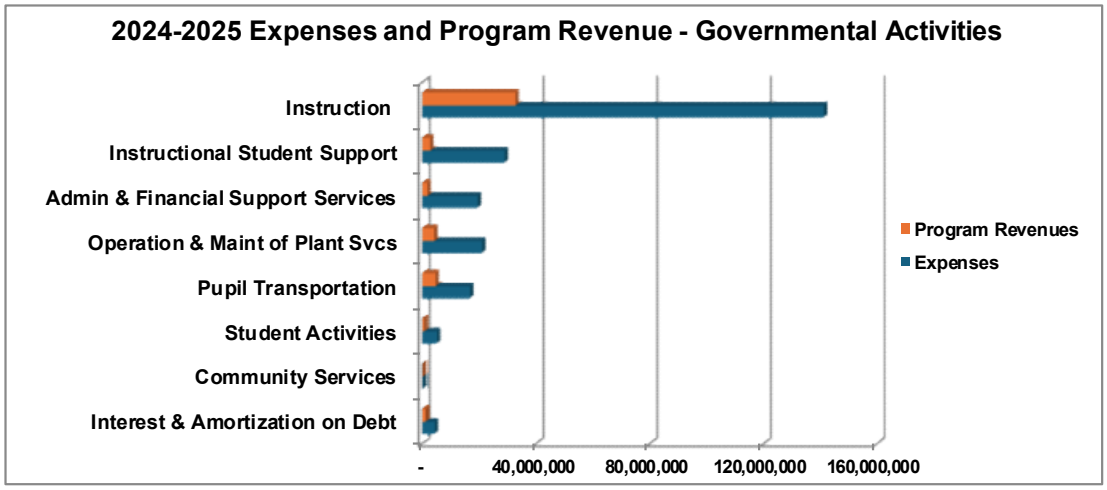
A portion of the District's net position reflects its investment in capital assets net of accumulated depreciation/amortization less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. For the year ended June 30, 2025, the District's net investment in capital assets increased by $4,861,794 as a result of the debt used to acquire capital assets being repaid faster than depreciation/amortization on capital assets in addition to capital assets being acquired by funding sources other than long-term debt.

The following table presents condensed information for the Statement of Activities of the District for years ending June 30, 2025 and 2024:

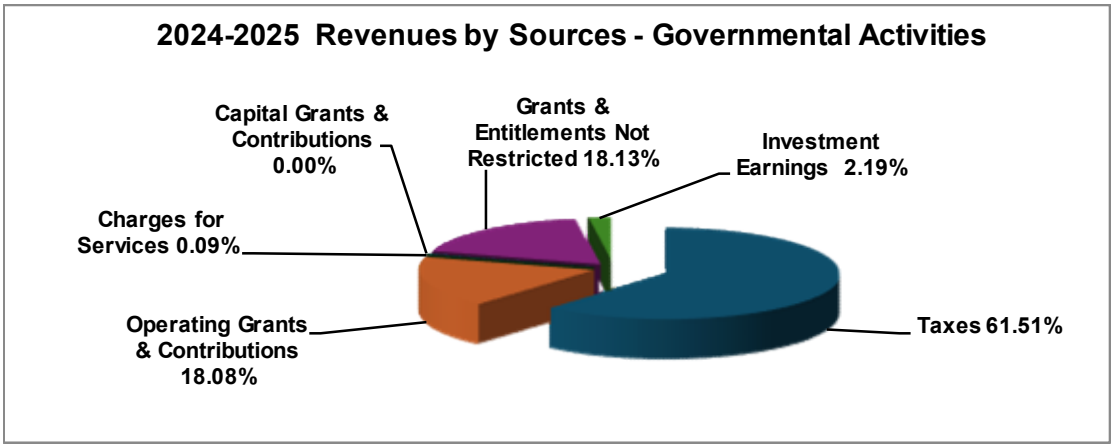
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 241,997	$ 194,518	$ 525,507	$ 564,201	$ 767,504	$ 758,719
Operating Grants and Contributions	46,078,403	45,942,146	5,777,044	5,697,833	51,855,447	51,639,979
Capital Grants and Contributions	-	5,008,979	-	-	-	5,008,979
General Revenues:						
Property Taxes Levied for General Purposes	145,893,735	138,245,339	-	-	145,893,735	138,245,339
Earned Income Taxes Levied for General Purposes	7,367,909	7,336,053	-	-	7,367,909	7,336,053
Other Taxes Levied for General Purposes	3,460,338	3,309,298	-	-	3,460,338	3,309,298
Grants and Entitlements not Restricted to Specific Programs	46,185,150	43,060,553	-	-	46,185,150	43,060,553
Investment Earnings	5,579,557	5,271,507	91,028	111,278	5,670,585	5,382,785
Total Revenues	254,807,089	248,368,393	6,393,579	6,373,312	261,200,668	254,741,705
Expenses:						
Instruction	141,117,665	134,745,567	-	-	141,117,665	134,745,567
Instructional Student Support Services	28,805,824	26,354,978	-	-	28,805,824	26,354,978
Administrative and Financial Support Services	19,270,170	17,199,547	-	-	19,270,170	17,199,547
Operation and Maintenance of Plant Services	20,845,318	18,314,601	-	-	20,845,318	18,314,601
Pupil Transportation	16,652,134	16,220,822	-	-	16,652,134	16,220,822
Student Activities	4,978,276	4,577,770	-	-	4,978,276	4,577,770
Community Services	134,017	80,696	-	-	134,017	80,696
Interest and Amortization Expense Related to Noncurrent Liabilities	4,225,973	3,882,949	-	-	4,225,973	3,882,949
Food Service	-	-	6,693,186	6,480,141	6,693,186	6,480,141
Total Expenses	236,029,377	221,376,930	6,693,186	6,480,141	242,722,563	227,857,071
Change in Net Position (Deficit)	18,777,712	26,991,463	(299,607)	(106,829)	18,478,105	26,884,634
Beginning Net Position (Deficit)	(169,554,763)	(196,546,226)	2,170,428	2,277,257	(167,384,335)	(194,268,969)
Ending Net Position (Deficit)	$ (150,777,051)	$ (169,554,763)	$ 1,870,821	$ 2,170,428	$ (148,906,230)	$ (167,384,335)

During 2024 – 2025, the District's net position increased by $18,478,105 primarily due to changes related to the allocation of the PSERS pension liability and associated deferred inflows and outflows of resources. Management of the District continues to implement cost efficiencies and revenue-generating strategies to mitigate these factors. In the governmental activities, the District's assessed property tax base drives the majority of the revenue generated. A majority of the District's property tax base consists of residential properties. Although the District is primarily a residential community, its property tax base does include commercial facilities.

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



To the degree that the District's functions or programs cost more than the revenue they generate, the Statement of Activities shows how the District chose to finance the difference through general revenues. The following chart shows that the District relies on tax revenues, grants and entitlements not restricted for specific programs to finance its governmental activities.



Governmental Funds

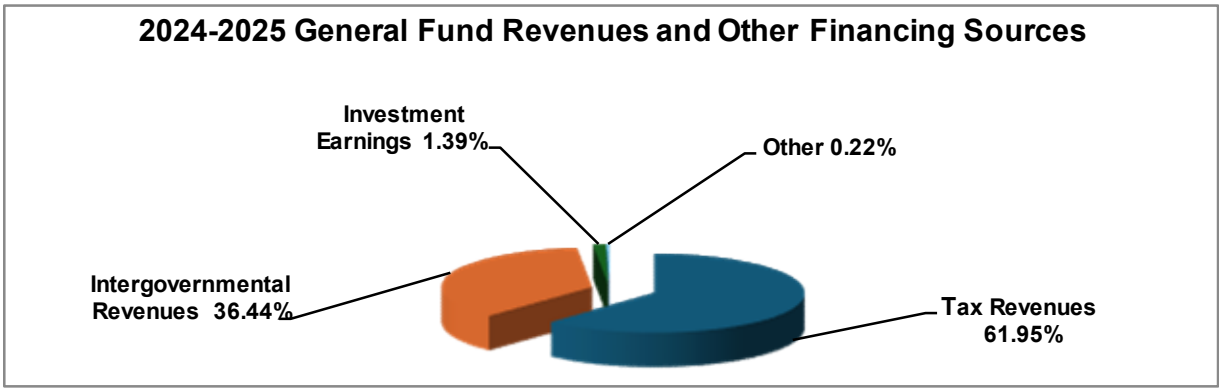
The governmental fund financial statements provide detailed information of the District's major funds. Certain funds are required to be established by state statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2025, the District's governmental funds reported a combined fund balance of $36,416,965 which is a decrease of $2,812,002 from the prior year. The following table summarizes the District's total governmental fund balances as of June 30, 2025 and 2024 and the total 2025 change in governmental fund balances.

	2025	2024	Net Change
General Fund	$ 14,832,452	$ 20,739,223	$ (5,906,771)
Capital Projects Fund	21,584,513	18,489,744	3,094,769
Total	$ 36,416,965	$ 39,228,967	$ (2,812,002)

General Fund

The General Fund is the District's primary operating fund. At the conclusion of the 2024 – 2025 fiscal year, the General Fund balance was $14,832,452 representing a decrease of $5,906,771 in relation to the prior year. The decrease in the District's General Fund balance is due to many factors. The following analysis has been provided to assist the reader in understanding the financial activities of the General Fund during the 2024 – 2025 fiscal year.

The District's reliance upon tax revenues is easily seen by the graph below and indicates 61.95% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	2025	2024	Net Change	Percent Change
Tax Revenues	$ 156,352,198	$ 149,519,646	$ 6,832,552	4.57 %
Intergovernmental Revenues	91,982,246	93,834,228	(1,851,982)	(1.97)
Investment Earnings	3,499,682	3,902,630	(402,948)	(10.33)
Other	563,304	433,482	129,822	29.95
Total	$ 252,397,430	$ 247,689,986	$ 4,707,444	1.90

- The District's net tax revenues increased by $6,832,552 or 4.57% for the fiscal year ended June 30, 2025. The following table summarizes the District's millage rate for five (5) years.

Fiscal Year	Millage Rate
2024 – 2025	22.250
2023 – 2024	21.440
2022 – 2023	20.350
2021 – 2022	19.905
2020 – 2021	19.905

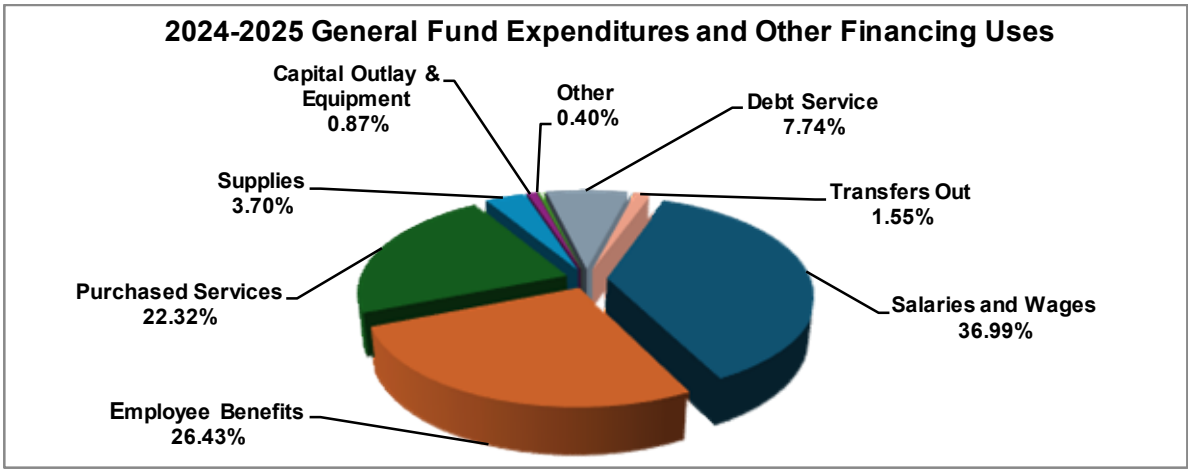
The following table summarizes changes in the District's tax revenues for 2024 – 2025:

	2025	2024	Net Change	Percent Change
Real Estate Tax	$ 136,044,556	$ 129,587,562	$ 6,456,994	4.98 %
Interim Real Estate Tax	1,462,655	1,561,312	(98,657)	(6.32)
Public Utility Realty Tax	135,260	126,384	8,876	7.02
Payments in Lieu of Tax	283,496	161,481	122,015	75.56
Earned Income Tax	7,367,909	7,336,053	31,856	0.43
Real Estate Transfer Tax	3,325,079	3,182,914	142,165	4.47
Delinquent Real Estate Tax	7,733,243	7,563,940	169,303	2.24
Total	$ 156,352,198	$ 149,519,646	$ 6,832,552	4.57

- Delinquent real estate taxes realized a moderate increase in collections.
- The increase in real estate tax revenue was attributed to an increase in the millage rate.
- A reasonable increase for real estate transfer tax occurred during the year.
- Interim real estate tax revenue decreased due to a larger number of property improvements in the prior year.

General Fund Expenditures and Other Financing Uses

As the following graph and table illustrates, the largest portion of General Fund expenditures are for salaries and wages and related employee benefits. The District provides educational services which are highly labor intensive.



	2025	2024	Amount Change	Percent Change
Salaries and Wages	$ 95,555,783	$ 92,669,159	$ 2,886,624	3.11 %
Employee Benefits	68,230,252	63,167,309	5,062,943	8.02
Purchased Services	57,664,977	53,996,014	3,668,963	6.79
Supplies	9,565,794	9,922,939	(357,145)	(3.60)
Capital Outlay and Equipment	2,258,220	6,673,546	(4,415,326)	(66.16)
Other	1,040,324	1,077,177	(36,853)	(3.42)
Debt Service	19,988,851	20,080,321	(91,470)	(0.46)
Transfers Out	4,000,000	2,000,000	2,000,000	100.00
Total	$ 258,304,201	$ 249,586,465	$ 8,717,736	3.49

- Salaries and wages increased by $2,886,624 or 3.11% based upon current collective bargaining agreements and implementing after school and summer school instructional programs.
- Employee benefits increase of $5,062,943 or 8.02% was slightly greater than the proportion of salaries and wages because of the increase in medical insurance costs from the prior year.
- Purchased services increased by $3,668,963 or 6.79% due to costs of special education programs and related services for children with special needs.
- Capital outlay and equipment purchases decreased by $4,415,326 or 66.16% attributed to more equipment acquired and capital improvements funded with appropriations through the Elementary and Secondary School Emergency Relief Fund ("ESSER") in 2023-2024.
- Transfers out for 2024 – 2025 consisted of transfers to the District's Capital Projects Fund and Capital Reserve Fund. Transfers supported District-wide capital improvement projects which included, enhancements to scoreboards, fencing, signage and sidewalks District-wide; exterior façade restoration of three school buildings; HVAC projects; East High School gymnasium replacement of flooring, lighting and bleachers. In addition, the completion of the West Campus Wellness building which was partially funded by the Capital Projects Fund.

Capital Projects Fund

The Capital Projects Fund is maintained for construction and renovation activity associated with the District's facilities and infrastructure. The Capital Projects Fund receives the majority of its revenues from the issuance of general obligation debt and transfers from the General Fund. During 2024 – 2025, the Capital Projects Fund reported an increase in fund balance of $3,094,769 resulting from proceeds from general obligation debt and transfers in from the General Fund in excess of current year capital expenditures. The remaining fund balance of $21,584,513 as of June 30, 2025 is restricted for future capital procurement expenditures.

General Fund Budget Information

The District maintains its financial records and prepares its financial reports on the modified accrual basis of accounting. The District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by management and submitted to the Board of School Directors for approval prior to the beginning of the fiscal year on July 1st each year. The most significant budgeted fund is the General Fund. The final budget to actual variance for the fiscal year ended June 30, 2025 is shown on Pages 74 and 75 of this report.

Major budgetary highlights for the 2024 – 2025 were as follows:

- Overall, the local revenue sources budget was underestimated by $3,540,976. The amount projected for real estate transfer tax and earned income tax was understated by $1,342,988 as compared to the actual amount of collections. Recent property sales and development projects within the District's boundaries contributed to the additional earned income tax and realty transfer tax collections above budgeted amounts. The interest earnings projection was overestimated by $250,318 as compared to the actual amount earned due to the declining investment interest rates. Delinquent real estate tax revenue was overstated by $1,266,757, although real estate and interim real estate taxes were understated by $3,831,677.
- A negative variance of $2,024,252 occurred within the state revenue sources. The variance is attributed to the Tax Equity Supplement portion of the Ready to Learn Grant. The District budgeted Tax Equity Revenue in the amount of $2,281,225, which was received this fiscal year but could not be spent until the next fiscal year. The amount was recorded as deferred revenue. This was the first time the Commonwealth provided grant funding during the fiscal year but placed restrictions that the grant can not be used until the following fiscal year.
- A modest positive variance of $406,706 occurred within the federal source revenues, resulting from appropriations for the School Based Access Medicaid Reimbursement Program (SBAP) and American Rescue Plan (ARP) Elementary and Secondary Schools Emergency Relief Fund (ESSER III).
- The positive variance of $2,980,265 in instruction expenditures is attributed to charter and cyber charter school tuition being overstated by $1,960,175. The expenditure estimate for books and supplies projection was over budget by $738,666.
- Total support service expenditures were $6,225,313 higher than budget appropriations. A mixture of variances occurred within these expenditure functions. A portion of this variance is credited to the purchase of supplies and equipment. Title, Ready to Learn and Pennsylvania Commission on Crime and Delinquency resources were utilized for these disbursements. These nonbudgeted expenditures provided District staff and students with the resources necessary to safely and successfully participate in all methods of learning instruction. Another contributing factor to the negative variance was the rising cost of prescriptions and medical procedures.

- The operation of noninstructional service costs were more than budget appropriations. The amount of $194,491 derived from the additional cost for coaches, student activity advisors and game management compensation.
- The District did not include any appropriations for capital outlay and equipment. $485,316 was spent within this expenditure function code. These funds were expended for various capital building improvement projects throughout the District.

Business-Type Activities and Food Service Fund

The net position of the business-type activities and Food Service Fund decreased by $299,607. As of June 30, 2025, the business-type activities and Food Service Fund had net position of $1,870,821.

Capital Assets

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounted to $218,372,173 net of accumulated depreciation and amortization. This investment in capital assets includes land, buildings, buildings and site improvements, furniture and equipment, lease assets, and subscription assets. The total increase in the District's investment in capital assets for the current fiscal year was $9,368,198 or 4.48%. The increase was the result of current year capital additions in excess of current year disposals and depreciation and amortization expense.

Current year capital additions were $22,482,609 and depreciation/amortization expense and net book value of disposals were $13,114,411.

Additional detailed information regarding capital assets is included in Note 5 of the financial statements.

Noncurrent Liabilities

At the end of the current fiscal year, the District had total general obligation debt of $119,890,450, consisting of $112,970,000 in bonds payable net of deferred credits of $6,920,450. The entire amount is backed by the full faith and credit of the District. General obligation debt was issued to finance capital expenditures or to finance the retirement (refund) of prior general obligation debt. The District's general obligation debt decreased by $396,747 or 0.33% during the fiscal year.

State statutes limit the amount of general obligation debt the District may issue up to 225% of its borrowing base capacity, which is calculated as the annual arithmetic average of the total revenues for the preceding three fiscal years. As of the end of the fiscal year, the debt limitation for the District was approximately $554 million dollars and the remaining borrowing capacity was approximately $434 million dollars.

The general obligation debt issued by the District during the fiscal year has been assigned an underlying rating of "A+/Negative" and an insured rating of "AA" (Negative Outlook) by S&P Global Ratings.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in PSERS. The District's allocated portion of the net pension liability is an actuarially determined estimate of the unfunded cost of the pension plan obligation which totaled $237,526,802 as of June 30, 2025. The District's net pension liability decreased by $22,318,144 or 8.59% during the fiscal year.

The District reports a liability for its other post-employment benefits (OPEB) related to its single employer OPEB plan and its participation in the PSERS health insurance premium assistance program. The District's OPEB liability is an actuarially determined estimate of the unfunded cost of the OPEB obligation which totaled $63,964,986 as of June 30, 2025. The District's OPEB liability decreased by $3,539,346 or 5.24% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for right-to-use leases, notes payable for financed purchases, right-to-use subscriptions, compensated absences, and insurance claims obligation, which totaled $16,013,657 as of June 30, 2025. These liabilities increased by $3,690,702 or 29.95% during the fiscal year primarily due to the implementation of GASB Statement No. 101 and its impact on the District's liability for compensated absence. .

Additional detailed information regarding noncurrent liabilities is included in Notes 9 – 16 of the financial statements.

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- The District adopted a balanced 2025 – 2026 budget of $263,494,000 which included a budgetary reserve of $1,855,000, in accordance with Board of School Directors policy. The real estate tax millage rate increased less than the maximum millage rate increase allowed under the Act 1 index. The 2025 – 2026 real estate millage rate is 23.25 mills representing a 4.50% increase.

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

    - In the event Pocono Mountain School District wishes to increase the property tax millage rate by more than the annual Act 1 index of 5.10% for the 2025 – 2026 fiscal year, the school district must seek voter approval (known commonly as a back-end referendum) prior to implementing the millage rate increase. In the event voters do not approve the millage rate increase, the school district must limit its millage rate increase to the index.

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

    - Any revenues distributed under the provisions of Act 1 are to be used for the purpose of reducing property taxes for homesteads and farmsteads.

- Act 120 of 2010 includes a series of actuarial and funding changes to the Public School Employees' Retirement System (PSERS) and benefit reductions for individuals who become new members of PSERS on or after July 1, 2011. Act 120 will not impact the pension benefits of current or retired PSERS members. As a result of the legislation, the employer contribution rate for 2025 – 2026 was approved at 34.00%. The employer contribution rate for 2024 – 2025 was 33.90%, which slightly decreased from the 2022 – 2023 rate of 34.00%.

- Numerous property assessment appeals continued to be filed and the District is actively engaged in the appeals process. Several large commercial appeals were approved or settled and reduced the taxable assessed values of properties.

- Students continue to attend cyber charter schools during the school year and enrollment fluctuates at any given time. Tuition costs for these students attending cyber charter schools are deducted from the District's state subsidies and continues to negatively impact monthly cash flows and creates an additional burden upon the District's budget. The District has continued to offer its own cyber learning program to provide students with an alternative and a Pocono Mountain School District education. Recent legislation has been enacted that has made positive changes in the formula for tuition calculation which will provide some expenditure relief to the District's budget.

- The District updated its capital improvement plan and is in the process of implementing a new financial plan to fund the proposed capital improvement projects.

- The following budget initiatives were incorporated into the 2025 – 2026 General Fund budget:

    - Continued appropriation for the District's Enhanced Property Tax Rebate Program.

    - Continue the partnership with the District's energy conservation firm to help reduce utility consumption and efficiently manage energy usage in our facilities.

    - Continued investment in District facilities.

Contacting the District Financial Management

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Pocono Mountain School District, P.O. Box 200,135 Pocono Mountain School Road, Swiftwater, PA 18370-0200.

BASIC FINANCIAL STATEMENTS

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash	$ 77,680,332	$ 2,112,908	$ 79,793,240
Taxes Receivable	14,014,915	-	14,014,915
Accounts Receivable	-	13,517	13,517
Due from Other Governments	8,281,979	72,402	8,354,381
Internal Balances	278,069	(278,069)	-
Other Receivables	720,804	-	720,804
Prepaid Expenses	14,461	-	14,461
Inventories	-	90,790	90,790
Total Current Assets	100,990,560	2,011,548	103,002,108
Capital Assets:			
Capital Assets Not Being Depreciated/Amortized:			
Land	6,354,208	-	6,354,208
Construction in Progress	13,055,603	-	13,055,603
Capital Assets Being Depreciated:			
Buildings	275,824,109	-	275,824,109
Buildings and Site Improvements	116,938,390	-	116,938,390
Furniture and Equipment	48,410,496	1,686,049	50,096,545
Lease Equipment	1,410,000	-	1,410,000
Accumulated Depreciation	(245,718,052)	(1,618,256)	(247,336,308)
Right-to-Use Lease Assets	907,258	-	907,258
Right-to-Use Subscriptions Assets	3,517,438	-	3,517,438
Accumulated Amortization	(2,395,070)	-	(2,395,070)
Total Capital Assets	218,304,380	67,793	218,372,173
Total Assets	319,294,940	2,079,341	321,374,281
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Amount on Debt Refunding	444,124	-	444,124
Deferred Charges - Pension	35,293,166	-	35,293,166
Deferred Charges - OPEB	9,614,167	-	9,614,167
Total Deferred Outflows of Resources	45,351,457	-	45,351,457

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT) (CONTINUED)
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts Payable	$ 7,124,177	$ 147,925	$ 7,272,102
Accrued Salaries, Payroll Withholdings, and Benefits	28,006,724	-	28,006,724
Insurance Claims Payable	1,530,518	-	1,530,518
Accrued Interest Payable	1,214,303	-	1,214,303
Unearned Revenues	2,281,225	60,595	2,341,820
Noncurrent Liabilities:			
Portion Due or Payable Within One Year:			
Bonds Payable, Net	14,222,320	-	14,222,320
Right-to-use Leases Payable	169,949	-	169,949
Note Payable	153,021	-	153,021
Right-to-Use Subscriptions Payable	521,181	-	521,181
Compensated Absences	4,069,061	-	4,069,061
Insurance Claims Obligation	84,743	-	84,743
Other Postemployment Benefits	2,533,269	-	2,533,269
Portion Due or Payable After One Year:			
Bonds Payable, Net	105,668,130	-	105,668,130
Right-to-use Leases Payable	572,512	-	572,512
Note Payable	977,519		977,519
Right-to-Use Subscriptions Payable	772,204	-	772,204
Compensated Absences	7,549,101	-	7,549,101
Insurance Claims Obligation	1,144,366	-	1,144,366
Other Postemployment Benefits	61,431,717	-	61,431,717
Net Pension Liability	237,526,802	-	237,526,802
Total Liabilities	477,552,842	208,520	477,761,362
DEFERRED INFLOWS OF RESOURCES			
Deferred Credits - Pension	11,653,000	-	11,653,000
Deferred Credits - OPEB	26,217,606	-	26,217,606
Total Deferred Inflows of Resources	37,870,606	-	37,870,606
NET POSITION			
Net Investment in Capital Assets	108,401,445	67,793	108,469,238
Restricted for:			
Capital Projects	8,874,736	-	8,874,736
Compensatory Education	182,415	-	182,415
Unrestricted	(268,235,647)	1,803,028	(266,432,619)
Total Net Position (Deficit)	$ (150,777,051)	$ 1,870,821	$ (148,906,230)

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net Revenue (Expense) and Changes in Net Position (Deficit): Governmental Activities	Net Revenue (Expense) and Changes in Net Position (Deficit): Business-Type Activities	Net Revenue (Expense) and Changes in Net Position (Deficit): Total
PRIMARY GOVERNMENT							
Governmental Activities:							
Instruction	$ 141,117,665	$ 181,184	$ 32,339,449	$ -	$ (108,597,032)	$ -	$ (108,597,032)
Instructional Staff and Student Support Services	28,805,824	-	2,534,195	-	(26,271,629)	-	(26,271,629)
Administrative and Financial Support Services	19,270,170	-	1,561,423	-	(17,708,747)	-	(17,708,747)
Operation and Maintenance of Plant Services	20,845,318	28,529	3,942,466	-	(16,874,323)	-	(16,874,323)
Pupil Transportation Services	16,652,134	-	4,428,997	-	(12,223,137)	-	(12,223,137)
Student Activities	4,978,276	32,284	402,688	-	(4,543,304)	-	(4,543,304)
Community Services	134,017	-	-	-	(134,017)	-	(134,017)
Interest and Amortization Expense Related to Noncurrent Liabilities	4,225,973	-	869,185	-	(3,356,788)	-	(3,356,788)
Total Governmental Activities	236,029,377	241,997	46,078,403	-	(189,708,977)	-	(189,708,977)
Business-Type Activities:							
Food Service	6,693,186	525,507	5,777,044	-	-	(390,635)	(390,635)
Total Primary Government	$ 242,722,563	$ 767,504	$ 51,855,447	$ -	(189,708,977)	(390,635)	(190,099,612)
GENERAL REVENUES							
Property Taxes Levied for General Purposes					145,893,735	-	145,893,735
Earned Income Taxes Levied for General Purposes					7,367,909	-	7,367,909
Other Taxes Levied for General Purposes					3,460,338	-	3,460,338
Grants and Entitlements Not Restricted to Specific Programs					46,185,150	-	46,185,150
Investment Earnings					5,579,557	91,028	5,670,585
Total General Revenues					208,486,689	91,028	208,577,717
CHANGES IN NET POSITION (DEFICIT)					18,777,712	(299,607)	18,478,105
Net Position (Deficit) - Beginning of Year					(169,554,763)	2,170,428	(167,384,335)
NET POSITION (DEFICIT) - END OF YEAR					$ (150,777,051)	$ 1,870,821	$ (148,906,230)

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds		
	General Fund	Capital Projects Fund	Total
ASSETS			
Cash	$ 39,558,543	$ 22,841,329	$ 62,399,872
Due from Other Funds	278,069	-	278,069
Taxes Receivable	14,014,915	-	14,014,915
Due from Other Governments	8,281,979	-	8,281,979
Other Receivables	101,918	-	101,918
Prepaid Items	14,461	-	14,461
Total Assets	$ 62,249,885	$ 22,841,329	$ 85,091,214
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES			
LIABILITIES			
Accounts Payable	$ 5,867,361	$ 1,256,816	$ 7,124,177
Accrued Salaries, Payroll Withholdings and Benefits	28,006,723	-	28,006,723
Unearned Revenue	2,281,225	-	2,281,225
Total Liabilities	36,155,309	1,256,816	37,412,125
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenues - Property Taxes	11,262,124	-	11,262,124
FUND BALANCES			
Nonspendable:			
Prepaid Items	14,461	-	14,461
Restricted for:			
Capital Projects	-	21,584,513	21,584,513
Compensatory Education	182,415	-	182,415
Assigned to:			
Balance Subsequent Year's Budget	2,000,000	-	2,000,000
Contingency	547,329	-	547,329
Unassigned	12,088,247	-	12,088,247
Total Fund Balances	14,832,452	21,584,513	36,416,965
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 62,249,885	$ 22,841,329	$ 85,091,214

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO NET POSITION (DEFICIT)
OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025

Total Fund Balances - Governmental Funds	$ 36,416,965
Amounts reported for governmental activities in the statement of net position (deficit) are different because of the following:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	218,304,380
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the life of the respective debt in the government-wide statement of net position (deficit).	444,124
Deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (OPEB) are not reported as assets and liabilities in the funds.	7,036,727
Some of the District's taxes will be collected after year-end, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds balance sheet.	11,262,124
The Internal Service Fund is used by management to charge the cost of health insurance and workers' compensation claims to the General Fund. The assets and liabilities of the District's Internal Service Funds are included in the governmental activities on the government-wide statement of net position (deficit).	13,139,719
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds balance sheet.	(436,166,787)
Accrued interest payable on long-term liabilities is included in the government-wide statement of net position, (deficit) but is excluded from the governmental funds balance sheet until due and payable.	(1,214,303)
Net Position of Governmental Activities as Reported on the Statement of Net Position (Deficit)	$(150,777,051)

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2025

	Major Funds		
	General Fund	Capital Projects Fund	Total
REVENUES			
Local Sources	$ 160,375,185	$ 1,374,958	$ 161,750,143
State Sources	85,439,159	-	85,439,159
Federal Sources	6,543,086	-	6,543,086
Total Revenues	252,357,430	1,374,958	253,732,388
EXPENDITURES			
Current:			
Instruction	143,310,507	-	143,310,507
Support Services	85,541,525	3,920,863	89,462,388
Operation of Noninstructional Services	4,978,002	152,643	5,130,645
Facilities, Acquistion, Construction and Improvement Services	485,316	16,084,506	16,569,822
Debt Service:			
Principal	15,505,054	-	15,505,054
Interest	4,483,797	-	4,483,797
Total Expenditures	254,304,201	20,158,012	274,462,213
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,946,771)	(18,783,054)	(20,729,825)
OTHER FINANCING SOURCES (USES)			
Proceeds from Bond Issuance	-	10,715,690	10,715,690
Issuance of Debt - Refunding	-	38,349,310	38,349,310
Payment of Debt - Refunding	-	(38,349,310)	(38,349,310)
Bond Premiums	-	4,844,875	4,844,875
Issuance of Right-to-Use Arrangements	40,000	907,258	947,258
Proceeds from Extended Term Financing	-	1,410,000	1,410,000
Transfers In	-	4,000,000	4,000,000
Transfers Out	(4,000,000)	-	(4,000,000)
Total Other Financing Sources (Uses)	(3,960,000)	21,877,823	17,917,823
NET CHANGE IN FUND BALANCES	(5,906,771)	3,094,769	(2,812,002)
Fund Balance - Beginning of Year	20,739,223	18,489,744	39,228,967
FUND BALANCES - END OF YEAR	$ 14,832,452	$ 21,584,513	$ 36,416,965

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS TO CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES ON THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Governmental Funds		$ (2,812,002)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which capital outlays exceeded depreciation/ amortization expense and the net book value of disposed of capital assets in the current period.		
Capital Outlay Expenditures	$ 22,459,409	
Depreciation and Amortization Expense	(13,070,417)	9,388,992
Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year.		
Deferred Inflows of Resources at June 30, 2024	(10,892,338)	
Deferred Inflows of Resources at June 30, 2025	11,262,124	369,786
The Internal Service Fund is used by management to charge the cost of health insurance and workers' compensation premiums and claims to the General Fund. The change in net position of the Internal Service Fund is reported with the governmental activities.		232,542
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on the change in net position of governmental activities. Also, governmental funds report the effect of premiums, discounts and similar items when long-term debt is issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Repayment of Bonds Payable	52,440,000	
Proceeds from Bonds Payable	(49,065,000)	
Proceeds from Extended Term Financing	(1,410,000)	
Repayment of Extended Term Financing	279,460	
Issuance of Right-to-Use Arrangements	(947,258)	
Repayment of Right-to-Use Arrangements	920,594	
Current Year Changes to Discounts, Premiums and Deferred Amounts on Refunding	(4,115,821)	(1,898,025)
Some expenses reported in the statement of activities do not require the use of current financial resources, and, therefore are not reported as expenditures in governmental funds.		
Current Year Change in Net Pension Liability and Related Pension Items	16,303,458	
Current Year Change in Accrued Interest Payable	(256,922)	
Current Year Change in Compensated Absences	(4,085,506)	
Current Year Change in Net OPEB Liability and Related OPEB Items	1,535,389	13,496,419
Change in Net Position (Deficit) of Governmental Activities as Reported on the Statement of Activities		$ 18,777,712

See accompanying Notes to Financial Statements.

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

	Major Fund Food Service Fund	Internal Service Funds
ASSETS		
Current Assets:		
Cash	$ 2,112,908	$ 15,280,460
Accounts Receivable	13,517	-
Due from Other Governments	72,402	-
Other Receivables	-	618,886
Inventories	90,790	-
Total Current Assets	2,289,617	15,899,346
Capital Assets:		
Capital Assets Being Depreciated:		
Machinery and Equipment	1,686,050	-
Accumulated Depreciation	(1,618,257)	-
Total Capital Assets	67,793	-
Total Assets	2,357,410	15,899,346
LIABILITIES		
Current Liabilities:		
Accounts Payable	147,925	-
Insurance Claims Payable	-	1,530,518
Due to Other Funds	278,069	-
Unearned Revenue	60,595	-
Total Current Liabilities	486,589	1,530,518
Noncurrent Liabilities:		
Insurance Claims Payable		
Portion Due or Payable Within One Year	-	84,743
Portion Due or Payable After One Year	-	1,144,366
Total Noncurrent Liabilities	-	1,229,109
Total Liabilities	486,589	2,759,627
NET POSITION		
Investment in Capital Assets	67,793	-
Unrestricted	1,803,028	13,139,719
Total Net Position	$ 1,870,821	$ 13,139,719

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund	
	Food Service Fund	Internal Service Funds
OPERATING REVENUES		
Charges for Services	$ 525,507	$ 34,680,804
OPERATING EXPENSES		
Salaries and Wages	50,000	-
Employee Benefits	32,753	33,578,183
Purchased Services	-	111,322
Purchased Property Services	132,702	-
Other Purchased Services	5,508,433	1,463,673
Supplies	925,304	-
Depreciation	43,994	-
Total Operating Expenses	6,693,186	35,153,178
OPERATING INCOME (LOSS)	(6,167,679)	(472,374)
NONOPERATING REVENUES		
Earnings on Investments	91,028	704,916
Local Sources	12,059	-
State Sources	366,559	-
Federal Sources	5,398,426	-
Total Nonoperating Revenues	5,868,072	704,916
CHANGE IN NET POSITION	(299,607)	232,542
Net Position - Beginning of Year	2,170,428	12,907,177
NET POSITION - END OF YEAR	$ 1,870,821	$ 13,139,719

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund	
	Food Service Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Charges for Services	$ 540,609	$ -
Cash Received for Assessments Made to Other Funds	-	34,989,036
Payments to Suppliers for Goods and Services	(6,221,378)	(273,167)
Cash Payments to Employees for Services	(82,753)	-
Cash Payments for Insurance Claims	-	(33,156,708)
Cash Paid for Other Operating Expenses	-	(1,463,673)
Net Cash Provided (Used) by Operating Activities	(5,763,522)	95,488
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	365,006	-
Federal Sources	4,812,986	-
Local Sources	12,059	-
Net Cash Provided (Used) by Noncapital Financing Activities	5,190,051	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchase of Capital Assets	(23,200)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(23,200)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Earnings on Investments	91,028	704,916
Net Cash Provided (Used) by Investing Activities	91,028	704,916
NET CHANGE IN CASH	(505,643)	800,404
Cash - Beginning of Year	2,618,551	14,480,056
CASH - END OF YEAR	$ 2,112,908	$ 15,280,460

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2025

	Major Fund Food Service Fund	Internal Service Funds
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (6,167,679)	$ (472,374)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	43,994	-
Donated Commodities Used	559,943	-
(Increase) Decrease In:		
Accounts Receivable	15,102	-
Other Receivables	-	308,232
Inventories	(4,248)	-
Increase (Decrease) In:		
Accounts Payable	(7,198)	-
Due to Other Funds	(192,269)	-
Insurance Claims Payable	-	259,630
Unearned Revenues	(11,167)	-
Net Cash Provided (Used) by Operating Activities	$ (5,763,522)	$ 95,488
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Noncash Noncapital Financing Activity:		
USDA Donated Commodities	$ 559,943	$ -

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds
ASSETS	
Cash	$ 613,815
Total Assets	613,815
LIABILITIES	
Accounts Payable	14,009
Total Liabilities	14,009
NET POSITION	
Restricted for Student Activities	378,348
Restricted for Scholarships	221,458
Total Net Position	$ 599,806

See accompanying Notes to Financial Statements.

POCONO MOUNTAIN SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2025

	Custodial Funds
ADDITIONS	
Receipts from Student Groups	$ 561,404
Local Contributions	42,257
Earnings on Investments	10,042
Total Additions	613,703
DEDUCTIONS	
Student Activity Disbursements	546,249
Scholarships Awarded and Fees Paid	54,112
Total Deductions	600,361
CHANGES IN NET POSITION	13,342
Net Position - Beginning of Year	586,464
NET POSITION - END OF YEAR	$ 599,806

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND PURPOSE

The Pocono Mountain School District (District) operates five elementary schools, two junior high schools, and two high schools to provide education and related services to the residents in the Borough of Mount Pocono and the Townships of Barrett, Coolbaugh, Jackson, Paradise, Pocono, Tobyhanna, and Tunkhannock, all located in Monroe County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member board form of government (Board of School Directors).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Basis of Presentation

Government-Wide Financial Statements

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

The government-wide statement of net position (deficit) presents the financial position of the District which is the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources and is classified in one of three components. Net investment in capital assets consists of capital assets net of accumulated depreciation/amortization and reduced by the outstanding balances of borrowing attributable to acquiring, constructing, or improving those assets. The net position of the District is reported as restricted when constraints placed on net position use is either externally imposed by creditors (such as through debt covenants), grantors, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position is the net position that does not meet the definition of “net investment in capital assets” or “restricted net position.”

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

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

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

Fund Financial Statements

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Governmental Funds

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

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

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

Revenue Recognition

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

Expenditure Recognition

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Proprietary Funds

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

The **Food Service Fund** accounts for the revenues and costs of providing meals to students during the school year.

The **Internal Service Funds** are used to account for the District's health and workers' compensation self- funded insurance programs.

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

Fiduciary Funds

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

Cash and Investments

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Investments (Continued)

Section 440.1(c) of the Pennsylvania School Code authorizes the District to invest in: 1) U.S. Treasury Bills; 2) deposits in savings accounts or time or share accounts of institutions insured by the Federal Deposit Insurance Corporation or National Credit Union Share Insurance Fund to the extent that such accounts are so insured, and for any amounts above maximum, provided that approved collateral as provided by law therefore shall be pledged by the depository; 3) obligations of the United States of America (USA) or any of its agencies or instrumentalities backed by the full faith and credit of the USA, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities; 4) pooled investments such as Pennsylvania School District Liquid Asset Fund, Pennsylvania Local Government Investment Trust and the Pennsylvania State Treasurer's Invest Program.

Investments for the District are reported at fair value, except for certificates of deposit which are recorded at cost, which approximates fair value.

Fair Value Measurements of Assets and Liabilities

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

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

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Receivables and Payables

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

Property Taxes

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

August 1 – September 30	-	Discount period, 2% of gross levy
October 1 – November 30	-	Face Period
December 1 – December 31	-	Penalty period, 10% of gross levy
January 1	-	Lien Date

The County Board of Assessments determines assessed valuations of property, and the District's taxes are billed and collected by local elected tax collectors. The tax on real estate for public school purposes for fiscal 2024 – 2025 was 22.25 mills ($22.25 for $1,000 of assessed valuation). The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Taxpayers within the District have the option of paying in three installments. These installments are due on or before the following due dates:

First Installment	-	August 31
Second Installment	-	October 31
Third Installment	-	December 31

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Prepaid Items and Inventories

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

Inventories consisting of supplies are carried at cost, using the first-in, first-out method. The cost of such inventories is recorded as an expense when consumed rather than when purchased.

Unearned Revenues

Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and the proprietary fund financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than $10,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets, donated works of art, historical treasures and similar assets, and capital assets that are received in a service concession arrangement will be measured at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

Property, plant, and equipment (net of salvage value) of the District is depreciated using the straight-line method over the following estimated useful lives: buildings – 30 to 50 years, building and site improvements – 7 to 20 years and furniture and equipment – 3 to 20 years.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases and Subscriptions

The District has entered into noncancellable leases and subscriptions. The District recognizes a lease or a subscription liability and an intangible right-to-use lease or subscription asset in the government-wide financial statements.

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

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

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

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

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

Impairment of Long-Lived Assets

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

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

Long-Term Obligations

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

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

Pension

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

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Other Postemployment Benefits (OPEB)

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

PSERS OPEB Plan

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

District OPEB Plan

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

Deferred Outflows for Pension and OPEB

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows for Pension and OPEB (Continued)

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

Deferred Inflows for Pension and OPEB

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

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

Fund Equity

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

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

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

- **Committed fund balance**. Amounts that can only be used for specific purposes determined by a formal action of the District's highest level of decision-making authority, the Board of School Directors. Committed amounts cannot be used for any other purpose unless the Board of School Directors removes those constraints by taking the same type of formal action (e.g., resolution).

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

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

- **Unassigned fund balance**. Is the residual amount for the General Fund that is not contained in the other classifications. The General Fund is the only fund that reports a positive unassigned fund balance. Additionally, any deficit fund balance within the other governmental fund types is reported as unassigned.

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

The Board of School Directors has set a policy to maintain an unassigned General Fund balance of not less than five percent (5%) and not more than eight percent (8%) of the budgeted expenditures for that fiscal year.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Implementation of New Accounting Pronouncements

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

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

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

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The objective of GASB Statement No. 103 is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements (Continued)

GASB Statement No. 104, *Disclosure of Capital Assets*. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025. The objective of GASB Statement No. 104 is to improve financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments.

GASB Statement No. 105, *Subsequent Events*, will be effective for the District for the year ended June 30, 2027. The objective of GASB Statement No. 105 aims to improve consistency, comparability, and transparency in financial reporting for subsequent events, which are transactions or other events occurring after the financial statement date but before the statements are available to be issued.

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

The District shall make the proposed preliminary budget available for public inspection at least twenty (20) days prior to its adoption by the Board of School Directors. The District shall provide public notice of its intent to adopt the proposed preliminary budget at least ten (10) days prior to the proposed preliminary adoption.

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

NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Excess of Expenditures and Other Financing Uses Over Appropriations

The following General Fund functions and uses incurred expenditures and other financing uses in excess of appropriations in the following amounts for the year ended June 30, 2025:

Special Programs	$ 3,386,317
Other Instructional Programs	$ 666,465
Nonpublic School Programs	$ 22,981
Pupil Support Services	$ 380,458
Instructional Staff Services	$ 3,890,878
Administrative Services	$ 251,307
Operation and Maintenance of Plant Services	$ 1,435,143
Student Transportation Services	$ 801,746
Student Activities	$ 102,974
Community Services	$ 91,517
Capital Outlay	$ 485,316
Interest	$ 4,483,797

NOTE 4 DEPOSITS AND INVESTMENTS

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2025, the carrying amount of the District's deposits was $80,407,055 and the bank balance was $83,781,530. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in the Commonwealth of Pennsylvania. To the extent that such deposits exceed federal depository insurance, the depositories must pledge as collateral obligations of the United States, the Commonwealth of Pennsylvania, or any other political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, $608,960 was covered by federal depository insurance, and $33,193,082 was collateralized by the District's depositories in accordance with Act 72 and the collateral was held by the depositories' agent in pooled public funds. The remaining cash deposits of the District are in the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds. Their objective is to maintain a stable net asset value of $1 per share and they are rated by a nationally recognized statistical rating organization and is subject to an independent annual audit. As of June 30, 2025, PSDLAF and PLGIT were rated as AAAm by S&P Global Ratings.

NOTE 4 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Reconciliation to Financial Statements

Uninsured Amounts	$ 46,075,831
FDIC Insured Amounts	608,960
Reconciling Items	(3,374,476)
Carrying Amount, Bank Balances	43,310,315
Pooled Cash Equivalents in Government Investment Pools	37,096,740
Total Carrying Amount Deposits	$ 80,407,055

NOTE 5 CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	$ 6,354,208	$ -	$ -	$ 6,354,208
Construction in Progress	11,484,973	8,562,097	6,991,467	13,055,603
Total Capital Assets Not Being Depreciated	17,839,181	8,562,097	6,991,467	19,409,811
Capital Assets Being Depreciated and Amortized:				
Buildings	269,763,980	6,060,129	-	275,824,109
Building and Site Improvements	106,811,472	10,126,918	-	116,938,390
Furniture and Equipment	46,128,642	2,344,474	62,620	48,410,496
Lease Equipment	930,000	1,410,000	930,000	1,410,000
Right-to-Use Lease Assets	-	907,258	-	907,258
Right-to-Use Subscription Assets	4,263,774	40,000	786,336	3,517,438
Total Capital Assets Being Depreciated and Amortized	427,897,868	20,888,779	1,778,956	447,007,691
Less: Accumulated Depreciation and Amortization for:				
Buildings	(135,679,991)	(4,829,643)	-	(140,509,634)
Building and Site Improvements	(59,946,310)	(4,549,555)	-	(64,495,865)
Furniture and Equipment	(38,053,836)	(2,587,051)	(62,620)	(40,578,267)
Lease Equipment	(837,000)	(227,286)	(930,000)	(134,286)
Right-to-Use Lease Assets	-	(181,452)	-	(181,452)
Right-to-Use Subscription Assets	(2,304,524)	(695,430)	(786,336)	(2,213,618)
Total Accumulated Depreciation and Amortization	(236,821,661)	(13,070,417)	(1,778,956)	(248,113,122)
Total Capital Assets Being Depreciated and Amortized, Net	191,076,207	7,818,362	-	198,894,569
Governmental Activities Capital Assets, Net	$ 208,915,388	$ 16,380,459	$ 6,991,467	$ 218,304,380
Business-Type Activities:				
Machinery and Equipment	$ 1,662,849	$ 23,200	$ -	$ 1,686,049
Less: Accumulated Depreciation	(1,574,262)	(43,994)	-	(1,618,256)
Business-Type Activities, Net	$ 88,587	$ (20,794)	$ -	$ 67,793

NOTE 5 CAPITAL ASSETS (CONTINUED)

As of June 30, 2025, the District had outstanding construction commitments totaling $6,788,668 for various projects.

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

Governmental Activities:	
Instruction	$ 7,440,363
Instructional Student Support Services	1,515,759
Administrative and Financial Support Services	1,002,183
Operation and Maintenance of Plant Services	2,045,915
Pupil Transportation	807,736
Student Activities	258,461
Total Depreciation Expense - Governmental Activities	$ 13,070,417
Business-Type Activities:	
Food Service	$ 43,994

NOTE 6 DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represents receivables for revenues earned by the District. At June 30, 2025, the following amounts are due from other governmental units:

	General Fund	Food Service Fund	Total
Federal (Pass-through by the state)	$ 1,914,604	$ 65,843	$ 1,980,447
State	6,367,375	6,559	6,373,934
Total	$ 8,281,979	$ 72,402	$ 8,354,381

NOTE 7 NET INVESTMENT IN CAPITAL ASSETS

Components of the net position of the governmental activities net investment in capital assets at June 30, 2025, are as follows:

Capital Assets	$ 466,417,502
Accumulated Depreciation/Amortization	(248,113,122)
Total	218,304,380
Deferred Outflows of Resources	444,124
Right-to-Use Leases payable	(742,461)
Note payable	(1,130,540)
Subscriptions Payable	(1,293,385)
General Obligation Debt	(119,890,450)
Unpent Bond Proceeds	12,709,777
Net Investment in Capital Assets	$ 108,401,445

Components of the net position of the business-type activities net investment in capital assets at June 30, 2025, are as follows:

Capital Assets	$ 1,686,049
Accumulated Depreciation	(1,618,256)
Investment in Capital Assets	$ 67,793

NOTE 8 INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

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

Receivable To	Amount	Payable From	Amount
Food Service Fund	$ 278,069	General Fund	$ 278,069

These interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

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

Transfers In	Amount	Transfers Out	Amount
Capital Projects Fund	$ 4,000,000	General Fund	$ 4,000,000

Transfers were used to move unrestricted fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

NOTE 9 NONCURRENT LIABILITIES

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

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds Payable	$ 116,345,000	$ 49,065,000	$ 52,440,000	$ 112,970,000	$ 13,370,000
Bond Premiums	4,492,929	4,844,875	2,059,382	7,278,422	900,240
Bond Discounts	(550,732)	-	(192,760)	(357,972)	(47,920)
Total General Obligation Debt	120,287,197	53,909,875	54,306,622	119,890,450	14,222,320
Other Noncurrent Liabilities:					
Right-To-Use Leases Payable	102,586	907,258	267,383	742,461	169,949
Note Payable	-	1,410,000	279,460	1,130,540	153,021
Subscriptions Payable	1,906,596	40,000	653,211	1,293,385	521,181
Compensated Absences	7,813,775	3,804,387	-	11,618,162	4,069,061
Insurance Claims Obligation	2,499,998	-	1,270,889	1,229,109	84,743
OPEB Liability	56,960,163	4,702,000	7,735,947	53,926,216	2,533,269
Net OPEB Liability - PSERS	10,544,169	-	505,399	10,038,770	-
Net Pension Liability - PSERS	259,844,946	-	22,318,144	237,526,802	-
Total Other Noncurrent Liabilities	339,672,233	10,863,645	33,030,433	317,505,445	7,531,224
Total Governmental Activities	$ 459,959,430	$ 64,773,520	$ 87,337,055	$ 437,395,895	$ 21,753,544

Noncurrent liabilities are generally liquidated by the General Fund.

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

Insurance Claims Obligation

The insurance claims payable represents the District's unfunded liability for future estimated workers' compensation claim payments on existing active claims, which is recorded in the statements of net position of the governmental activities and the Internal Service Funds.

NOTE 10 GENERAL OBLIGATION DEBT

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

NOTE 10 GENERAL OBLIGATION DEBT (CONTINUED)

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

Description	Interest Rate(%)	Original Issue Amount	Final Maturity	Principal Outstanding
General Obligation Bonds:				
Series A of 2015	0.50% - 3.20%	$ 18,805,000	03/01/2032	$ 14,215,000
Series of 2016	2.00%- 5.00%	$ 30,535,000	09/01/2034	20,445,000
Series A of 2016	2.00% - 4.00%	$ 62,385,000	09/01/2031	30,655,000
Series of 2024	5.00%	$ 49,065,000	12/15/2032	47,655,000
Total General Obligation Bonds				$ 112,970,000

General Obligation Bonds	Amount
On March 19, 2015, the District issued $18,805,000 of general obligation bonds, Series A of 2015. The purpose of the issue was to provide for the advance refunding of the District's outstanding general obligation bonds, Series A of 2009 and to pay for the costs of issuance. Principal is due March 1 each year and the issue's final maturity date is March 1, 2032. The bonds are payable in periodic installments and bear interest payable semi-annually on March 1 and September 1 at rates ranging from 0.50% to 3.20%. The District advance refunded the general obligation bonds to reduce future debt service payments by $1,637,000 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $1,619,509.	$ 14,215,000
On January 12, 2016, the District issued $30,535,000 of general obligation bonds, Series of 2016. The purpose of the issue was to provide for the advance refunding of a portion of the District's outstanding general obligation bonds, Series A of 2007, B of 2007 and C of 2007 and to pay for the costs of issuance. Principal is due September 1 each year and the issue's final maturity date is September 1, 2034. The bonds are payable in periodic installments and bear interest payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 5.00%. The District advance refunded the general obligation bonds to reduce future debt service payments by $3,558,193 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $3,206,909.	20,445,000

NOTE 10 GENERAL OBLIGATION DEBT (CONTINUED)

General Obligation Bonds (Continued)	Amount
On November 1, 2016, the District issued $62,385,000 of general obligation bonds, Series A of 2016. The purpose of the issue was to provide for the current refunding of the District's outstanding general obligation notes, Series A of 2007 and Series of 2011, general obligation bonds, Series B of 2007 and C of 2007 and to pay for the costs of issuance. Principal is due September 1 each year and the issue's final maturity date is September 1, 2031. The bonds are payable in periodic installments and bear interest payable semi-annually on March 1 and September 1 at rates ranging from 2.00% to 4.00%. The District currently refunded the general obligation bonds and notes to reduce future debt service payments by $21,768,383 and to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $17,178,979.	$ 30,655,000
On August 28, 2024, the District issued $49,065,000 of general obligation bonds, Series of 2024. The purpose of the issue was to fund various improvements and upgrades to school district facilities, currently refund all of the General Obligation Note, Series of 2023, currently refund or a portion of General Obligation Bond, Series B of 2013, and to pay for the cost of issuance. The bonds are payable in periodic installments and bear interest payable semi-annually on June 15 and December 15 at 5.00%. The District currently refunded the general obligation bonds which increased future debt service payments by $242,797 to obtain an economic gain (difference between the present value of the debt service payments on the old and new debt) of $30,684.	47,655,000
Total General Obligation Bonds	$ 112,970,000

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

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 13,370,000	$ 4,212,237	$ 17,582,237
2027	13,895,000	3,686,133	17,581,133
2028	14,410,000	3,171,218	17,581,218
2029	14,920,000	2,666,277	17,586,277
2030	15,230,000	2,096,605	17,326,605
2031-2035	41,145,000	2,509,381	43,654,381
Total	$ 112,970,000	$ 18,341,851	$ 131,311,851

NOTE 10 GENERAL OBLIGATION DEBT (CONTINUED)

Legal Debt Margin

The Local Government Unit Debt Act establishes a limit on the amount of debt the District may incur. Under the Act, the District cannot incur more than 225% of its borrowing base. The borrowing base is defined as the annual arithmetic average of "Total Revenues" (as defined in the Act) for the three full fiscal years ended.

As of June 30, 2025, the total Legal Limit was $554,408,623 million and the total outstanding debt applicable to the limit was $120,698,454 million which represents 21.77% of the total debt limit.

NOTE 11 RIGHT-TO-USE LEASES PAYABLE

The District has entered into long-term lease agreements for office equipment. An initial right-to-use lease liability was recorded in the amount of $907,258. As of June 30, 2025, the value of the lease liability is $742,461. The right-to-use leases have interest rates from 4.25% to 4.74% and estimated useful life of 5 years as of the contract commencement. The value of the capital assets as of June 30, 2025, is $725,806, net of accumulated amortization of $181,452, and is included with noncurrent assets on the statement of net position (deficit).

The future minimum lease payments under the right-to-use lease agreements as of June 30, 2025, are as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 169,949	$ 39,301	$ 209,250
2027	179,992	29,258	209,250
2028	190,628	18,622	209,250
2029	201,892	7,358	209,250
Total	$ 742,461	$ 94,539	$ 837,000

NOTE 12 NOTE PAYABLE

The District has entered issued a note payable to finance a capital asset purchase. An initial note payable was recorded in the amount of $1,410,000. As of June 30, 2025, the value of the note payable is $1,130,540. The note payable has an interest rate of 7.90% and estimated useful life of 7 years as of the contract commencement. The value of the capital assets as of June 30, 2025, is $1,275,714, net of accumulated depreciation of $134,286, and is included with noncurrent assets on the statement of net position (deficit).

NOTE 12 NOTE PAYABLE (CONTINUED)

The future minimum note payable payments under the note payable agreement as of June 30, 2025, is as follows:

Year Ending June 30,	Principal	Interest	Total
2026	$ 153,021	$ 91,160	$ 244,181
2027	166,957	77,223	244,180
2028	180,147	64,034	244,181
2029	194,378	49,802	244,180
2030	209,734	34,446	244,180
2031	226,303	17,878	244,181
Total	$ 1,130,540	$ 334,543	$ 1,465,083

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits (OPEB) include a single-employer defined benefit plan that provides medical insurance to all retirees and their dependents. The Board of School Directors has the authority to establish and amend benefit provisions. The OPEB Plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership

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

Active Participants	1,055
Vested Former Participants	-
Retired Participants	203
Total	1,258

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust. The District's contributions are funded on a pay-as-you-go basis. The contribution requirements of retirees are established and may be amended by the Board of School Directors.

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2024. The total OPEB liability was determined by an actuarial valuation as of July 1, 2023, and by rolling forward the liabilities from the July 1, 2023 actuarial valuation through the report date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The OPEB liability is $53,926,216, all of which is unfunded. As of June 30, 2025, the OPEB liability of $53,926,216 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

OPEB Liability (Continued)

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

Balances as of July 1, 2023	$ 56,960,163
Changes for the Year:	
Service Cost	2,243,115
Interest on Total OPEB Liability	2,384,307
Changes in Benefit Terms	74,578
Differences Between Expected and Actual Experience	(4,704,173)
Changes in Assumptions	(314,624)
Benefit Payments	(2,717,150)
Net Changes	(3,033,947)
Balances as of June 30, 2024	$ 53,926,216

OPEB Expense and Deferred Outflows and Inflows Related to OPEB

For the year ended June 30, 2025, the District recognized OPEB expense of $1,924,875. At June 30, 2025, the District had deferred outflows of resources and deferred inflows of resources related to the OPEB plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 346,995	$ 10,546,827
Changes of Assumptions	5,182,385	12,981,779
Contributions Subsequent to the Measurement Date	2,813,240	-
Total	$ 8,342,620	$ 23,528,606

District contributions subsequent to the measurement date in the amount of $2,813,240 reported as deferred outflows of resources related to OPEB will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

OPEB Expense and Deferred Outflows and Inflows Related to OPEB (Continued)

Year Ended June 30,	Amount
2026	$ (2,777,125)
2027	(2,777,125)
2028	(2,777,127)
2029	(2,843,388)
2030	(2,943,089)
Thereafter	(3,881,372)
Total	$ (17,999,226)

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

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

	1% Decrease	Trend Rate	1% Increase
OPEB Liability	$ 48,694,203	$ 53,926,216	$ 59,979,990

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
OPEB Liability	$ 58,412,462	$ 53,926,216	$ 49,840,508

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

Actuarial Methods and Significant Assumptions

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

- Actuarial cost method – entry age normal.
- Discount rate – 4.29% - 20-year high-grade municipal rate index; previously rate of 4.13% was assumed.
- Salary growth – 2.50% cost of living adjustment, 1.50% real wage growth, and for teachers and administrators a merit increase which varies from 0.00% to 2.75%.
- Assumed healthcare cost trends – 7.00% in 2024 with 0.50% decrease per year until 5.50% in 2027. Rates gradually decrease from 5.40% in 2028 to 4.00% in 2075 and later.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for administrators and all other employees. Incorporated into the table are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

Plan Description

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

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

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

Plan Description

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

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

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

Benefits Provided

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

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2025, was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $593,547 for the year ended June 30, 2025.

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

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

At June 30, 2025, the District reported a liability of $10,038,770 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2023, to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.5651%, which was an decrease of 0.0177% from its proportion measured as of June 30, 2024. As of June 30, 2025, the OPEB liability of $10,038,770 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized a negative net OPEB expense of $69,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ 38,000	$ 151,000
Changes of Assumptions	612,000	1,533,000
Net Difference Between Projected and Actual Investment Earnings	10,000	-
Changes in Proportions	18,000	1,005,000
Contributions Subsequent to the Measurement Date	593,547	-
Total	$ 1,271,547	$ 2,689,000

District contributions subsequent to the measurement date in the amount of $593,547 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,	Amount
2026	$ (578,000)
2027	(615,000)
2028	(579,000)
2029	(149,000)
2030	(90,000)
Total	$ (2,011,000)

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

Actuarial Assumptions

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

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

Participation rate:

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

The actuarial assumptions used in the June 30, 2023, valuation were based on the results of an actuarial experience study that was performed for the 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 OPEB plan as of June 30, 2021, was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 mortality improvement scale.

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

Actuarial Assumptions (Continued)

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

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

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

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

Discount Rate

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

NOTE 13 OTHER POST-EMPLOYMENT BENEFITS (CONTINUED)

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan (Continued)

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

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

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

	1% Decrease	Trend Rate	1% Increase
District's Proportionate Share of the Net OPEB Liability	$ 10,037,883	$ 10,038,770	$ 10,039,487

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

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

	1% Decrease (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
District's Proportionate Share of the Net OPEB Liability	$ 11,340,760	$ 10,038,770	$ 8,948,415

OPEB Plan Fiduciary Net Position

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

NOTE 14 OPEB EXPENSE, NET OPEB LIABILITY, AND DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

The District's aggregate OPEB expense, net OPEB liability, and deferred outflows and inflows of resources are as of June 30, 2025 is as follows:

	OPEB Expense	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
Single Employer Plan	$ 1,924,875	$ 53,926,216	$ 8,342,620	$ 23,528,606
PSERS Plan	(69,000)	10,038,770	1,271,547	2,689,000
Total	$ 1,855,875	$ 63,964,986	$ 9,614,167	$ 26,217,606

NOTE 15 PENSION PLAN

Plan Description

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

Benefits Provided

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

NOTE 15 PENSION PLAN (CONTINUED)

Benefits Provided (Continued)

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

Benefits are generally equal to 1.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 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 2.00% or 2.50%, depending upon membership class, of the member's final average salary (as defined in the code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with at least three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (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

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

NOTE 15 PENSION PLAN (CONTINUED)

Contributions (Continued)

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

Member Contributions (Continued)

Shared Risk Program Summary				
T-E	7.50%	+/-0.50%	5.50%	9.50%
T-F	10.30%	+/-0.50%	8.30%	12.30%
T-G	5.50%	+/-0.75%	2.50%	8.50%
T-H	4.50%	+/-0.75%	1.50%	7.50%

Employer Contributions

The District's contractually required contribution rate for fiscal year ended June 30, 2025, was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $31,015,166 for the year ended June 30, 2025.

NOTE 15 PENSION PLAN (CONTINUED)

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

At June 30, 2025, the District reported a liability of $237,526,802 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS' total pension liability as of June 30, 2023, to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.5675%, which was a decrease of 0.0166% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability of $237,526,802 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized net pension expense of $14,511,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	$ -	$ 3,735,000
Net Difference Between Projected and Actual Investment Earnings	3,932,000	-
Changes in Proportions	346,000	7,918,000
Contributions Subsequent to the Measurement Date	31,015,166	-
Total	$ 35,293,166	$ 11,653,000

District contributions subsequent to the measurement date in the amount of $31,015,166 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,	Amount
2026	$ (9,019,000)
2027	3,185,000
2028	(744,000)
2029	(797,000)
Total	$ (7,375,000)

NOTE 15 PENSION PLAN (CONTINUED)

Actuarial Assumptions

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

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

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

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

NOTE 15 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

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

Discount Rate

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

NOTE 15 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
District's Proportionate Share of the Net Pension Liability	$ 312,895,211	$ 237,526,802	$ 173,883,515

Pension Plan Fiduciary Net Position

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

NOTE 16 RIGHT-TO-USE SUBSCRIPTIONS PAYABLE

The District has entered into long-term subscription agreements for subscription-based information technology arrangements. Initial subscription liabilities were recorded in the amount of $3,517,438. As of June 30, 2025, the value of the subscription liabilities is $1,293,385. The subscriptions have interest rates between 2.02% and 5.33%. The subscriptions' estimated useful lives were between 2 and 6 years as of their contract commencements. The value of the intangible right-to-use subscription assets as of June 30, 2025, is $1,303,820, net of accumulated amortization of $2,213,618, and is included with noncurrent assets on the statement of net position (deficit).

Future minimum payments under these right-to-use subscriptions payable as of June 30, 2025 are as follows:

Year Ended June 30,	Principal	Interest	Total
2026	$ 521,181	$ 33,136	$ 554,317
2027	512,863	19,457	532,320
2028	259,341	6,535	265,876
Total	$ 1,293,385	$ 59,128	$ 1,352,513

NOTE 17 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Jointly Governed Organizations

Monroe Career and Technical Institute

The District and three other school districts in Monroe County participate in the Monroe Career and Technical Institute (MCTI). MCTI provides vocational-technical training and education to students of the participating school districts and is controlled by a joint board comprised of representative school board members of the participating school districts. District oversight of MCTI operations is the responsibility of the joint board. The District's share of operating costs for MCTI fluctuates based on the District's percentage of enrollment. The District's share of operating costs for 2024 – 2025 was $2,989,620.

Monroe County Area Vocational – Technical School Authority

The District and three other school districts in Monroe County participate in joint venture for the operation of the Monroe County Area Vocational-Technical School Authority (Authority). The Authority oversees acquiring, holding, constructing, improving, and maintaining the MCTI school buildings and is controlled by a joint board comprised of representative school board members of the participating school districts in the MCTI.

Both the MCTI and the Authority prepare financial statements that are available to the public. Financial information may be obtained from their administrative offices located at 194 Laurel Lake Road, Bartonsville, Pennsylvania 18321.

Colonial Intermediate Unit

The District and twelve other school districts from Northampton, Monroe, and Pike counties are participating members of the Colonial Intermediate Unit – 20 (Colonial). Colonial is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of Board of School Directors members from each participating district. The Board of School Directors of each participating district must approve the annual operating budget of Colonial however the participating districts have no ongoing fiduciary interest or responsibility to Colonial. Colonial is a self-sustaining organization that provides a broad array of services to participating districts which include: curriculum development and instructional improvement; educational planning services; instructional material; continuing professional development; pupil personnel services; management and procurement services and state and federal liaison services. The Colonial Intermediate Unit – 20 prepares financial statements that are available to the public. Financial information may be obtained from their administrative offices located at 6 Danforth Drive, Easton, PA 18045.

NOTE 18 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

The District is a defendant in various matters of litigation and claims. These matters result from the normal course of business. It is not presently possible to determine the ultimate outcome or settlement cost, if any, of these matters. However, the District believes that the settlement of any outstanding litigation or claims will not materially affect the District's financial position or results of operations. Due to the uncertainty related to litigation and claims and the settlement process, it is at least reasonably possible that the District's assessment of potential losses could change materially in the near term.

NOTE 19 RISK MANAGEMENT

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

The District administers self-insurance programs to provide for health and workers' compensation insurance and related expenses for eligible employees, spouses, and their dependents. Benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims. The District has recorded a current liability in the Internal Service Funds for claims incurred and a noncurrent liability for future estimated payments on existing active claims through June 30, 2025. The current insurance claims payable liability has historically been satisfied within 120 days after June 30, while the noncurrent insurance claim obligation liability is funded for payment by the General Fund as they become due and payable.

NOTE 19 RISK MANAGEMENT (CONTINUED)

The following table presents the components of the self-insurance benefit obligation and the related changes in the benefit obligation at June 30, 2025 and 2024:

	2025		
	Health Insurance	Workers' Compensation	Total
Insurance Claims Liability - Beginning of Year	$ 1,131,012	$ 1,368,985	$ 2,499,997
Current Year Insurance Claims and Changes in Estimates	32,933,275	644,908	33,578,183
Insurance Claims Paid	(32,533,769)	(784,784)	(33,318,553)
Insurance Claims Liability - End of Year	$ 1,530,518	$ 1,229,109	$ 2,759,627

	2024		
	Health Insurance	Workers' Compensation	Total
Insurance Claims Liability - Beginning of Year	$ 1,054,346	$ 1,570,140	$ 2,624,486
Current Year Insurance Claims and Changes in Estimates	30,378,237	876,583	31,254,820
Insurance Claims Paid	(30,301,571)	(1,077,738)	(31,379,309)
Insurance Claims Liability - End of Year	$ 1,131,012	$ 1,368,985	$ 2,499,997

NOTE 20 TAX INCREMENT FINANCING DISTRICT

The District, the Township of Tobyhanna and the County of Monroe (taxing bodies) have entered into a tax increment financing agreement (Tobyhanna TIF agreement) with the Monroe County Industrial Development Authority (Authority). In conjunction with the Tobyhanna TIF agreement, the Authority has created a tax increment financing district (Tobyhanna TIF District) in the Township of Tobyhanna and prepared a project plan (Tobyhanna TIF project) which includes, among other things, road improvements, and related infrastructure improvements for the benefit of the Tobyhanna TIF District. Under the Tobyhanna TIF agreement, the District will allocate to the Authority 100% of real estate taxes resulting from an increase in the total market value of taxable real property in the Tobyhanna TIF District as a result of changes in the assessed valuation in excess of the real estate tax assessment as determined by the County of Monroe Property Assessment Office as of August, 2013, the Authority will expend the real estate tax revenues generated by the Tobyhanna TIF District for reasonable and necessary costs of the Tobyhanna TIF project. The Tobyhanna TIF District will terminate after a period of twenty (20) years and any remaining balance after payment of all costs of the Tobyhanna TIF project will be returned to the taxing bodies. During 2024 – 2025, the District paid the Authority $2,353,377 under the Tobyhanna TIF agreement.

NOTE 20 TAX INCREMENT FINANCING DISTRICT (CONTINUED)

The District, the Township of Pocono and the County of Monroe (taxing bodies) have entered into a tax increment financing agreement (Pocono TIF agreement) with the Monroe County Industrial Development Authority (Authority). In conjunction with the Pocono TIF agreement, the Authority has created a tax increment financing district (Pocono TIF District) in the Township of Pocono and prepared a project plan (Pocono TIF project) which includes, among other things, road improvements and the purchase and installation of furniture, fixtures, and equipment for the benefit of the Pocono TIF District. Under the Pocono TIF agreement, the District will allocate to the Authority 100% of real estate taxes resulting from an increase in the total market value of taxable real property in the Pocono TIF District as a result of changes in the assessed valuation in excess of the real estate tax assessment as determined by the County of Monroe Property Assessment Office as of August, 2013, the Authority will expend the real estate tax revenues generated by the Pocono TIF District for reasonable and necessary costs of the Pocono TIF project. The Pocono TIF District will terminate after a period of twenty (20) years and any remaining balance after payment of all costs of the Pocono TIF project will be returned to the taxing bodies. During 2024 – 2025, the District paid the Authority $1,397,119 under the Pocono TIF agreement.

NOTE 21 TAX ABATEMENT PROGRAM

Local Economic Revitalization Tax Abatement Program (LERTA) was put in place to encourage large investments into economic development or re-development of difficult and undesirable properties.

The District enters into tax abatement agreements with local businesses under LERTA to grant tax exemptions to certain eligible properties. Under LERTA, the District may grant property tax abatement over a ten (10) year sliding scale whereby the eligible property is 100% tax exempt on new construction or substantial renovation in the first year and is reduced by ten percent each year until the eleventh year. To be eligible for LERTA, the value of commercial building renovations, site improvements or new construction must be reviewed by the County, Municipality and School District prior to final approval. As of June 30, 2025, there were two (3) active properties in the LERTA program and one (1) property is approved for LERTA. However, the property owner has not completed new construction or property rehabilitation.

REQUIRED SUPPLEMENTARY INFORMATION

POCONO MOUNTAIN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
REVENUES				
Local Sources	$ 158,434,209	$ 156,834,209	$ 160,375,185	$ 3,540,976
State Sources	87,463,411	87,463,411	85,439,159	(2,024,252)
Federal Sources	4,536,380	6,136,380	6,543,086	406,706
Total Revenues	250,434,000	250,434,000	252,357,430	1,923,430
EXPENDITURES				
Instruction:				
Regular Programs	93,524,686	93,809,968	87,072,420	6,737,548
Special Programs	45,780,720	45,753,803	49,140,120	(3,386,317)
Vocational Programs	3,243,100	3,243,100	2,989,620	253,480
Other Instructional Programs	3,463,444	3,413,401	4,079,866	(666,465)
Nonpublic School Programs	5,500	5,500	28,481	(22,981)
Higher Education Programs	65,000	65,000	-	65,000
Total Instruction	146,082,450	146,290,772	143,310,507	2,980,265
Support Services:				
Pupil Support Services	9,990,473	9,983,456	10,363,914	(380,458)
Instructional Staff Services	11,232,169	11,952,220	15,843,098	(3,890,878)
Administrative Services	14,144,099	12,774,440	13,025,747	(251,307)
Pupil Health	2,183,063	2,254,225	2,065,097	189,128
Business Services	2,133,610	2,175,177	1,908,960	266,217
Operation and Maintenance of Plant Services	20,916,840	21,315,130	22,750,273	(1,435,143)
Student Transportation Services	14,878,103	14,813,586	15,615,332	(801,746)
Support Services - Central	3,412,808	3,966,028	3,890,379	75,649
Other Support Services	81,950	81,950	78,725	3,225
Total Support Services	78,973,115	79,316,212	85,541,525	(6,225,313)
Operation of Noninstructional Services:				
Student Activities	4,673,684	4,741,011	4,843,985	(102,974)
Community Services	42,500	42,500	134,017	(91,517)
Total Operation of Nonoperational Services	4,716,184	4,783,511	4,978,002	(194,491)
Facilities, Acquisition, Construction and Improvemnet Services	-	-	485,316	(485,316)
Debt Service:				
Principal	19,262,251	19,262,251	15,505,054	3,757,197
Interest	-	-	4,483,797	(4,483,797)
Total Debt Service	19,262,251	19,262,251	19,988,851	(726,600)
Total Expenditures	249,034,000	249,652,746	254,304,201	(4,651,455)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	1,400,000	781,254	(1,946,771)	(2,728,025)

POCONO MOUNTAIN SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
OTHER FINANCING SOURCES (USES)				
Issuance of Right-to-Use Arrangements	$ -	$ -	$ 40,000	$ 40,000
Transfers Out	(4,000,000)	(4,000,000)	(4,000,000)	-
Budgetary Reserve	(1,400,000)	(781,254)	-	781,254
Total Other Financing Sources (Uses)	(5,400,000)	(4,781,254)	(3,960,000)	821,254
NET CHANGE IN FUND BALANCE	$ (4,000,000)	$ (4,000,000)	(5,906,771)	$ (1,906,771)
Fund Balance - Beginning of Year			20,739,223	
FUND BALANCE - END OF YEAR			$ 14,832,452	

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PSERS
LAST TEN YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

	Measurement Date									
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.5675 %	0.5841 %	0.5956 %	0.5926 %	0.6343 %	0.6616 %	0.6644 %	0.7020 %	0.6715 %	0.6439 %
District's Proportionate Share of the Net Pension Liability	$ 237,526,802	$ 259,844,946	$ 264,796,148	$ 243,302,182	$ 312,323,078	$ 309,513,735	$ 318,944,987	$ 346,707,000	$ 332,774,000	$ 278,907,000
District's Covered Payroll	$ 89,713,103	$ 89,280,456	$ 87,380,820	$ 84,007,866	$ 89,262,011	$ 91,235,970	$ 89,475,811	$ 93,466,938	$ 86,968,086	$ 82,848,065
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	264.76 %	291.04 %	303.04 %	289.62 %	349.89 %	339.25 %	356.46 %	370.94 %	382.64 %	336.65 %
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 %	52.00 %	50.00 %	54.00 %

See note 15 for factors that significantly affect trends in the amounts presented.

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS – PSERS
LAST TEN YEARS
(SEE INDEPENDENT AUDITORS' REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 31,015,166	$ 29,793,266	$ 30,724,992	$ 29,831,812	$ 28,163,747	$ 29,746,753	$ 29,628,009	$ 28,192,671	$ 26,851,000	$ 21,363,000
Contributions in Relation to the Contractually Required Contribution	31,015,166	29,793,266	30,724,992	29,831,812	28,163,747	29,746,753	29,658,007	28,164,388	25,721,867	21,117,107
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (29,998)	$ 28,283	$ 1,129,133	$ 245,893
District's Covered Payroll	$ 94,213,810	$ 89,713,103	$ 89,280,456	$ 87,380,820	$ 84,007,866	$ 89,262,011	$ 91,235,970	$ 89,475,811	$ 93,466,938	$ 86,968,086
Contributions as a Percentage of Covered Payroll	32.92 %	33.36 %	34.41 %	34.14 %	33.53 %	33.33 %	32.51 %	31.48 %	27.52 %	24.28 %

See note 15 for factors that significantly affect trends in the amounts presented.

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY – SINGLE EMPLOYER PLAN
LAST EIGHT YEARS*
(SEE INDEPENDENT AUDITORS' REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 2,243,115	$ 2,099,873	$ 3,792,629	$ 3,863,375	$ 3,600,868	$ 3,638,230	$ 3,396,599	$ 3,304,967
Interest on Total OPEB Liability	2,384,307	2,236,088	1,665,258	1,350,945	2,266,083	1,966,325	1,913,778	1,429,358
Change of Benefit Terms	74,578	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	(4,704,173)	-	(3,967,082)	-	(7,441,234)	-	954,238	-
Changes of Assumptions	(314,624)	813,924	(15,309,719)	(2,474,442)	8,597,526	(2,224,132)	142,377	728,924
Benefit Payments	(2,717,150)	(2,543,980)	(2,338,678)	(2,173,452)	(2,007,190)	(1,738,794)	(1,888,990)	(1,729,203)
Net Change in Total OPEB Liability	(3,033,947)	2,605,905	(16,157,592)	566,426	5,016,053	1,641,629	4,518,002	3,734,046
Total OPEB Liability, Beginning	56,960,163	54,354,258	70,511,850	69,945,424	64,929,371	63,287,742	58,769,740	55,035,694
Total OPEB Liability, Ending	$ 53,926,216	$ 56,960,163	$ 54,354,258	$ 70,511,850	$ 69,945,424	$ 64,929,371	$ 63,287,742	$ 58,769,740
Fiduciary Net Position as a Percentage of Total OPEB Liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-Employee Payroll	$ 80,364,733	$ 78,621,581	$ 78,621,581	$ 81,130,688	$ 81,130,688	$ 87,870,431	$ 87,870,431	$ 79,194,265
OPEB Liability as a Percentage of Covered-Employee Payroll	67.10 %	72.45 %	69.13 %	86.91 %	86.21 %	73.89 %	72.02 %	74.21 %

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

No assets are accumulated in a trust to pay benefits related to this plan.

See note 13 for factors that significantly affect trends in the amounts presented.

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS
LAST EIGHT YEARS*
(SEE INDEPENDENT AUDITORS' REPORT)

	Measurement Date							
	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.5651 %	0.5828 %	0.5943 %	0.5926 %	0.6360 %	0.6616 %	0.6644 %	0.7020 %
District's Proportionate Share of the Net OPEB Liability	$ 10,038,770	$ 10,544,169	$ 10,939,702	$ 14,045,112	$ 13,742,033	$ 14,071,187	$ 13,852,401	$ 14,303,000
District's Covered Payroll	$ 89,713,103	$ 89,280,456	$ 87,380,820	$ 84,007,866	$ 89,262,011	$ 91,235,970	$ 89,475,811	$ 93,466,938
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	11.19 %	11.81 %	12.52 %	16.72 %	15.40 %	15.42 %	15.48 %	15.30 %
Plan Fiduciary Net Position as Percentage of the Total OPEB Liability	7.13 %	7.22 %	6.86 %	5.30 %	5.69 %	5.56 %	5.56 %	6.00 %

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

See note 13 for factors that significantly affect trends in the amounts presented.

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS – PSERS
LAST NINE YEARS*
(SEE INDEPENDENT AUDITORS' REPORT)

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 593,547	$ 590,922	$ 667,741	$ 693,982	$ 689,579	$ 747,004	$ 758,002	$ 742,294	$ 776,000
Contributions in Relation to the Contractually Required Contribution	593,547	590,922	667,741	693,982	689,579	747,004	755,097	736,498	731,135
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,905	$ 5,796	$ 44,865
District's Covered Payroll	$ 94,213,810	$ 89,713,103	$ 89,280,456	$ 87,380,820	$ 84,007,866	$ 89,262,011	$ 91,235,970	$ 89,475,811	$ 93,466,938
Contributions as a Percentage of Covered Payroll	0.63 %	0.64 %	0.75 %	0.79 %	0.82 %	0.84 %	0.83 %	0.82 %	0.78 %

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

See note 13 for factors that significantly affect trends in the amounts presented.

SUPPLEMENTARY INFORMATION

POCONO MOUNTAIN SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Health Insurance	Workers' Compensation	Total
ASSETS			
Current Assets:			
Cash	$ 5,495,962	$ 9,784,498	$ 15,280,460
Other Receivables	618,886	-	618,886
Total Current Assets	6,114,848	9,784,498	15,899,346
LIABILITIES			
Current Liabilities:			
Insurance Claims Payable	1,530,518	-	1,530,518
Noncurrent Liabilities:			
Insurance Claims Obligation			
Portion Due or Payable Within One Year	-	84,743	84,743
Portion Due or Payable After One Year	-	1,144,366	1,144,366
	-	1,229,109	1,229,109
Total Liabilities	1,530,518	1,229,109	2,759,627
NET POSITION			
Unrestricted	$ 4,584,330	$ 8,555,389	$ 13,139,719

POCONO MOUNTAIN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Health Insurance	Workers' Compensation	Total
REVENUES			
Charges for Services	$ 33,762,024	$ 918,780	$ 34,680,804
EXPENSES			
Employee Benefits	32,933,275	644,908	33,578,183
Purchased Services	-	111,322	111,322
Other Operating Expenses	1,435,920	27,753	1,463,673
Total Operating Expenses	34,369,195	783,983	35,153,178
OPERATING INCOME (LOSS)	(607,171)	134,797	(472,374)
NONOPERATING REVENUE			
Earnings on Investments	272,697	432,219	704,916
Total Nonoperating Revenues	272,697	432,219	704,916
CHANGE IN NET POSITION	(334,474)	567,016	232,542
Net Position - Beginning of Year	4,918,804	7,988,373	12,907,177
NET POSITION - END OF YEAR	$ 4,584,330	$ 8,555,389	$ 13,139,719

POCONO MOUNTAIN SCHOOL DISTRICT
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

	Health Insurance	Workers' Compensation	Total
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received for Assessments to Other Funds	$ 34,059,570	$ 929,466	$ 34,989,036
Payments to Suppliers for Goods and Services	-	(273,167)	(273,167)
Cash Payments for Insurance Claims	(32,533,769)	(622,939)	(33,156,708)
Cash Paid for Other Operating Expenses	(1,435,920)	(27,753)	(1,463,673)
Net Cash Provided (Used) by Operating Activities	89,881	5,607	95,488
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	272,697	432,219	704,916
Net Cash Provided (Used) by Investing Activities	272,697	432,219	704,916
NET CHANGE IN CASH	362,578	437,826	800,404
Cash - Beginning of Year	5,133,384	9,346,672	14,480,056
CASH - END OF YEAR	$ 5,495,962	$ 9,784,498	$ 15,280,460
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES			
Operating Income (Loss)	$ (607,171)	$ 134,797	$ (472,374)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
(Increase) Decrease In:			
Other Receivables	297,546	10,686	308,232
Increase (Decrease) In:			
Insurance Claims Payable	399,506	(139,876)	259,630
Net Cash Provided (Used) by Operating Activities	$ 89,881	$ 5,607	$ 95,488

OTHER INFORMATION

POCONO MOUNTAIN SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE
GENERAL FUND
YEARS ENDED JUNE 30, 2025, 2024, AND 2023
(UNAUDITED)

	2025	2024	2023
REVENUES			
Local Sources	$ 160,375,185	$ 153,794,244	$ 145,930,468
State Sources	85,439,159	79,091,465	76,000,822
Federal Sources	6,543,086	14,742,763	18,631,900
Total Revenues	252,357,430	247,628,472	240,563,190
EXPENDITURES			
Instruction:			
Regular Programs	87,072,420	86,700,692	86,968,600
Special Programs	49,140,120	44,093,540	41,052,092
Vocational Programs	2,989,620	2,891,722	3,135,077
Other Instructional Programs	4,079,866	4,364,022	4,203,256
Nonpublic School Programs	28,481	36,185	12,631
Higher Education Programs	-	37,758	-
Total Instruction	143,310,507	138,123,919	135,371,656
Support Services:			
Pupil Support Services	10,363,914	9,406,133	9,081,681
Instructional Staff Services	15,843,098	15,466,878	11,026,549
Administrative Services	13,025,747	12,355,166	12,175,369
Pupil Health	2,065,097	1,873,448	2,222,231
Business Services	1,908,960	1,645,347	1,618,036
Operation and Maintenance of Plant Services	22,750,273	20,255,623	18,814,122
Student Transportation Services	15,615,332	15,396,719	15,476,023
Support Services - Central	3,890,379	3,357,275	3,771,478
Other Support Services	78,725	73,507	72,322
Total Support Services	85,541,525	79,830,096	74,257,811
Operation of Noninstructional Services:			
Student Activities	4,843,985	4,492,067	4,479,492
Community Services	134,017	80,696	50,956
Total Operation of Noninstructional Services	4,978,002	4,572,763	4,530,448
Facilities, Acquisition, Construction and Improvement Services	485,316	4,979,366	5,846,347
Debt Service:			
Principal	15,505,054	16,042,855	15,429,763
Interest	4,483,797	4,037,466	4,323,656
Total Debt Service	19,988,851	20,080,321	19,753,419
Total Expenditures	254,304,201	247,586,465	239,759,681
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(1,946,771)	42,007	803,509

POCONO MOUNTAIN SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE (CONTINUED)
GENERAL FUND
YEARS ENDED JUNE 30, 2025, 2024, AND 2023
(UNAUDITED)

	2025	2024	2023
OTHER FINANCING SOURCES (USES)			
Proceeds from Extended Term Financing	$ 40,000	$ 59,714	$ 2,017,337
Transfers Out	(4,000,000)	(2,000,000)	(1,313,036)
Sale of/Compensation for Capital Assets	-	1,800	12,150
Total Other Financing Sources (Uses)	(3,960,000)	(1,938,486)	716,451
NET CHANGE IN FUND BALANCE	(5,906,771)	(1,896,479)	1,519,960
Fund Balance - Beginning of Year	20,739,223	22,635,702	21,115,742
FUND BALANCE - END OF YEAR	$ 14,832,452	$ 20,739,223	$ 22,635,702

POCONO MOUNTAIN SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF GENERAL FUND REVENUES
YEARS ENDED JUNE 30, 2025, 2024, AND 2023
(UNAUDITED)

	2025	2024	2023
REVENUES			
Local Sources:			
Current Real Estate Taxes	$ 136,044,556	$ 129,587,562	$ 121,636,099
Interim Real Estate Taxes	1,462,655	1,561,312	433,920
Public Utility Realty Tax	135,260	126,384	133,840
Payments in Lieu of Taxes	283,496	161,481	157,705
Earned Income Taxes	7,367,909	7,336,053	6,848,393
Real Estate Transfer Taxes	3,325,079	3,182,914	3,688,886
Delinquent Real Estate Taxes	7,733,243	7,563,940	9,417,441
Earnings on Investments	3,499,682	3,902,630	2,852,672
Revenues from Student Activities	32,284	35,285	41,038
Rentals	28,529	17,405	7,830
Contributions from Private Sources	203,303	123,472	155,100
Tuition and Other Services from LEAs	115,040	134,223	276,436
Refunds and Other Miscellaneous Revenues	144,149	61,583	281,107
Total Local Sources	160,375,185	153,794,244	145,930,467
State Sources:			
Basic Education Subsidy	36,783,399	35,189,764	31,730,366
State Share of Social Security and Medicare Taxes	3,414,014	3,537,182	3,363,127
Tuition for Orphans and Children Placed in Private Homes	905,288	631,402	600,586
Charter School Subsidy	1,088,354	-	-
Vocational Education Subsidy	733,885	-	479,603
Special Education Funding for School Aged Pupils	8,620,125	7,887,630	7,510,644
Transportation (Regular and Additional)	3,170,527	2,867,262	3,032,806
Rentals and Sinking Fund Payments	869,185	1,213,222	1,191,022
Health Services	172,610	158,201	161,102
State Property Tax Reduction Allocation	9,388,630	7,824,278	7,816,742
State Revenue Received from Other Sources	1,264,092	192,470	260,396
Safe Schools	45,000	105,000	19,824
Ready to Learn Block Grant	2,034,068	2,034,068	2,034,068
State Share of Retirement Contributions	16,949,982	17,450,986	17,800,536
Total State Sources	85,439,159	79,091,465	76,000,822
Federal Sources:			
Federal I.D.E.A. Pass Through Revenue	1,565,961	1,596,845	1,763,300
Title I	2,877,387	3,138,133	3,529,192
Title II	303,012	345,127	390,435
Title III	55,956	89,249	74,509
Title IV	203,342	271,645	262,178
Medical ACCESS	1,015,800	923,633	715,566
ESSER II	-	2,362,664	3,040,346
ESSER III	339,663	5,434,615	7,516,727
All Other Federal Sources	181,965	580,852	1,339,647
Total Federal Sources	6,543,086	14,742,763	18,631,900
Total Revenues	$ 252,357,430	$ 247,628,472	$ 240,563,189

POCONO MOUNTAIN SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES
YEARS ENDED JUNE 30, 2025, 2024, AND 2023
(UNAUDITED)

	2025	2024	2023
INSTRUCTION			
Regular Programs:			
Salaries and Wages	$ 47,349,316	$ 47,415,363	$ 46,872,959
Employee Benefits	30,625,874	29,339,125	29,648,659
Professional and Technical Services	160,900	123,569	154,270
Purchased Property Services	46,476	59,996	73,135
Other Purchased Services	7,692,644	8,047,197	7,951,496
Supplies	1,154,787	1,674,776	718,605
Equipment	24,370	20,634	1,526,843
Other	18,053	20,032	22,633
Total Regular Programs	87,072,420	86,700,692	86,968,600
Special Programs:			
Salaries and Wages	15,901,219	14,990,406	14,530,109
Employee Benefits	12,475,874	10,692,491	10,049,528
Professional and Technical Services	10,893,867	9,157,304	9,121,774
Other Purchased Services	9,433,902	8,787,390	7,037,439
Supplies	417,636	455,271	302,878
Equipment	-	-	620
Other	17,622	10,678	9,744
Total Special Programs	49,140,120	44,093,540	41,052,092
Vocational Programs:			
Other Purchased Services	2,989,620	2,891,722	3,135,077
Total Vocational Programs	2,989,620	2,891,722	3,135,077
Other Instructional Programs:			
Salaries and Wages	2,662,480	2,876,075	2,686,968
Employee Benefits	1,174,672	1,266,712	1,226,889
Professional and Technical Services	53,560	6,899	28,479
Other Purchased Services	169,120	154,436	158,801
Supplies	20,034	59,900	102,119
Total Other Instructional Programs	4,079,866	4,364,022	4,203,256
Nonpublic School Programs:			
Professional and Technical Services	28,481	36,185	12,631
Total Nonpublic School Programs	28,481	36,185	12,631
Higher Education Programs:			
Professional and Technical Services	-	26,340	-
Supplies	-	11,418	-
Total Higher Education Programs	-	37,758	-
Total Instruction	143,310,507	138,123,919	135,371,656

POCONO MOUNTAIN SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES (CONTINUED)
YEARS ENDED JUNE 30, 2025, 2024, AND 2023
(UNAUDITED)

	2025	2024	2023
SUPPORT SERVICES			
Pupil Support:			
Salaries and Wages	$ 5,916,587	$ 5,672,137	$ 5,450,957
Employee Benefits	3,671,516	3,094,802	2,962,740
Professional and Technical Services	593,545	521,858	493,615
Other Purchased Services	4,417	17,119	30,818
Supplies	176,164	98,176	80,530
Equipment	-	-	60,846
Other	1,685	2,041	2,175
Total Pupil Support	10,363,914	9,406,133	9,081,681
Instructional Staff:			
Salaries and Wages	5,824,015	4,138,056	3,773,784
Employee Benefits	4,800,482	5,779,716	3,949,218
Professional and Technical Services	1,412,143	1,476,562	242,594
Purchased Property Services	269,409	251,485	248,583
Other Purchased Services	366,859	284,280	260,184
Supplies	2,366,998	2,476,399	1,241,272
Equipment	792,857	1,054,318	1,308,608
Other	10,335	6,062	2,306
Total Instructional Staff	15,843,098	15,466,878	11,026,549
Administrative Services:			
Salaries and Wages	5,767,668	5,806,070	5,568,646
Employee Benefits	5,053,224	4,454,302	3,993,095
Professional and Technical Services	1,117,885	954,053	1,073,747
Purchased Property Services	3,577	2,521	2,433
Other Purchased Services	358,244	369,678	322,223
Supplies	55,325	33,514	62,478
Equipment	-	-	17,563
Other	669,824	735,028	1,135,184
Total Administrative Services	13,025,747	12,355,166	12,175,369
Pupil Health:			
Salaries and Wages	1,108,305	1,005,402	1,283,716
Employee Benefits	890,287	829,559	909,891
Other Purchased Services	244	187	372
Supplies	66,261	38,300	28,252
Total Pupil Health	2,065,097	1,873,448	2,222,231
Business Services:			
Salaries and Wages	1,078,016	968,858	929,132
Employee Benefits	709,644	564,983	573,155
Professional and Technical Services	-	-	1,000
Purchased Property Services	8,513	16,852	8,623
Other Purchased Services	73,708	66,401	84,732
Supplies	30,987	22,053	13,979
Other	8,092	6,200	7,415
Total Business Services	1,908,960	1,645,347	1,618,036

POCONO MOUNTAIN SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES (CONTINUED)
YEARS ENDED JUNE 30, 2025, 2024, AND 2023
(UNAUDITED)

	2025	2024	2023
SUPPORT SERVICES (CONTINUED)			
Operation and Maintenance of Plant Services:			
Salaries and Wages	$ 6,804,231	$ 6,819,990	$ 6,187,995
Employee Benefits	6,106,446	4,607,257	4,297,054
Professional and Technical Services	2,888,535	2,328,991	2,974,432
Purchased Property Services	1,406,914	1,312,986	1,122,458
Other Purchased Services	724,491	612,077	527,321
Supplies	4,063,322	4,021,729	3,437,646
Equipment	750,691	545,523	261,792
Other	5,643	7,070	5,424
Total Operation and Maintenance of Plant Services	22,750,273	20,255,623	18,814,122
Student Transportation Services:			
Salaries and Wages	195,974	176,519	172,245
Employee Benefits	428,243	672,538	618,042
Professional and Technical Services	-	1,178	-
Purchased Property Services	6,334	6,318	10,749
Other Purchased Services	14,214,368	13,851,977	13,833,843
Supplies	770,016	687,309	840,768
Other	397	880	376
Total Student Transportation Services	15,615,332	15,396,719	15,476,023
Support Services - Central:			
Salaries and Wages	780,034	768,779	652,837
Employee Benefits	969,125	655,728	1,233,570
Professional and Technical Services	1,379,383	1,343,896	1,386,522
Other Purchased Services	701,078	543,281	460,517
Supplies	21,670	615	4,732
Other	39,089	38,976	33,300
Total Support Services - Central	3,890,379	3,351,275	3,771,478
Other Support Services:			
Professional and Technical Services	78,725	73,507	72,322
Total Support Services	85,541,525	79,824,096	74,257,811
OPERATION OF NONINSTRUCTIONAL SERVICES			
Student Activities:			
Salaries and Wages	2,167,938	2,031,504	1,908,280
Employee Benefits	1,324,865	1,210,096	1,368,103
Professional and Technical Services	30,946	28,174	47,092
Purchased Property Services	106,523	83,146	73,405
Other Purchased Services	387,779	502,927	490,687
Supplies	353,574	312,305	297,177
Equipment	204,986	73,705	79,336
Other	267,374	250,210	215,412
Total Student Activities	4,843,985	4,492,067	4,479,492

POCONO MOUNTAIN SCHOOL DISTRICT
COMPARATIVE SCHEDULE OF GENERAL FUND EXPENDITURES (CONTINUED)
YEARS ENDED JUNE 30, 2025, 2024, AND 2023
(UNAUDITED)

	2025	2024	2023
OPERATION OF NONINSTRUCTIONAL SERVICES (CONTINUED)			
Community Services:			
Professional and Technical Services	$ 62,491	$ 55,146	$ -
Other Purchases Services	296	376	-
Supplies	69,020	25,174	49,528
Other	2,210	-	1,428
Total Community Services	134,017	80,696	50,956
Total Operation of Noninstructional Services	4,978,002	4,572,763	4,530,448
Facilities, Acquisition, Construction and Improvement Services	485,316	4,979,366	5,846,347
Debt Service:			
Principal	15,505,054	16,042,855	15,429,763
Interest	4,483,797	4,037,466	4,323,656
Total Debt Service	19,988,851	20,080,321	19,753,419
Refund of Prior Year Receipts	-	-	43,944
Total Expenditures	$ 254,304,201	$ 247,580,465	$ 239,803,625

SINGLE AUDIT

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Pass Through to Subrecipients
U.S. Department of Education											
Passed-Through the Pennsylvania											
Department of Education:											
Title I - Improving Basic Programs	I	84.010	013-240344	08/25/23 - 09/30/24	$ 3,379,558	$ 965,652	$ 724,231	$ 241,421	$ 241,421	$ -	$ -
Title I - Improving Basic Programs	I	84.010	013-250344	08/01/24 - 09/30/25	3,125,203	2,208,061	-	2,635,966	2,635,966	427,905	-
Total ALN 84.010						3,173,713	724,231	2,877,387	2,877,387	427,905	-
Title II - Improving Teacher Quality	I	84.367	020-240344	08/25/23 - 09/30/24	345,127	74,309	74,309	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-250344	08/01/24 - 09/30/25	318,341	224,319	-	303,012	303,012	78,693	-
Total ALN 84.367						298,628	74,309	303,012	303,012	78,693	-
Title III - English Language/Acquisition Grants	I	84.365	010-240344	08/25/23 - 09/30/24	70,611	45,703	30,280	15,423	15,423	-	-
Title III - English Language/Acquisition Grants	I	84.365	010-250344	08/01/24 - 09/30/25	64,922	23,186	-	40,533	40,533	17,347	-
Total ALN 84.365						68,889	30,280	55,956	55,956	17,347	-
Title IV - Student Support and Academic Achievement	I	84.424	144-240344	08/25/23 - 09/30/24	266,750	133,375	57,160	76,215	76,215	-	-
Title IV - Student Support and Academic Achievement	I	84.424	144-250344	08/01/24 - 09/30/25	254,507	163,612	-	127,127	127,127	(36,485)	-
Total ALN 84.424						296,987	57,160	203,342	203,342	(36,485)	-
COVID-19 Education Stabilization Fund	I	84.425D	223-210344	03/13/20 - 09/30/24	18,668,202	2,037,980	1,698,317	339,663	339,663	-	-
COVID-19 ARP ESSER 7%	I	84.425U	225-210344	03/13/20 - 09/30/24	1,451,971	211,196	128,226	82,970	82,970	-	-
COVID-19 ARP ESSER 2.5%	I	84.425U	224-210344	03/13/20 - 09/30/24	363,023	39,603	39,603	-	-	-	-
Total ALN 84.425						2,288,779	1,866,146	422,633	422,633	-	-
Passed-Through the Colonial Intermediate Unit:											
I.D.E.A. - Part B - Section 619	I	84.173	N/A	07/01/23 - 06/30/24	12,597	12,597	12,597	-	-	-	-
I.D.E.A. - Part B - Section 619	I	84.173	N/A	07/01/24 - 06/30/25	7,790	7,067	-	7,790	7,790	723	-
Total ALN 84.173						19,664	12,597	7,790	7,790	723	-

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025
(SEE INDEPENDENT AUDITORS' REPORT)

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Pass Through to Subrecipients
U.S. Department of Education (Continued)											
Passed-Through the Colonial Intermediate Unit (Continued):											
I.D.E.A. - Part B - Section 611	I	84.027	062-230020	07/01/23 - 09/30/24	1,584,248	550,772	550,772	-	-	-	-
I.D.E.A. - Part B - Section 611	I	84.027	062-240020	07/01/24 - 09/30/25	1,555,666	642,946	-	1,555,666	1,555,666	912,720	-
Passed-Through the Lancaster-Lebanon IU 13:											
I.D.E.A. - Part B - Section 611	I	84.027	062-220033	07/01/24 - 06/30/26	20,000	2,505	-	2,505	2,505	-	-
Total ALN 84.027						1,196,223	550,772	1,558,171	1,558,171	912,720	-
Total U.S. Department of Education						7,342,883	3,315,495	5,428,291	5,428,291	1,400,903	-
U.S. Department of Health and Human Services											
Passed-Through the Pennsylvania Department of Human Services:											
Medical Assistance Program	I	93.778	N/A	07/01/23 - 06/30/24	N/A	56,202	56,202	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/24 - 06/30/25	N/A	25,750	-	45,048	45,048	19,298	-
Total ALN 93.778						81,952	56,202	45,048	45,048	19,298	-
Total U.S. Department of Health and Human Services						81,952	56,202	45,048	45,048	19,298	-
U.S. Department of Agriculture											
Passed-Through the Pennsylvania Department of Education:											
School Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	22,669	22,669	-	-	-	-
School Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	1,217,028	-	1,244,247	1,244,247	27,219	-
Total ALN 10.553						1,239,697	22,669	1,244,247	1,244,247	27,219	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	7,993	7,993	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	3,543,419	-	3,582,043	3,582,043	38,624	-
After School Snacks	I	10.555	N/A	07/01/23 - 06/30/24	N/A	9,685	9,685	-	-	-	-
After School Snacks	I	10.555	N/A	07/01/24 - 06/30/25	N/A	12,193	-	12,193	12,193	-	-

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2025

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Source Code	Federal ALN Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Grant Amount	Total Received for Year	Accrued (Deferred) Revenue July 1, 2024	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue June 30, 2025	Pass Through to Subrecipients
U.S. Department of Agriculture (Continued)											
Passed-Through PA Department of Agriculture:											
National School Lunch Program	I	10.555	N/A	07/01/24 - 06/30/25	N/A	$ 552,425 a)	$ (16,975) b)	$ 559,943	$ 559,943 c)	$ (9,457) d)	$ -
Total ALN 10.555						4,125,715	703	4,154,179	4,154,179	29,167	-
Total U.S. Department of Agriculture						5,365,412	23,372	5,398,426	5,398,426	56,386	-
PA Commission on Crime and Delinquency											
Passed-Through the Pennsylvania Office of the Budget:											
PCCD - COVID-SFR	I	21.027	2023-CM-01 42838	01/01/24 - 12/31/25	$ 210,450	81,611	-	98,995	98,995	17,384	-
Total PA Commission on Crime and Delinquency						81,611	-	98,995	98,995	17,384	-
Total Federal Awards						$ 12,871,858	$ 3,395,069	$ 10,970,760	$ 10,970,760	$ 1,493,971	$ -
Special Education Cluster (IDEA) (ALN's #84.027 and #84.173)						$ 1,215,887	$ 563,369	$ 1,565,961	$ 1,565,961	$ 913,443	$ -
Child Nutrition Cluster (ALN's #10.553 and #10.555)						$ 5,365,412	$ 23,372	$ 5,398,426	$ 5,398,426	$ 56,386	$ -
Medicaid Cluster (ALN #93.778)						$ 81,952	$ 56,202	$ 45,048	$ 45,048	$ 19,298	$ -

Source Codes:
- D - Direct Funding
- I - Indirect Funding

Footnotes:
- a) Total Amount of Commodities Received from U.S. Department of Agriculture
- b) Beginning Inventory at July 1
- c) Total Amount of Commodities Used
- d) Ending Inventory at June 30

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Pocono Mountain School District (the 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 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).

NOTE 2 BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the modified 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 except as noted for the accounting of donated commodities in Note 3. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE 3 NONMONETARY FEDERAL AWARDS – DONATED FOOD

The Commonwealth of Pennsylvania distributes federal surplus food to institutions which includes schools, hospitals, and prisons, and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under Assistance Listing 10.555 National School Lunch Program and passed through the Pennsylvania Department of Education represent federal surplus food consumed by the District during the 2024 – 2025 fiscal year.

NOTE 4 ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2025, was $970,752.

NOTE 5 INDIRECT COSTS

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

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

Board of School Directors
Pocono Mountain School District
Swiftwater, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Pocono Mountain School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Pocono Mountain School District's basic financial statements, and have issued our report thereon dated May 14, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
May 14, 2026

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

Board of School Directors
Pocono Mountain School District
Swiftwater, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pocono Mountain 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 Pocono Mountain School District's major federal programs for the year ended June 30, 2025. Pocono Mountain 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, Pocono Mountain School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Pocono Mountain 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 Pocono Mountain 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 Pocono Mountain School District's federal programs.

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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 Pocono Mountain 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Pocono Mountain School District's compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Pocono Mountain 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 Pocono Mountain 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 Pocono Mountain 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
May 14, 2026

POCONO MOUNTAIN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

Section I – Summary of Auditors' Results

Financial Statements

1. Type of auditors' report issued: Unmodified

2. Internal control over financial reporting:

   - Material weakness(es) identified? _____ yes ____x____ no
   - Significant deficiency(ies) identified? _____ yes ____x____ none reported

3. Noncompliance material to financial statements noted? _____ yes ____x____ no

Federal Awards

1. Internal control over major federal programs:

   - Material weakness(es) identified? _____ yes ____x____ no
   - Significant deficiency(ies) identified? _____yes ____x____ none reported

2. Type of auditors' report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____yes _____x____ no

Identification of Major Federal Programs

Assistance Living Number	**Name of Federal Program or Cluster**
84.010	Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? _____x____ yes _____ no

Section II – Financial Statement Findings

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

Section III – Findings and Questioned Costs – Major Federal Programs

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



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAglobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.

APPENDIX C

Specimen Municipal Bond Insurance Policy

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ASSURED GUARANTY®

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.

SPECIMEN

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

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APPENDIX D

Note Counsel Opinion

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KingSpry
ATTORNEYS & COUNSELORS

1 W BROAD ST | SUITE 700 | BETHLEHEM, PA 18018
AMERICAN HERITAGE BUILDING | 4400 WALBERT AVE | ALLENTOWN, PA 18104
610-332-0390 | WWW.KINGSPRY.COM

December 15, 2026

Re: Pocono Mountain School District, Monroe County, Pennsylvania
$_____ General Obligation Notes, Series A of 2026
$_____ General Obligation Notes, Series B of 2026

The Pocono Mountain School District, Monroe County, Pennsylvania (the "School District"), is a Local Government Unit, as defined in the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa.C.S. Chs. 80-82 (the "Act").

The School District has determined to undertake a program to fund certain capital projects ("Projects") and a program to refund its General Obligation Bonds Series A of 2015 and its General Obligation Bonds Series A of 2016 pursuant to a ("Refunding Program') as set forth in its Resolution (hereinafter defined).

Pursuant to a resolution duly adopted on October 7, 2026 (the "Resolution"), and a purchase proposal dated October 7, 2026 (the "Purchase Agreement"), the School District has authorized the issuance and sale of its General Obligation Notes, Series A of 2026 (the "2026A Notes"), in the aggregate principal amount of $_____, and its General Obligation Notes, Series B of 2026 (the "2026B Notes"), in the aggregate principal amount of $_____ (collectively, the "Notes"). After payment of issuance costs, the proceeds of the Notes, together with any other funds available for such purposes, will provide the monies necessary for the Projects and the Refunding Program.

The principal and interest due on the Notes are payable from the School District's general revenues and constitute general obligation Notes under the Act.

Proceedings for authorization, issuance and sale of the Notes have been conducted in accordance with provisions of the Act. The Department of Community and Economic Development of the Commonwealth has approved the proceedings relating to issuance and delivery of the Notes, as authorized by the Resolution, as required by the Act.

In our capacity as note counsel to the School District, we have examined the Constitution of the Commonwealth of Pennsylvania; the Act and such other statutes, regulations, decisions, proceedings, and documents as we have deemed necessary as the basis of this opinion; the Resolution; a representative Note; and certain

statements, certifications, reports, affidavits and documents and agreements pertaining to the issuance and sale of the Notes.

On the basis of the foregoing, we are of the opinion that:

1. The School District is authorized, under the Act, to issue the Notes with the proceeds, together with any other money made available for the purpose, to be used for the purpose of providing the monies required to fund the Projects and the Refunding Program as defined in the Resolution.

2. The amount of the nonelectoral debt of the School District issued and outstanding or authorized by vote of the Board of School Directors of the School District (the "School Board"), after giving effect to the issuance and delivery of the Notes, computed in accordance with the Act, is not in excess of legal limitations; and the nonelectoral debt of the School District, which is evidenced by the Notes, is permitted by the Act and the Constitution of the Commonwealth to be made by vote of the School Board without assent of the electors.

3. The Notes and interest thereon are payable from the School District's general revenues. The School District has covenanted, in the Resolution, to and with holders or registered owners of such Notes which shall be outstanding, from time to time, pursuant to the Resolution, that the School District shall include the amount of the debt service thereof, for each fiscal year of the School District in which such sums are payable, in its budget for that fiscal year; shall appropriate such amounts to the place and in the manner stated in the Notes according to the true intent and meaning thereof; and, for such budgeting, appropriation, and payment, the School District has pledged, irrevocably, its full faith, credit and available taxing power. The Act provides that the foregoing covenant of the School District shall be enforceable specifically. The Notes are additionally secured by the "State Aid" Intercept Provisions of Section 633 of the Public School Code of 1999, as amended by Act 150 of 1975.

We call to your attention, however, that pursuant to Act 1 of Special Session 2006, the School District may not, in any fiscal year, without voter approval by referendum (a so-called "back-end referendum"), or without approval by the Pennsylvania Department of Education, increase the rate of any tax for school purposes by more than the index, increase the rate of any earned income tax levied under Act 511 (the Local Tax Enabling Act) or levy any tax not previously imposed.

There are exceptions to the back-end referendum and school districts such as the School District may increase the rate of a tax levied for the support of the public schools by more than the applicable Index without voter approval on debt issued to refinance debt incurred prior to the effective date (such as the Notes), so long as such increase has been approved by the Pennsylvania Department of Education.

The Undersigned is of the opinion that the aforementioned exception to the referendum requirement is not available for the Notes.

4. The School District, in the Resolution, has established a sinking fund for the Notes, with the paying agent named in the Resolution as the sinking fund depository, into which funds for the payment of the principal of and interest on the Notes shall be deposited no later than the date fixed for disbursement thereof. The School District has covenanted, in the Resolution, to make payments therefrom in such amounts as shall be sufficient for prompt and full payment of all obligations of the Notes.

5. The annual amounts appropriated to the sinking funds under the Resolution are sufficient to pay the principal of and interest on the Notes.

6. The Notes constitute valid, binding and enforceable general obligations of the School District in accordance with their terms and the terms of the Resolution, entitled to the benefit and security of the Resolution and the Act, for the payment of which all taxable real property within the School District is presently subject to ad valorem taxes without limitation as to rate or amount.

7. The Resolution has been properly adopted, and the provisions thereof represent valid and binding obligations of the School District in accordance with the terms thereof.

8. The interest on the Notes is payable without deduction of any taxes now or hereafter levied or assessed thereon under any present or future law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, estate, succession or inheritance taxes, taxes on gains on the sale of the Notes, or to other taxes not levied or assessed directly on the Notes or the interest paid thereon.

9. The Act provides that the Commonwealth does pledge to and agree with any person, firm or corporation or Federal Agency subscribing to or acquiring any of the Notes, that the Notes, their transfer and the income therefrom, shall at all times be free from taxation for State and local purposes within the Commonwealth, but this exemption does not extend to gift, estate, succession or inheritance taxes, taxes on gains on the sale of the Notes, or any other taxes not levied directly on the Notes or the income therefrom.

10. Under existing statutes, regulations and decisions, interest on the Notes, including any original issue discount properly allocable to the holder thereof, is excluded from gross income for purposes of Federal income taxation and is not an item of tax preference for purposes of Federal alternative minimum tax; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed

on corporations under the Internal Revenue Code of 1986 as amended ("Code"). Furthermore, the Notes are not arbitrage Notes.

The opinion set forth above in Paragraph 10 is subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be (or continue to be) excluded from gross income for Federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Notes to be so included in gross income retroactive to the date of issuance of the Notes. The School District has covenanted to comply with all such requirements and has the legal power to do so. We express no opinion regarding other Federal tax consequences arising with respect to the Notes.

It is to be understood that the rights of holders or registered owners of Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

The Cusip Number printed on each of the Notes pursuant to recommendations promulgated by the Committee on Uniform Security Identification Procedures is for convenience of identification only and does not in any way affect or modify the legality, negotiability, transferability or procedure for redemption of the Notes.

This opinion is expressly limited to the matters stated herein and no opinion is implied or may be inferred beyond the matters expressly stated herein. This opinion is given as of the date hereof and we assume no obligation to update this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur. This opinion is expressly limited to the present internal laws of the Commonwealth and present federal law.

KING, SPRY, HERMAN, FREUND & FAUL, LLC

_____

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APPENDIX E

Form of Continuing Disclosure Certificate

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CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is made as of the 15th day of December 2026, by the Pocono Mountain School District (the "School District").

W I T N E S S E T H :

WHEREAS, pursuant to a Note purchase proposal dated October 7, 2026, by and between the School District and Stifel, Nicolaus & Company Incorporated (the "Underwriter"), the School District is selling the School District's General Obligation Notes, Series A of 2026 ("2026A Notes") in the final aggregate principal amount of $_____ and its General Obligation Notes, Series B of 2026 ("2026B Notes") in the final aggregate principal amount of $_____, the 2026A Notes and the 2026B notes collectively referred to as the ("Notes" to the Underwriter; and

WHEREAS, Rule 15c2-12 promulgated under the Securities Exchange Act of 1934, as amended (the "Rule"), provides that a Participating Underwriter (as defined in the Rule) shall not purchase or sell municipal securities in connection with an Offering (as defined in the Rule) unless the Participating Underwriter has reasonably determined that an issuer of municipal securities, or an obligated person for whom financial or operating data is presented in the final official statement has undertaken, either individually or in combination with other issuers of such municipal securities or obligated persons, in a written agreement or contract for the benefit of holders of such securities, to provide, either directly or indirectly through an indenture trustee or a designated agent, certain specified financial information and operating data and notices of certain material events; and

WHEREAS, the School District currently is the only obligated person with respect to the Notes for purposes of the Rule; and

WHEREAS, in order to enable the Underwriter to comply with the requirements of the Rule, the School District, as such obligated person, agrees to undertake to provide the information and notices required by the Rule.

NOW, THEREFORE, in consideration of the premises, the School District, intending to be legally bound hereby, agrees as follows:

Section 1. Definitions. In addition to the terms defined in the above recitals, the following terms shall have the meanings specified below:

"EMMA" shall mean the Electronic Municipal Market Access System as provided by the MSRB.

"MSRB" shall mean the Municipal Securities Rulemaking Board.

"SID" shall mean the state information depository, if any, established for Pennsylvania for purposes of the Rule. As of the date hereof, there is no SID.

Section 2. Covenants of the School District.

The School District covenants to comply with all requirements of the Rule in furtherance of the foregoing and without limiting the generality thereof:

(a) The School District shall deliver to any Note insurer then insuring the Notes, the MSRB through EMMA and to the SID, if any, by March 27th (270 days) following the end of the fiscal year ending the previous June 30th, the following financial information for the School District:

(1) a copy of the Annual Comprehensive Financial Report for the most recent fiscal year prepared in accordance with generally accepted accounting principles for local government units; and

(2) a copy of (or a summary of) the budget for the current fiscal year.

(3) the aggregate assessed value and aggregate market value of all taxable real estate for the new fiscal year;

(4) the taxes and millage rates imposed for the new fiscal year;

(5) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount);

(6) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the new fiscal year; and

(7) pupil enrollment figures, including enrollment at the end of the most recent fiscal year, current enrollment and projected enrollment for the beginning of the next fiscal year, including a breakdown between elementary and secondary enrollment (to the extent reasonably feasible).

(b) If not submitted as part of the annual financial information, the School District shall deliver if and when available, the audited financial statements for the School District;

(c) The School District shall file in a timely manner not in excess of ten (10) business days after the occurrence of the event, to any Note insurer then insuring the Notes and to

EMMA and to the MSRB through EMMA and to the SID, if any, notice of any of the following events (collectively, "Reportable Events") with respect to the Notes:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on any credit enhancements reflecting financial difficulties;

(5) substitution of any credit or liquidity providers, or their failure to perform;

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

(7) modifications to rights of holders of the Notes if material:

(8) Note calls, if material, and tender offers;

(9) defeasances; or events affecting the tax-exempt status of the Notes;

(10) release, substitution, or sale of property securing payment of the Notes, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership, or similar event of the obligated person;

(13) the consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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; and

(14) appointment of a successor or additional trustee or the change of name of a trustee if material.

(15) Incurrence of a financial obligation of the issuer or obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the issuer or obligated person, any of which affect security holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the issuer or obligated person, any of which reflect financial difficulties.

(d) The School District shall file in a timely manner with MSRB through EMMA notice of a failure of any obligated person to provide required annual financial information, on or before the date specified within this Disclosure Certificate.

(e) The School District shall send to any Note insurer then insuring the Notes:

(1) Copies of any information delivered to MSRB through EMMA and the SID, if any, pursuant to subsections (a) or (b) above; and

(2) Concurrently with the delivery of any information required pursuant to subsection (a) or (b) above, a certificate signed by an authorized officer of the School District, that it has filed such information with the MSRB through EMMA and the SID, if any.

(f) The School District agrees to provide information required in subsection (a) or (b) above for all persons who are determined by it to be "Obligated Persons" under the Rule.

(g) The School District agrees that the provisions of this Section 2 shall be for the benefit of the holders and beneficial owners of the Notes and shall be enforceable by any holders or beneficial owners of the Notes, or by the Paying Agent on their behalf.

Section 3. Termination of Reporting Obligations. The School District's obligations under this Disclosure Certificate shall terminate upon the legal defeasance, prior redemption, or payment in full of all of the Notes. If the School District's obligations with respect to the payment of the Notes are assumed in full by some other entity, such other entity shall be responsible for compliance with this Disclosure Certificate in the same manner as if it were the School District's, and the School District shall have no further responsibility hereunder. In addition, the School District's obligation to provide information and notices as specified in Section 2 hereof shall terminate (i) at such other times as such information and notices (or any portion thereof) are no longer required to be provided by the Rule as it applies to the Notes, (ii) in the event of a repeal or rescission of the Rule or (iii) upon a determination that the Rule is invalid or unenforceable.

Section 4. Amendment. The School District may amend this Disclosure Certificate and waive any of the provisions hereof, but no such amendment or waiver shall be executed and effective unless (i) the amendment or waiver is made in connection with a change in legal requirements, change in law or change in the identity, nature or status of the School District or

the operations conducted by the School District, (ii) this Disclosure Certificate, as modified by the amendment or waiver complies with the requirements of the Rule, and (iii) the amendment or waiver does not materially impair the interests of the beneficial owners of the Notes. Prior to executing any requested amendment, the School District shall provide an opinion of counsel knowledgeable in federal securities laws to the effect that the proposed amendment satisfies the requirements described above. In the event of any amendment or waiver of a provision of this Disclosure Certificate, the School District shall describe such amendment in its next annual report delivered pursuant to Section 2(a) hereof, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the financial information or operating data being presented by the School District. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements (i.e., changes other than those prescribed by generally accepted accounting principles), (i) notice of such change shall be given pursuant to the Reportable Event notice requirements as set forth in this Disclosure Certificate; and (ii) the annual report for the year in which the change is made will present a comparison between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles. To the extent that the Rule requires or permits an approving vote of beneficial owners of the Notes in connection with an amendment, the approving vote of beneficial owners of Notes constituting more than 50% of the aggregate principal amount of the then outstanding Notes shall constitute such approval. The School District shall provide notice of any amendment to this Disclosure Certificate to the MSRB through EMMA and the SID, if any, and to the registered holders of the Notes.

Section 5. Remedies for Default. In the event of a breach or default by the School District of its covenants to provide annual financial information and notices as provided in Section 2 hereof, the Paying Agent, the Underwriter, or any holder or beneficial owner of Notes shall have the right to bring an action in a court of competent jurisdiction to compel specific performance by the School District. A breach or default under this Disclosure Certificate shall not constitute an event of default under the Notes or any other agreement. The Paying Agent shall be under no obligation to enforce this Disclosure Certificate but may do so and may require that it be furnished with indemnity and security for expenses satisfactory to it.

Section 6. Miscellaneous.

(a) Binding Nature of Undertaking. This Disclosure Certificate shall be binding upon and inure to the benefit of the Underwriter, and its respective successors and assigns. In addition, registered owners of the Notes, which for the purposes of this Section 6 includes the holders of a book-entry credit evidencing an interest in the Notes, from time to time shall be third party beneficiaries hereof and shall be entitled to enforce the provisions hereof as if they were parties hereto; but no consent of beneficial owners of the Notes shall be required in connection with any amendment of this Disclosure Certificate, except as required by the Rule. Holders of book-entry credits evidencing an interest in the Notes may file their names and addresses with the School District for the purposes of receiving notices or giving direction under this Disclosure Certificate.

(b) Notices. All notices and other communications required or permitted under this Disclosure Certificate shall be in writing and shall be deemed to have been duly given, made and received only when delivered (personally, by recognized national or regional courier service, or

by other messenger, for delivery to the intended addressee) or when deposited in the United States mail, registered or certified mail, postage prepaid, return receipt requested, addressed as set forth below:

(i) If to the Paying Agent:

Manufacturers and Traders Trust Company
Institutional Client Services, Corporate Trust
285 Delaware Avenue, 3rd Floor
Buffalo, NY 14202-1885
Attn: Vice President
Telecopy No.: (716) 842-4474

(ii) If to the School District:

Chief Financial Officer
Pocono Mountain School District
135 Pocono Mountain School Road
Swiftwater, PA 18370
Telecopy No.: (570) 895-4522

(iii) If to the MSRB:

Municipal Services Rulemaking Board
1640 King Street
Suite 300
Alexandria, VA 22314-2719
Attn: CDI
Telecopy No. (703) 683-1938

Any party may alter the address to which communications are to be sent by giving notice of such change of address in conformity with the provisions of this Section.

(c) Controlling Law. This Disclosure Certificate and all questions relating to its validity, interpretation, performance, and enforcement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania and the Rule.

(d) Successor and Assigns. Notwithstanding anything herein to the contrary, any successor under the Paying Agent Agreement dated as of December 15, 2026, between the School District and the Paying Agent relating to the Notes shall automatically succeed to the rights of the Paying Agent under this Disclosure Certificate.

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IN WITNESS WHEREOF, the parties hereto have executed this Disclosure Certificate as of the date first above written.

POCONO MOUNTAIN SCHOOL DISTRICT

BY: _____
(Vice) President

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