PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 8, 2026

NEW ISSUE—BOOK-ENTRY ONLY

RATINGS: S&P Rating: "___" (Insured)
Moody's: "Aa3" (Underlying)
(See Ratings herein)

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation. This opinion of Bond Counsel is subject to continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations thereunder. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the "Commonwealth") as presently enacted and construed, the interest on the Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For further information concerning federal and state tax matters relating to the Bonds,

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

For further information concerning federal and state tax matters relating to the Bonds, see "TAX EXEMPTION AND OTHER TAX MATTERS" herein.

$20,000,000*
Quakertown Community School District
Bucks County, Pennsylvania
General Obligation Bonds, Series of 2026

Dated: Date of Delivery
Interest Due: March 1 and September 1
Principal Due: March 1, as shown on inside cover
First Interest Payment: March 1, 2027

The General Obligation Bonds, Series of 2026 (the "Bonds") in the aggregate principal amount of $20,000,000* will be issued in registered form in denominations of $5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of $5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See "BOOK-ENTRY ONLY SYSTEM" herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

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

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

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

Proceeds of the Bonds will be used towards: (i) demolition of the current Quakertown Elementary School, (ii) capital improvements to school facilities and school buildings owned and operated by the School District, including, without limitation, the designing, constructing, furnishing and equipping of a new Quakertown Elementary School, and (iii) paying the costs and expenses related to the issuance of the Bonds.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by __________

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

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinion of McNees Wallace & Nurick LLC, of Plymouth Meeting, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Begley, Carlin, and Mandio, LLP, of Langhorne, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Municipal Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery through DTC New York, New York, on or about October 20, 2026.

PFM Financial Advisors LLC
Municipal Advisor to the School District

Dated:

*Estimated, subject to change.

$20,000,000*

Quakertown Community School District

Bucks County, Pennsylvania

General Obligation Bonds, Series of 2026

Bonds Dated: Date of Delivery

Interest Due: March 1 and September 1

Principal Due: March 1, as shown below

First Interest Payment: March 1, 2027

BOND MATURITY SCHEDULE:

Maturity Date (March 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	Initial Offering Prices	CUSIP(1)
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					

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

*Estimated, subject to change

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
Bucks County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

David O'Donnell	President
Brian Reimers	Vice-President
Terry San Angelo	Secretary*
Todd Hippauf	Member
Amanda Hahn	Member
Joseph Lyons	Member
Jonathan Kern	Member
Christopher Spear	Member
Rebecca Merola	Member
Roberta Rogers	Member

*Non-Member.

SUPERINTENDENT
DR. LISA HOFFMAN

CHIEF FINANCIAL OFFICER
DAWN YOUNG

SCHOOL DISTRICT SOLICITOR
BEGLEY, CARLIN, AND MANDIO, LLP
Langhorne, Pennsylvania

SCHOOL DISTRICT BOND COUNSEL
MCNEES WALLACE & NURICK LLC
Plymouth Meeting, Pennsylvania

MUNICIPAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Harrisburg, Pennsylvania

SCHOOL DISTRICT ADDRESS
100 Commerce Drive
Quakertown, Pennsylvania 18951

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

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

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PRELIMINARY OFFICIAL STATEMENT

$20,000,000*
Quakertown Community School District
Bucks County, Pennsylvania
General Obligation Bonds, Series of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover page hereof and Appendices hereto, is furnished by Quakertown Community School District, Bucks County, Pennsylvania (the "School District"), in connection with the offering of its $20,000,000* aggregate principal amount General Obligation Bonds, Series of 2026 dated as of delivery (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on June 17, 2026 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. Cons. Stat. Chs. 80-82 (the "Debt Act").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used towards: (i) demolition of the current Quakertown Elementary School, (ii) capital improvements to school facilities and school buildings owned and operated by the School District, including, without limitation, the designing, constructing, furnishing and equipping of a new Quakertown Elementary School, and (iii) paying the costs and expenses related to the issuance of the Bonds.

Sources and Uses of Bond Proceeds

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

Sources of Funds	**Total**
Par Amount	
Net Original Issue Premium/(Discount)	
Total Sources of Funds	
Uses of Funds	
Deposit to Project Fund	
Estimated Costs of Issuance[1]	
Total Uses of Funds	

[1]Includes legal, solicitor, municipal advisor, underwriter's discount, printing, credit rating, bond insurance premium, CUSIP, paying agent, and miscellaneous costs.

*Estimated, subject to change

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of $5,000 and integral multiples thereof, will be in the aggregate principal amount of $20,000,000* General Obligation Bonds, Series of 2026, will be dated as of October 20, 2026, and will bear interest at the rates and mature in the amounts and on the dates set forth on the cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on March 1, 2027, and thereafter, semiannually on March 1 and September 1 until the principal sum thereof is paid.

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

Payment of Principal and Interest

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

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

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

Interest is payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding March 1, 2028, in which event such Bond shall bear interest from March 1, 2027, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bonds shall bear interest from the date to which interest was last paid on such Bond. Interest shall be paid initially on March 1, 2027, and thereafter, semiannually on March 1 and September 1 of each year, until the principal sum is paid. Interest on each Bond is payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

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

Transfer, Exchange and Registration of Bonds

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

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*Estimated, subject to change.

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

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 154 of 1998 (the "Public School Code"), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depositary for such bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

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

Pennsylvania Budget Adoption

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

The Governor timely signed the state's 2021-22 fiscal year budget on June 30, 2021. That budget included an increase of $300 million for basic education, with $100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a $50 million increase, boosting that budget line to $1.24 billion, while preschool and Head Start programs received a $30 million increase, to $311.5 million. All told, funding for K-12 schools reached a then record high of $13.55 billion in the 2021-22 budget.

After a week's delay and intense negotiations, a $42.7 billion budget for the state's 2022-23 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included $7.6 billion for the basic education funding appropriation and $225 million to supplement school districts with a higher at risk student population. The total amount was a $525 million increase over the 2021-22 fiscal year appropriation.

After over a month delay, a $44.9 billion budget for the state's 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which included $7.87 billion for the basic education funding appropriation. The total amount was a $567 million increase over the 2022-23 fiscal year appropriation. The budget also provided $50 million in additional aid to school districts for special education services for a total of $1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023, multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state's budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The $47.6 billion budget includes $8.097 billion for the basic education funding appropriation. The total amount is a $225 million increase over the 2023-24 fiscal year appropriation. The budget also provides $100 million in additional aid to school districts for special education services for a total of $1.487 billion and $100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling $493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional $60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

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

After approximately two weeks of delay, Governor Josh Shapiro signed the state's budget for the 2026-27 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 2025-26 fiscal year appropriation, and $1.58 billion for the special education appropriation, which is a $55 million increase over the same appropriation for the 2025-26 fiscal year. The budget also includes $75 million in annual savings from cyber charter funding reform, bringing total cyber charter savings to $250 million annually. (See "SECURITY FOR THE BONDS" herein.).

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

Act 85 of 2016

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

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

Act 85 of 2016 provides that the amounts as may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to 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 (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

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

Act 85 of 2016 requires that each school district 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 Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

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

Security

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

Sinking Fund

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

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

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

BOND INSURANCE

TBD

BOND INSURANCE RISK FACTORS

The School District has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The School District has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to bond insurance.

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

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

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

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

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

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

BOOK-ENTRY ONLY SYSTEM

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

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

DTC the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System. a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations.

DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

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

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

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

REDEMPTION OF BONDS

Mandatory Redemption

Bidders may elect to structure the issue to include term Bonds, which term Bonds, if selected by the bidder, will be subject to mandatory redemption prior to maturity, in the years and amounts as shown in the Invitation to Bid, upon payment of the principal amount of Bonds to be redeemed, together with accrued interest to the date fixed for redemption, or upon maturity, as applicable. Bonds to be redeemed shall be selected by lot by the Paying Agent.

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

Optional Redemption

The Bonds stated to mature on or after March 1, 2035, shall be subject to redemption prior to maturity, at the option of the School District, as a whole or on any date thereafter, or from time to time, in part (and if in part, in any order of maturities designated by the School District and within a maturity by lot) on September 1, 2034 or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount to be redeemed, together with accrued interest to the redemption date.

Notice of Redemption

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

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

Manner of Redemption

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

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

THE SCHOOL DISTRICT

Introduction

The School District is located in Upper Bucks County and is comprised of the Boroughs of Quakertown, Richlandtown, and Trumbauersville, and the Townships of Haycock, Richland and Milford. The population of the School District for 2020 was 36,253 residents.

Administration

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

School Facilities

The School District presently operates five elementary schools, one sixth grade center, one middle school, and one senior high school, all as described on the following table. Students in grades 9-12 may attend the Upper Bucks County Career Center.

TABLE 1
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SCHOOL FACILITIES

Building	Original Construction Date	Addition/ Renovation Date(s)	Grades	Number of Classrooms	Rated Pupil Capacity	2025-26 Enrollment
Elementary:						
Neidig Elementary School	1974	2020	K-5	18	600	449
Quakertown Elementary School	1929	1967	K-5	17	325	265
Richland Elementary School..............	1957	2010	K-5	25	475	325
Trumbauersville Elementary School...	1999	-	K-5	19	475	380
Pfaff Elementary School	2005	-	K-5	18	450	458
Secondary:						
Quakertown Community Senior High	1956	1966/1988/2018	9-12	63	1,473	1,565
Strayer Middle School	2004	-	7-8	31	1,000	698
Elementary/Secondary						
Sixth Grade Center.............................	1967	2005	6	22	550	339

Source: School District Officials.

Enrollment Trends

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next five years.

TABLE 2
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
ENROLLMENT TRENDS

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2021-22	2,297	2,448	4,745	2026-27	2,272	2,208	4,480
2022-23	2,369	2,396	4,765	2027-28	2,204	2,262	4,466
2023-24	2,390	2,338	4,728	2028-29	2,231	2,230	4,461
2024-25	2,302	2,352	4,654	2029-30	2,221	2,203	4,424
2025-26	2,216	2,267	4,483	2030-31	2,217	2,184	4,449

Source: School District officials.

SCHOOL DISTRICT FINANCES

Introduction

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

Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The government wide statements report 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). Its financial statements are audited annually by an independent certified public accountant, as required by Commonwealth law.

The School District keeps its books and prepares its financial reports according to a modified accrual basis.

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

Budgeting Process in School Districts under the Taxpayer Relief Act

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

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

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

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

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

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

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past 4 years and the budget for 2025-26 and the budget for 2026-27. The School District's budget for 2025-26, as adopted June 12, 2025, budgeted total revenue of $135,068,889 and expenditures of $147,707,523, which includes a budgetary deficit of $12,638,634. The School District's budget for 2026-27, as adopted June 24, 2026, budgeted total revenue of $139,243,295 and expenditures of $152,047,174, which includes a budgetary deficit of $12,803,879.

TABLE 3
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ending June 30)

	2022	2023	2024	2025
ASSETS				
Cash and Cash Equivalents	$29,530,804	$38,253,273	$40,711,676	$32,736,274
Investments	3,115,522	3,243,321	3,424,939	3,593,309
Taxes Receivable	3,251,052	3,663,421	5,829,292	3,154,761
Due from Other Funds	728,264	2,247,487	4,324,680	6,677,910
Due from Other Governments	0	0	0	895,571
State Revenue Receivable	5,846,486	5,902,381	3,811,337	4,266,593
Federal Revenue Receivable	0	0	125,516	140,888
Other Receivables	531,227	238,160	581,060	79,049
Prepaid Expenses/Expenditures	932,007	1,543,487	198,505	497,765
TOTAL ASSETS	$43,935,362	$55,091,530	$59,007,005	$52,042,120
LIABILITIES				
Accounts Payable	$1,591,054	$2,217,657	$2,540,070	$2,001,138
Due to Other Funds	997,284	0	0	7,141,056
Accrued Salaries & Benefits	5,785,486	6,375,357	7,541,274	75,000
Payroll Deducts and Withholdings	0	2,931,763	5,945,019	6,553,860
Unearned Revenues	324,697	339,406	9,446	83,499
TOTAL LIABILITIES	$8,698,521	$11,864,183	$16,035,809	$15,854,553
Deferred Inflows of Resources	$695,098	$814,459	$814,459	$770,633
FUND EQUITIES				
Nonspendable Fund Balance	$932,000	$1,543,487	$1,381,604	$198,505
Committed Fund Balance	23,649,583	31,369,843	17,837,562	29,805,552
Unassigned Fund Balance	9,960,153	9,499,558	22,937,571	5,412,877
TOTAL FUND EQUITIES	$34,541,743	$42,412,888	$42,156,737	$35,416,934
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND EQUITIES	$43,935,362	$55,091,530	$59,007,005	$52,042,120

Source: School District Annual Financial Reports

TABLE 4
QUAKERTOWN COMMUNITY SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*

	Actual				Budgeted	Budgeted
	2022	**2023**	**2024**	**2025[3]**	**2026[1]**	**2027[2]**
Beginning Fund Balance	$28,730,185	$34,541,743	$42,412,890	$39,733,529	$35,416,934	$35,416,934
Revenue Over (under) Expenses	$5,811,558	$7,871,147	($256,153)	($4,316,595)	($12,638,634)	($12,803,879)
Chg. In Inventory Res.	0	0		0	0	0
Ending Fund Balance	$34,541,743	$42,412,890	$42,156,737	$35,416,934	$35,416,934	$22,778,300

*Totals may not add due to rounding.
[1]Budget, as adopted June 12, 2025. See "Summary and Discussion of Financial Results" herein.
[2]Budget, as adopted June 24, 2026. See "Summary and Discussion of Financial Results" herein.
[3] Restatement. The General Fund reported a decrease in fund balance of $2,679,360, bringing the cumulative balance to $39,733,528 at the conclusion of the 2023-2024 fiscal year.
Source: School District Annual Financial Reports and Budget.

Revenue

The School District received $131,092,662 in revenue in 2024-25 and has budgeted revenue of $135,068,889 in 2025-26 and budgeted revenue of $139,243,295 in 2026-27. Local sources decreased as a share of the total revenue in the past five years from 73.9 percent in 2021-22 to 72.2 percent in 2024-25. Revenue from State sources increased as a share of the total revenue from 24.2 percent to 26.9 percent over this period. Federal and other revenues decreased as a share of total revenue in the past five years from 1.8 percent in 2021-22 to 1.5 percent in 2024-25.

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TABLE 5
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(For years ending June 30)

REVENUES:	Actual				Budgeted	Budgeted
Local Sources:	**2022**	**2023**	**2024**	**2025**	**2026[1]**	**2027[2]**
Real Estate Taxes	$69,082,169	$70,623,184	$71,844,641	$71,493,859	$73,452,264	$76,266,147
Interim Real Estate Taxes	345,717	832,962	435,578	869,553	935,322	901,813
Payments in Lieu of Current Taxes	54,886	55,950	55,950	62,560	83,200	100,100
Public Utility Realty Tax	80,511	79,851	76,043	83,178	62,560	82,300
Total Act 511 Taxes	14,494,547	14,960,176	17,159,190	15,837,568	16,200,444	16,809,806
Delinquency on Taxes Levied	1,088,107	921,957	1,204,289	635,679	1,054,241	807,328
Earnings from Investments	106,387	2,309,569	3,613,278	2,988,113	2,205,553	1,650,000
Revenue for Student Activities	137,544	185,399	70,152	162,148	127,000	149,072
Federal Rev. Rec'd from PA Schools	1,447,045	1,392,918	1,400,733	895,571	1,405,187	0
Receipts from other LEAS	35,023	0	0	0	0	0
Federal IDEA Revenue Received as Pass Through	0	0	0	0	0	1,474,874
Revenue-Prior Years' Expenditures	310,599	53,757	63,126	1,048,224	0	0
Rentals	74,611	110,523	273,347	207,921	276,835	245,066
Contributions and Donations from Private Sources	0	0	0	0	0	182,350
Tuition	18,360	12,052	49,840	189,249	108,355	51,000
Services Provided Other Funds	0	0	158,401	122,930	153,825	0
All Other Local Rev. Not Specified	42,357	15,000	9,506	27,095	691,337	449,058
Total Local Sources	$87,317,866	$91,553,298	$96,414,076	$94,675,718	$96,756,123	$99,168,914
State Sources:						
Basic Instructional Subsidy	$10,840,200	$12,048,078	$13,077,838	$13,651,296	$13,651,365	$13,830,322
Tuition for Orphans Study	0	0	0	0	0	160,000
Charter Schools	0	0	0	321,785	0	1,235,644
Private Placement Tuition	182,980	0	81,783	185,959	160,000	0
Special Education	2,955,157	3,451,878	3,414,164	3,634,618	3,609,257	3,685,457
Transportation	1,036,086	1,183,553	1,293,151	1,362,309	1,362,309	126,665
Rentals and Sinking Fund Payments	796,978	854,860	838,291	561,345	855,200	757,295
Health Services	90,604	87,385	85,365	97,360	95,000	103,208
State Property Tax Reduction Allocation	2,124,099	2,604,918	2,608,272	3,111,216	3,581,705	3,584,155
School Facility Impr / Environmental Subsidies	0	0	0	0	0	179,217
School Safety and Security Grants	0	0	0	209,162	0	241,248
PA Accountability/Ready to Learn Grants	832,778	114,136	535,278	535,278	734,693	585,278
Revenue for Social Security	1,544,681	1,626,373	1,731,963	1,823,512	2,163,564	1,960,547
Revenue for Retirement	7,308,316	7,828,627	7,891,091	8,325,173	9,594,697	8,542,253
Other Sources	182,980	983,056	299,781	50,000	500,000	3,221,319
Total State Sources	$27,711,882	$30,782,864	$31,856,975	$33,869,013	$36,307,790	$38,212,608
Federal Sources:						
Total Federal Sources	$2,876,923	$3,706,164	$2,111,141	$1,286,877	$1,979,976	$1,836,773
Other Sources:						
Total Other Sources	$721,169	$573,299	$845,102	$1,261,053	$25,000	$25,000
TOTAL REVENUE	$118,627,841	$126,615,625	$131,227,294	$131,092,662	$135,068,889	$139,243,295
EXPENDITURES:						
Instruction	$66,290,567	$71,206,212	$74,999,076	$82,182,021	$87,865,092	$85,463,230
Pupil Personnel	5,653,250	5,842,087	6,256,073	6,489,062	8,063,877	7,385,622
Instructional Staff	5,275,706	3,647,717	3,808,420	3,437,879	5,081,367	4,112,475
Administration	6,280,252	7,177,322	6,960,743	7,250,524	7,840,334	7,673,102
Pupil Health	1,286,296	1,228,244	1,359,281	1,562,970	1,667,443	2,171,770
Business	981,049	1,119,245	1,031,483	1,017,884	1,130,578	1,361,243
Operation and Maintenance	6,126,399	6,901,666	7,519,671	8,282,959	9,129,049	8,729,190
Student Transportation	4,192,594	4,390,931	4,914,113	5,125,531	5,293,808	6,662,025
Central	2,854,421	2,880,626	3,013,448	3,176,946	3,743,080	3,521,066
Other Support Services	55,479	24,878	57,466	31,516	65,250	35,000
Operation-Non-instructional Services	1,301,071	1,442,286	1,434,528	1,752,619	1,749,013	2,633,397
Debt Service	11,731,824	12,295,955	12,388,221	12,409,672	12,828,632	13,517,028
Facilities, Acquisition, Construction	787,367	587,309	4,540,924	2,689,674	1,250,000	2,823,600
Fund Transfers	0	0	3,200,000	0	300,000	430,000
Budgetary Reserve / Other	0	0	0	0	1,700,000	5,528,426
TOTAL EXPENDITURES	$112,816,283	$118,744,478	$131,483,447	$135,409,257	$147,707,523	$152,047,174
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	$5,811,558	$7,871,147	($256,153)	($4,316,595)	($12,638,634)	($12,803,879)

*Totals may not add due to rounding.
[1]Budget, as adopted June 12, 2025. See "Summary and Discussion of Financial Results" herein.
[2]Budget, as adopted June 24, 2026. See "Summary and Discussion of Financial Results" herein.
Source: School District Annual Financial Reports and Budget.

TAXING POWERS AND LIMITS

In General

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.

2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:

    a. for minimum salaries and increments of the teaching and supervisory staff;

    b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;

    c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and

    d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.

3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than $5.00.

4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – "STEB") multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of $10 those persons whose total income and net profits from all sources within the political subdivision is less than $12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of $10 or less per year, any person whose total income from all sources is less than $12,000 per year.

The Taxpayer Relief Act (Act 1)

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

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

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

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

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

Fiscal Year	Index
2022-23	4.0%
2023-24	4.7%
2024-25	6.1%
2025-26	4.0%
2026-27	3.5%

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

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

Status of the Bonds Under Act 1

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

Act 24 of 2001

Act 24 of 2001 of the Commonwealth (the Optional Occupation Tax Elimination Act) authorizes a board of school directors to schedule a public hearing and conduct a ballot referendum on replacing any existing school district occupation tax with an increase in the local earned income and net profits tax in a revenue neutral manner. Under the Taxpayer Relief Act, a school district may schedule such a referendum at any municipal election except a municipal election at which the school district seeks voter approval to convert its earned income and net profits tax to a personal income tax.

The School District received voter approval to eliminate the occupation tax and increase the earned income tax rate. The School District's occupation tax was eliminated and the School District's earned income tax rate was increased from .5% to 1.0% effective beginning in the School District's 2003-04 fiscal year.

Act 48 of 2003

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

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 $12,000,000 and $12,999,999	11.5%
Between $13,000,000 and $13,999,999	11.0%
Between $14,000,000 and $14,999,999	10.5%
Between $9,945,000 and $15,999,999	10.0%
Between $16,000,000 and $16,999,999	9.5%
Between $17,000,000 and $17,999,999	9.0%
Between $18,000,000 and $18,999,999	8.5%
Greater than or equal to $19,000,000	8.0%

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

Tax Levy Trends

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

TABLE 6
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
TAX RATES

	Real Estate (mills)	Real Estate Transfer Tax[1] (%)	Earned Income Tax (%)
2021-22	168.8308	1.00	1.00
2022-23	172.2074	1.00	1.00
2023-24	172.2074	1.00	1.00
2024-25	172.2074	1.00	1.00
2025-26	175.6515	1.00	1.00

[1]The School District collects 1.0% and the municipalities collect .5% providing they levy the tax.
Source: School District Officials.

TABLE 7
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

	2021-22	2022-23	2023-24	2024-25	2025-26
School District	168.8308	172.2074	172.2074	172.2074	175.6515
	2022	**2023**	**2024**	**2025**	**2026**
Haycock Township	6.0000	6.0000	6.0000	6.0000	6.00000
Milford Township	2.0000	2.0000	2.0000	2.0000	2.00000
Quakertown Borough	1.6250	1.6250	1.6250	1.6250	4.62500
Richland Township	11.3000	11.3000	13.5500	13.5500	13.55000
Richlandtown Borough	5.0000	5.0000	5.0000	5.0000	5.00000
Trumbauersville Borough	2.5000	2.5000	2.5000	2.5000	5.50000
Bucks County	25.4500	25.4500	27.4500	27.4500	29.65000

Source: Local Government officials/website.

Real Property Tax

The real property tax (excluding delinquent collections) produced an estimated $73,211,090 in 2025-26, approximately 54.2 percent of overall revenues. The tax is levied on July 1 of each year. Taxpayers who remit prior to August 31 receive a 2 percent discount, and those who remit between September 1 and November 1 pay at par. Taxes are considered delinquent as of November 1, and are liened with the County tax collection bureau as of December 31. Beginning with the 2007-08 fiscal year, eligible taxpayers could opt into the installment method of payment for their school taxes. Installment payments are based upon three (3) one-third payments of the base tax amount. The due date for installment payments is August 1, October 15, and December 15.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide assessment in Bucks County was in 1973.

TABLE 8
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

Year	Market Value	Assessed Value	Ratio
2021-22	$3,823,444,381	$429,487,040	11.23%
2022-23	4,120,419,255	435,705,800	10.57%
2023-24	4,190,144,847	441,937,550	10.55%
2024-25	4,659,987,059	445,203,340	9.55%
2025-26	4,724,351,102	449,784,580	9.52%
Compound Average Annual Percentage Change	4.32%	0.93%	

Source: Pennsylvania State Tax Equalization Board.

TABLE 9
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	2024 Market Value	2024 Assessed Value	2025 Market Value	2025 Assessed Value
Quakertown Community School District	$4,659,987,059	$445,203,340	$4,724,351,102	$449,784,580
Haycock Township	341,763,118	32,865,400	342,553,622	32,912,280
Milford Township	1,467,707,658	138,371,920	1,479,385,839	139,420,170
Quakertown Borough	838,136,435	80,836,940	839,237,223	80,923,000
Richland Township	1,858,237,048	176,201,390	1,909,319,542	179,628,490
Richlandtown Borough	78,966,951	8,882,840	78,966,951	8,882,840
Trumbauersville Borough	75,175,849	8,044,850	74,887,925	8,017,800
Bucks County	90,243,013,678	8,487,520,080	90,517,534,454	8,501,805,160

Source: Pennsylvania State Tax Equalization Board.

TABLE 10
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
ASSESSMENT BY LAND USE

	2021	2022	2023	2024	2025
Residential	$298,293,070	$300,959,040	$299,636,080	$300,640,740	$302,823,640
Trailers	0	0	4,547,270	4,626,650	4,749,210
Seasonal	0	0	521,640	521,640	519,100
Lots	3,032,880	2,757,010	2,262,650	2,661,640	2,433,350
Industrial	28,024,030	30,749,760	33,505,930	35,215,620	36,632,520
Commercial	67,103,000	67,180,350	67,647,080	67,693,720	68,875,530
Agriculture	31,286,220	32,452,190	32,399,600	32,520,570	32,527,150
Land	1,747,840	1,607,450	1,417,300	1,322,760	1,224,080
Total	$429,487,040	$435,705,800	$441,937,550	$445,203,340	$449,784,580

Source: Pennsylvania State Tax Equalization Board.

TABLE 11
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA

Year	Total Billing[(1)]	Current Year Collections (July-June)	Current Year Collections as Percentage of Total Billing	Total Current Plus Delinquent Collections[(2)]	Collections as Percent of Current Plus Delinquent Collections
2021-22	$71,003,797	$69,082,169	97.29%	$70,169,013	98.82%
2022-23	72,678,253	70,623,184	97.17%	71,544,580	98.44%
2023-24	73,889,569	71,844,641	97.23%	73,048,930	98.86%
2024-25	73,710,469	71,541,243	97.06%	72,266,610	98.04%
2025-26(est.)	75,568,202	73,211,090	96.88%	74,207,447	98.20%

(1)Flat billing plus penalties, less discounts, rebates and exonerations.
(2)Includes delinquent realty taxes collected only; does not include Tax Claim collections.
Source: School District officials.

The ten largest real property taxpayers, together with assessed values, are shown on Table 12 which follows. The aggregate assessed value of these ten taxpayers totals approximately 6.0 percent of total assessed value.

TABLE 12
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2026-27

Owner	2026-27 Assessed Value
WPT AM DRIVE, LP	$5,162,000
UNITED STATES COLD STORAGE LLC	4,868,530
309 (THREE) VENTURE PART	3,454,460
HIGHGLEN-PINEVILLE QUAKERTOWN, ASSOC LP	2,431,600
RICHLAND MARKETPLACE SC LLC&TIC 1-11 LLC	2,329,230
QUAKERTOWN JOINT VENTURE LLC	2,168,200
MELODY LAKE MANAGEMT L L C	2,143,590
QUAKERTOWN WEST APARTMENTS(PA) OWNER LLC	1,808,460
2001 INTERCHANGE WAY, LLC	1,653,560
TARGET CORP	1,172,500
Total	$27,192,130

Source: School District officials.

Other Taxes

Under Act 511, the School District collected $15,837,568 in other taxes in 2024-25. Among the taxes authorized by Act 511, the Earned Income Tax and Real Estate Transfer Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was $56,692,213.22.

Earned Income Tax. A tax of one percent (subject to sharing) is levied on the earned income of residents. The School District yielded $14,324,423.83 in 2024-25, approximately 10.9 percent of School District revenues.

Real Estate Transfer. A tax of one-percent (subject to sharing) of the value of real estate transfers yielded $1,513,118.85 in 2024-25, approximately 1.1 percent of School District revenues.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (39.05%) or the wealth based Market Value Aid Ratio ("MVAR") currently (33.48%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

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

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

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

Act 70 of 2019 was adopted by the State legislature that has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the State would start to allow applicants to enter into the new program.

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

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

DEBT AND DEBT LIMITS

Debt Statement

Table 13 which follows shows the debt of the School District as of September 3, 2026 including the issuance of the Bonds.

TABLE 13
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
DEBT STATEMENT
(As of September 3, 2026)*

NONELECTORAL DEBT	**Gross Outstanding**
General Obligation Bonds, Series of 2026	$20,000,000
General Obligation Bonds, Series of 2025	9,960,000
General Obligation Bonds, Series A of 2024	3,610,000
General Obligation Bonds, Series of 2023	16,160,000
General Obligation Bonds, Series A of 2022	5,355,000
General Obligation Bonds, Series of 2022	9,155,000
General Obligation Bonds, Series A of 2021	9,420,000
General Obligation Bonds, Series A of 2020	8,740,000
General Obligation Bonds, Series of 2020	8,805,000
General Obligation Bonds, Series A of 2019	9,065,000
General Obligation Bonds, Series of 2019	4,920,000
General Obligation Bonds, Series AA of 2018	9,710,000
General Obligation Bonds, Series A of 2018	4,075,000
General Obligation Bonds, Series of 2017	20,000,000
TOTAL NONELECTORAL DEBT	$125,240,000
TOTAL LEASE RENTAL DEBT	0
TOTAL PRINCIPAL OF DIRECT DEBT	$125,240,000

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

Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total $125,240,000*. After adjustment for available funds and estimated State aid, the local effort of direct debt will total $121,613,609*.

TABLE 14
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of September 3, 2026)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid[(1)]
DIRECT DEBT		
Nonelectoral Debt	$125,240,000	$121,613,609
Lease Rental Debt	0	0
TOTAL DIRECT DEBT	$125,240,000	$121,613,609
OVERLAPPING DEBT		
Bucks County General Obligation Debt[(2)]	$6,552,455	$6,552,455
Municipal General Obligation Debt	51,842,437	51,842,437
TOTAL OVERLAPPING DEBT	$58,394,892	$58,394,892
TOTAL DIRECT AND OVERLAPPING DEBT	$183,634,892	$180,008,501
DIRECT DEBT RATIOS		
Per Capita	$3,454.61	$3,354.58
Percent 2025-26 Assessed Value	27.84%	27.04%
Percent 2025-26 Market Value	2.65%	2.57%
DIRECT & OVERLAPPING DEBT RATIOS		
Per Capita	$5,065.37	$4,965.34
Percent 2025-26 Assessed Value	40.83%	40.02%
Percent 2025-26 Market Value	3.89%	3.81%

*Includes the estimated Bonds offered through this Preliminary Official Statement.
(1) Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See "State Aid to School Districts". The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount.
(2) Pro rata 5.29 percent share of $123,854,173.61 principal outstanding.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2023-24	$128,363,476
Total Revenues for 2024-25	129,270,264
Total Revenues for 2025-26 (budgeted)	134,188,689
Total	$391,822,429
Annual Arithmetic average (Borrowing Base)	$130,607,476

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

	Legal Limit	Net Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	$293,866,822	$125,240,000	$168,626,822

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

Debt Service Requirements

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

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

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

TABLE 15
QUAKERTOWN COMMUNITY SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

Year	Other Outstanding Debt[1]	Series of 2026 Principal	Series of 2026 Interest	Series of 2026 Subtotal	Total Requirements
2026-27	$12,361,818				
2027-28	12,074,725				
2028-29	12,012,375				
2029-30	12,007,401				
2030-31	11,998,506				
2031-32	11,533,495				
2032-33	10,209,168				
2033-34	10,097,516				
2034-35	9,236,506				
2035-36	4,525,494				
2036-37	4,527,544				
2037-38	4,524,194				
2038-39	4,525,044				
2039-40	4,525,950				
2040-41	4,526,594				
2041-42	4,527,119				
2042-43	4,527,300				
2043-44	1,292,656				
2044-45	924,956				
2045-46	921,156				
2046-47	924,494				
2047-48	921,344				
2048-49	925,906				
2049-50	923,719				
Total	$144,574,978				

*Totals may not add due to rounding.

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

2024-25 State Aid Received	$33,869,013
2024-25 Debt Service Requirements	12,413,371
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2024-25 Debt Service Requirements	2.73 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	times

Future Financing

The School District anticipates issuing additional long term debt of approximately $30 million in the next 2-3 years.

LABOR RELATIONS

School District Employees

There are presently, 453 full-time and 162 part-time employees of the School District, including 357 teachers and 31 administrators, 65 full-time support personnel, including secretaries, custodial employees, maintenance staff, and teacher aides.

The School District's teachers are represented by the Quakertown Community Education Association, an affiliate of the Pennsylvania State Education Association, under a contract with the School District which expires on June 30, 2029. The support staff is represented by the Quakertown Community Educational Support Personnel, an affiliate of Pennsylvania State Education Association, under a contract which expires on June 30, 2028.

Pension Program

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

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

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

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

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

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

Annual School District contributions have been as follows:

2022-23......................................	$16,306,614
2023-24......................................	15,984,715
2024-25......................................	16,651,584
2025-26 (estimated)....................	16,986,574
2025-26 (budgeted).....................	17,084,507

At June 30, 2025, the District reported a liability of $122,383,853 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 0.2924%, which was a decrease of 0.0011% from its proportion measured as of June 30, 2024.

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

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The District's post-employment healthcare plan is a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses. The Board of School Directors assigns the authority to establish and amend benefit provisions. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity. For a description of the Plan see "Appendix C – Audited Financial Statements.

LITIGATION

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

DEFAULTS AND REMEDIES

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

TAX EXEMPTION AND OTHER TAX MATTERS

Certain Federal Income Tax Matters

On the date of delivery of the Bonds, McNees Wallace & Nurick LLC ("Bond Counsel") will issue an opinion to the effect that under existing statutes and court decisions as of the date of initial delivery of the Bonds, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of Bond Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District complies with all requirements of the Code. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income prospectively and/or retroactively to the date of issuance of the Bonds.

Notwithstanding the general exclusion of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in certain other federal income tax consequences to certain taxpayers, including, without limitation, certain foreign corporations doing business in the United States that are subject to the branch profits tax imposed by the Code, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion as to such other tax consequences, and prospective purchasers of the Bonds should consult their tax advisors as to all matters relating to the acquisition, ownership and disposition of the Bonds.

[The initial public offering price of the Bonds of certain maturities may be greater than the amount payable on such Bonds at maturity. Bond Counsel expresses no opinion herein with respect to the treatment of such excess of offering price over amounts payable at maturity ("original issue premium"). Investors should seek advice thereon from their own tax advisor.]

[The initial public offering price of the Bonds of certain maturities may be less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes "original issue discount." Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Bonds.]

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

Certain Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that, under the laws of the Commonwealth as enacted and construed as of the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws. Bond Counsel will express no other opinion regarding other tax consequences with respect to the Bonds, including whether or not interest on the Bonds is subject to taxation under the laws of any jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

BONDHOLDER CONSIDERATIONS

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

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

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

Climate Change

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

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of the Rule 15c2-12 (the "Rule") promulgated by the Securities and Exchange Commission (the "SEC"), the School District will execute and deliver a written continuing disclosure obligation with respect to the Bonds. See the form of Continuing Disclosure Certificate (the "Certificate") at Appendix D.

Under the terms of the Certificate, the School District will undertake to file with the Municipal Securities Rulemaking Board ("MSRB") financial and other information concerning the School District (annual audited financial statements and annual budget (as and when available) and notice of certain events affecting the School District). The School District's obligations with respect to continuing disclosure shall terminate upon the prior redemption or payment in full of all of the Bonds.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other "obligated persons" with respect to municipal securities issues) are made available through the MSRB's Electronic Municipal Market Access ("EMMA") System, which may be accessed on the internet at http://www.emma.msrb.org.

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

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Existing Continuing Disclosure Filing History

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

Fiscal Year	Filing	Financial Statements			Budget		Operating Data	
Ending	Deadline [1]	Filing Date		EMMA ID [2]	Filing Date	EMMA ID [2]	Filing Date	EMMA ID [2]
6/30/2021	12/27/2021	12/27/2021	[3]	P11179312	12/27/2021	P11179312	12/27/2021	P11179312
6/30/2022	12/27/2022	12/14/2022	[4]	P11243240	12/14/2022	P11243240	12/14/2022	P11243240
6/30/2023	12/31/2023	3/28/2024	[5]	P11300665	12/20/2023	P11300665	12/20/2023	P11300665
6/30/2024	12/31/2024	7/2/2025	[6]	P11370340	12/12/2024	P11370340	12/12/2024	P11370340
6/30/2025	3/27/2026	4/24/2026	[7]	P11436006	12/19/2025	P11436006	12/19/2025	P11436006

Notes
[1] *For these purposes, assumes the shortest filing deadline of the School District's previous Continuing Disclosure Agreements.*

[2] *Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below:*
http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=

[3] *The School District filed an audit notice and the Annual Financial Report as an interim filing on December 27, 2021 (EMMA ID: P11179312). The Audit Report was filed late on April 5, 2022 (EMMA ID: P21190925)*

[4] *The School District filed an audit notice and the Annual Financial Report as an interim filing on December 14, 2022 (EMMA ID: P11243240). The Audit Report was filed late on February 28, 2023 (EMMA ID: P11243240)*

[5] *The School District filed an audit notice and the Annual Financial Report as an interim filing on December 20, 2023 (EMMA ID: P11300665). The Audit Report was filed late on March 28, 2024 (EMMA ID: P11300665)*

[6] *The School District filed an audit notice and the Annual Financial Report as an interim filing on December 12, 2024 (EMMA ID: P11370340). The Audit Report was filed late on July 2, 2025 (EMMA ID: P11370340)*

[7] *The School District filed an audit notice and the Annual Financial Report as an interim filing on December 19, 2025 (EMMA ID: P11436006). The Audit Report was filed late on April 24, 2026 (EMMA ID: P11436006)*

Based on the information above, the School District's annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending June 30, 2021, the School District filed its budget and operating data timely on December 27, 2021. The School District filed its PDE-2057 Annual Financial Report as well as a notice regarding the status of the audited financial statements on December 27, 2021. The audit was filed late on April 5, 2022.

For fiscal year ending June 30, 2022, the School District filed its budget and operating data timely on December 14, 2022. The School District filed its PDE-2057 Annual Financial Report as well as a notice regarding the status of the audited financial statements on December 14, 2022. The audit was filed late on February 28, 2023.

For fiscal year ending June 30, 2023, the School District filed its budget and operating data timely on December 20, 2023. The School District filed its PDE-2057 Annual Financial Report as well as a notice regarding the status of the audited financial statements on December 20, 2023. The audit was filed late on March 28, 2024.

For fiscal year ending June 30, 2024, the School District filed its budget and operating data timely on December 12, 2024. The School District filed its PDE-2057 Annual Financial Report as well as a notice regarding the status of the audited financial statements on December 12, 2024. The audit was filed late on July 2, 2025.

For fiscal year ending June 30, 2025, the School District filed its budget and operating data timely on December 19, 2025. The School District filed its PDE-2057 Annual Financial Report as well as a notice regarding the status of the audited financial statements on December 19, 2025. The audit was filed late on April 24, 2026.

Failure to Provide Annual Financial Information

As outlined in the table above, the School District failed to provide certain annual financial information in a timely manner during the past (5) five years. The School District filed a "Failure to Provide Annual Financial Information" notice to EMMA on December 27, 2021, December 14, 2022, December 20, 2023, December 12, 2024 and December 19, 2025.

Future Continuing Disclosure Compliance

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 an effort to augment the School District's procedures and policies to maintain future compliance, the School District has taken additional steps intended to assure future compliance with its Continuing Disclosure Agreements. These steps include implementing the MSRB's EMMA's internal notification system whereby the School District will receive timely email reminders a month in advance for all of the School District's annual disclosure filings and coordinating with the School District's municipal advisor to ensure all disclosure obligations have been made on a timely basis and in all material respects.

A member of the School District's business office will be responsible for ensuring ongoing continuing disclosure compliance. Members of the School District's business office will make an effort to participate in any ongoing continuing education regarding continuing disclosure undertaking if offered by local groups or affiliated organizations such as MSRB, PASBO or GFOA. The School District may communicate with its municipal advisor, underwriter(s), bond counsel, or solicitor regarding any questions or concerns regarding ongoing continuing disclosure compliance. The School District may also communicate with its local auditor and advise of the School District's need for financial statements in a timely manner. In the event audited financial statements are not available by the filing deadline, the School District will file to EMMA, if available, its State Form PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of the operating data requirements may be found contained within the School District's financial statements or budget filing and may not be filed explicitly by themselves.

RATING

Moody's Investors Service, Inc. assigned an underlying bond rating of "Aa3" to this issue of Bonds with an Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. Standard & Poor's Ratings Group is expected to assign its municipal Bond rating of "____" to this issue of Bonds with the understanding that upon delivery of the Bonds, a policy insuring the payment when due of principal of and interest on the Bonds will be issued by ____. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

The Underwriter has agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds if any of such Bonds are purchased. The Bonds will be purchased for a purchase price of $________ equal to the par value of the Bonds less an underwriters' discount of $__________ plus/minus a net original issue premium/discount of $__________.

LEGAL OPINION

The Bonds are offered subject to the receipt of the approving legal opinion of McNees Wallace & Nurick LLC, Bond Counsel to the School District, of Plymouth Meeting, Pennsylvania. Certain other matters will be passed upon for the School District by Begley, Carlin and Mandio, LLP, of Langhorne, Pennsylvania, School District Solicitor.

MUNICIPAL ADVISOR

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

MISCELLANEOUS

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

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

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
Bucks County, Pennsylvania

By: ______________________________
President, Board of School Directors

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APPENDIX A

DEMOGRAPHIC AND ECONOMIC INFORMATION RELATING TO THE QUAKERTOWN COMMUNITY SCHOOL DISTRICT

Population

Table A-1 which follows shows recent population trends for the School District, Bucks County and the Commonwealth of Pennsylvania. Table A-2 shows 2020 age composition and average number of persons per household in Bucks County and for the Commonwealth.

TABLE A-1
RECENT POPULATION TRENDS

	2015	2020	Compound Average Annual Percentage Change 2015-2020
School District	36,264	36,253	-0.01%
Bucks County	626,583	627,987	0.04%
Pennsylvania	12,779,559	13,002,700	0.35%

Source: U.S. Bureau of the Census.

TABLE A-2
AGE COMPOSITION

	0-17 Years	18-64 Years	65+ Years
Bucks County	20.4%	60.9%	18.7%
Pennsylvania	20.9%	60.9%	18.2%

Source: U.S. Census Bureau.

Employment

Listed below are the ten top employers in the County:

Name
Giant Food Stores LLC
Central Bucks School District
Bucks County
Doylestown Hospital
Wal-Mart Associates Inc
Saint Luke's Hospital
Saint Mary Medical Center
Pennsbury School District
Council Rock School District
Wawa Inc

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

Overall employment data are not compiled for the School District, but such data are compiled for the Montgomery-Bucks-Chester, PA Division (an area which includes the School District) as shown on Table A-3.

TABLE A-3

DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
(Montgomery-Bucks-Chester, PA Division)

	Industry Employment				Net Change From:	
Establishment Data	**May 2026**	**Apr 2026**	**Mar 2025**	**May 2025**	**Apr 2026**	**May 2025**
TOTAL NONFARM	3,151,100	3,139,000	3,111,800	3,145,200	12,100	5,900
TOTAL PRIVATE	2,795,300	2,782,100	2,754,300	2,790,500	13,200	4,800
GOODS PRODUCING	302,100	302,300	296,500	306,000	-200	-3,900
Construction, Natural Resources, and Mining	125,400	125,400	120,300	127,500	0	-2,100
Manufacturing	176,700	176,900	176,200	178,500	-200	-1,800
Durable Goods	88,800	88,700	88,300	89,600	100	-800
Non-Durable Goods	87,900	88,200	87,900	88,900	-300	-1,000
SERVICE-PROVIDING	2,849,000	2,836,700	2,815,300	2,839,200	12,300	9,800
PRIVATE SERVICE-PROVIDING	2,493,200	2,479,800	2,457,800	2,484,500	13,400	8,700
Trade, Transportation, and Utilities	535,700	533,300	532,300	540,000	2,400	-4,300
Wholesale Trade	120,700	120,400	120,000	120,900	300	-200
Retail Trade	272,300	270,800	270,200	277,300	1,500	-5,000
General merchandise retailers	47,500	47,600	47,600	48,000	-100	-500
Transportation, Warehousing, and Utilities	142,700	142,100	142,100	141,800	600	900
Information	50,000	50,300	50,200	51,100	-300	-1,100
Financial Activities	225,600	225,100	224,900	224,400	500	1,200
Finance and insurance	183,900	183,600	183,600	182,600	300	1,300
Credit intermediation and Related Activities	61,800	61,800	62,000	62,300	0	-500
Real estate and rental and leasing	41,700	41,500	41,300	41,800	200	-100
Professional and Business Services	503,700	503,100	493,300	503,700	600	0
Professional and technical services	246,300	247,700	245,000	247,800	-1,400	-1,500
Administrative and waste services	188,500	186,200	180,000	186,200	2,300	2,300
Education and Health Services	766,800	770,300	768,100	750,300	-3,500	16,500
Health care and social assistance	628,700	625,100	623,300	614,900	3,600	13,800
Ambulatory health care services	285,100	273,100	265,200	289,000	12,000	-3,900
Hospitals	225,000	217,500	211,700	227,000	7,500	-2,000
Leisure and Hospitality	126,300	124,600	123,800	126,000	1,700	300
Accommodation and food services	355,800	356,900	357,500	354,700	-1,100	1,100
Other Services	51,100	51,400	51,500	56,000	-300	-4,900
Government	58,700	59,500	59,900	58,200	-800	500
Federal Government	246,000	246,000	246,100	240,500	0	5,500
State Government	3,151,100	3,139,000	3,111,800	3,145,200	12,100	5,900
Local Government	2,795,300	2,782,100	2,754,300	2,790,500	13,200	4,800
Data benchmarked to March 2025	***Data changes of 100 may be due to rounding***					

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

Table A-4 shows recent trends in labor force, employment and unemployment for Bucks County and the Commonwealth. The unemployment rate for Bucks County has been lower than for the Commonwealth during this period.

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

	2022	2023	2024	2025	2026[1]	Compound Average Annual % Rate
Bucks County						
Civilian Labor Force (000).....	347.0	350.7	351.7	347.6	356.1	0.52%
Employment (000)..................	336.8	339.2	340.2	334.4	343.2	0.38%
Unemployment (000)..............	10.2	11.5	11.5	13.3	12.9	4.81%
Unemployment Rate...............	2.90%	3.30%	3.30%	3.80%	3.60%	
Pennsylvania						
Civilian Labor Force (000).....	6,406.0	6,561.0	6,577.0	6,542.0	6,682.0	0.62%
Employment (000)..................	5,999.0	6,321.0	6,337.0	6,262.0	6,419.0	0.71%
Unemployment (000)..............	407.0	240.0	239.0	280.0	263.0	-1.46%
Unemployment Rate...............	6.30%	3.70%	3.60%	4.30%	3.90%	

[1]As of May 2026.
Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Income

The data on Table A-5 shows trends in per capita income for the School District, the County and the Commonwealth over the 2015-2020 period.

TABLE A-5
RECENT TRENDS IN PER CAPITA INCOME*

	2015	2020	Compound Average Annual Percentage Change 2015-20
School District	$32,795	$39,837	3.97%
Bucks County	38,795	50,315	5.34%
Pennsylvania	29,291	37,725	5.19%

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

Commercial Activity

Table A-6 shows retail sales over a recent five-year period for the County and the Commonwealth.

TABLE A-6
TOTAL RETAIL SALES
(000)

	2021	2022	2023	2024	2025
Bucks County	$13,177,060	$13,839,837	$15,138,691	$14,979,797	$19,045,457
Pennsylvania.................	274,685,600	297,770,327	310,912,244	317,239,286	403,629,014

Source: The Nielson Company.

Educational Institutions

While there are no higher educational institutions within the School District, residents can attend Delaware Valley University, Lasalle University, Penn State College of Agriculture, and the Bucks County Community College.

Medical Facilities

Area residents have access to St. Luke's Quakertown Hospital located within the School District.

Transportation

Numerous highways including Routes 611, 309, 663, and 363, serve the School District. Major highway networks near the School District are the northeast extension of the Pennsylvania Turnpike which is approximately 4 miles east of the School District and Interstate 78 which is approximately 15 miles northwest of the School District.

Utilities

Electrical services are provided by PPL Utilities and Quakertown Borough Electric, telephone service from Verizon and water/sewer services are provided by municipal authorities.

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APPENDIX B
FORM OF BOND COUNSEL OPINION

APPENDIX B
PROPOSED FORM OF OPINION OF BOND COUNSEL

Below is the Proposed Form of Bond Counsel Opinion Expected to be Delivered in Connection with the Issuance of the Bonds

[________________], 2026

Quakertown Community School District
100 Commerce Drive
Quakertown, Pennsylvania 18951

Re: Quakertown Community School District, Bucks County, Pennsylvania [$_____________] General Obligation Bonds, Series of 2026

We have acted as Bond Counsel to Quakertown Community School District, Bucks County, Pennsylvania (the "School District") in connection with the issuance of its [$_____________] General Obligation Bonds, Series of 2026 (the "Bonds") pursuant to the Local Government Unit Debt Act, 53 Pa. Cons. Stat. §8001 *et seq.,* as amended (the "Act"), and pursuant to a resolution duly adopted by the Board of School Directors of the School District on June 17, 2026 (the "Resolution").

The Bonds are being issued for the purpose of financing a project consisting of: (i) the demolition of the current Quakertown Elementary School; (ii) capital improvements to school facilities and school buildings owned and operated by the School District, including, without limitation, the designing, constructing, furnishing and equipping of a new Quakertown Elementary School; and (iii) paying the costs and expenses related to the issuance of the Bonds.

The School District has covenanted in the Resolution (i) to include the amount of debt service for the Bonds for each fiscal year in which such sums are due and payable in its budget for that year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from its sinking fund or any other of its revenues or funds, the principal of, and interest on, the Bonds at the dates and places and in the manner stated in the Bonds, according to the true intent and meaning thereof; for such budgeting, appropriation and payment the School District in the Resolution has pledged its full faith, credit and taxing power.

As Bond Counsel to the School District we have examined originals or certified copies of the transcript of the proceedings of the School District filed with and approved by the Department of Community and Economic Development (the "Department") of the Commonwealth of Pennsylvania (the "Commonwealth"), the Resolution, the form of the Bonds, such constitutional and statutory provisions, and such other certificates, instruments, and documents as we have deemed necessary or appropriate in order to enable us to render an informed opinion as to the matters set forth herein.

In rendering this opinion we have examined and relied upon (i) the opinion of counsel to the School District with respect, *inter alia*, to the due adoption by the School District of the Resolution in accordance with applicable laws; and (ii) the accuracy of the statements and representations and the performance by the School District of its covenants set forth in the Resolution and the School District's Tax Compliance Agreement delivered on this date in connection with the issuance of the Bonds.

As to questions of fact material to our opinion, we have relied upon the representations of the School District contained in the Resolution and in the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based on the foregoing, it is our opinion that:

1. The School District is authorized under the provisions of the Constitution and laws of the Commonwealth to issue the Bonds for the purposes above set forth, and the School District has authorized the issuance thereof.

2. The Bonds are valid and binding general obligations of the School District payable from the revenues of the School District from whatever source derived, which revenues at the time of the issuance and sale of the Bonds include *ad valorem* taxes levied upon all the taxable property within the School District, within limitations provided by law.

3. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, interest on the Bonds is exempt from Pennsylvania personal income tax and corporate net income tax.

4. Interest on the Bonds and accruals of original issue discount are excludable from gross income for federal income tax purposes under existing laws as enacted and construed on the date of initial delivery of the Bonds. Interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinions set forth in the preceding sentences are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with all such requirements. Our opinion assumes compliance with such covenants, and we do not undertake to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. Failure to comply with certain of such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium, or other laws now or hereafter enacted by any state or the federal government affecting the enforcement of creditors' rights generally.

We have not been engaged to express and do not express any opinion herein with respect to the adequacy of the security for the Bonds or the sources of payment for the Bonds. We express no opinion herein as to the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds. We express no opinion with respect to any matters not specifically set forth herein.

This opinion is rendered solely for the benefit of the addressee hereof in connection with the initial issuance of the Bonds. The addressee may not rely on this opinion letter for any other purpose. This opinion letter is limited to the matters set forth herein. This opinion is subject to future changes in applicable law, and we do not undertake any obligation to update any of the opinions expressed in this letter. No opinion may be inferred or implied beyond the matters expressly stated herein, and our opinions expressed herein must be read in conjunction with the assumptions, limitations, exceptions, and qualifications set forth herein. The law covered by the opinions expressed herein is limited to the laws of the Commonwealth and the federal law of the United States of America. Our engagement as Bond Counsel has concluded with the issuance of the Bonds.

MCNEES WALLACE & NURICK LLC

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APPENDIX C
QUAKERTOWN COMMUNITY SCHOOL DISTRICT - AUDIT REPORT - JUNE 30, 2025

QUAKERTOWN COMMUNITY SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2025

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
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YEAR ENDED JUNE 30, 2025

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Quakertown Community School District
Quakertown, 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 Quakertown Community School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Quakertown Community 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 Quakertown Community 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 Quakertown Community School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis-of-Matter – Implementation of New Standard

As discussed in Note 2 to the financial statements, effective July 1, 2024, Quakertown Community School District adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Quakertown Community School District adopted the requirements of the guidance effective July 1, 2024 and has applied the provisions of this standard to the beginning of the period of adoption. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Quakertown Community 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 Quakertown Community 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 Quakertown Community 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 and budgetary comparison – 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 the Quakertown Community School District's basic financial statements. 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* is presented for purposes of additional analysis and is 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated **April 20, 2026**April 17, 2026, on our consideration of Quakertown Community 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 Quakertown Community 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 Quakertown Community School District's internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

King of Prussia, Pennsylvania
April 17, 2026

Management's discussion and analysis (MD&A) of the financial performance of Quakertown Community 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

The District consists of eight schools – five elementary schools (grades K-5), a Sixth Grade Center, one middle school (grades 7-8) and a comprehensive high school (grades 9-12) consisting of approximately 4,600 students. The District is comprised of the Boroughs of Quakertown, Richlandtown and Trumbauersville, and the Townships of Haycock, Milford and Richland in Bucks County, Pennsylvania and covers 72.3 square miles. Geographically, the area is located in Bucks County which lies 20 miles north of Philadelphia, 10 miles west of Trenton and Princeton, New Jersey; and 65 miles southwest of New York, New York. During 2024-2025, there were approximately 589 full-time and 76 part-time employees in the District, full-time employees include 391 teachers, 29 administrators and 169 support staff personnel including secretaries, custodial employees, maintenance staff, technology staff and teacher aides.

The District's mission is "to prepare all students with the knowledge, habits and skills they need to graduate ready for college or career and for engaged citizenship, all at the best value to our community."

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 $47,483,521. During the 2024-2025 fiscal year, the District had an increase in total net position of $3,681,723. The net position of governmental activities increased by $3,675,067 and net position of the business-type activities increased by $6,656.

- The General Fund reported a decrease in fund balance of $5,002,736 bringing the cumulative balance to $34,730,792 at the conclusion of the 2024-2025 fiscal year.

- At June 30, 2025, the General Fund balance includes $493,465 in prepaid items which are considered nonspendable, $22,420,725 committed to capital projects and unassigned amounts of 11,816,602 or 8.00% of the $147,707,523 2025-2026 General Fund expenditure budget. Guidelines prescribed by the Pennsylvania Department of Education allow a district to maintain a maximum Unassigned General Fund balance of 8% of the following year's expenditure budget.

- The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. 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 $106,963 due to transfers from the General Fund in excess of capital expenditures. The remaining fund balance of $3,219,975 as of June 30, 2025 is restricted for future capital expenditures.

- The adopted 2024-2025 General Fund budget reflected a $14,412,678 use of fund balance including a budgetary reserve of $2,200,000 to balance the budget, which was incorporated in the spending plan. The budget performed $9,409,942 better than adopted. Actual revenues and other financing sources were less than budgeted amounts by $139,954 and actual expenditures and other financing uses were less than budget by $9,549,896.

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 the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused 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

Most of the District's basic services are included here, such as regular and special education, support services, maintenance, transportation and administration.

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 17 and 18 of this report.

Fund Financial Statements

The fund financial statements provide more 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, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the District's funds can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- *Governmental Funds* – Most 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. Such information may be useful in evaluating the District's near-term financing requirements.

  Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the 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 major 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 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 19 through 22 of this report.

- *Proprietary Funds* – The District maintains one type of proprietary fund. 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.

  The proprietary fund financial statements can be found on Pages 23 through 25 of this report.

- *Fiduciary Funds* – The District is the trustee, or fiduciary, for assets that belong to others, consisting of a trust for other scholarships 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 26 and 27 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 28 through 65 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.

The required supplementary information and additional analysis can be found on Pages 66 through 73 of this report.

Government-Wide Financial Analysis

As noted above, net position may serve over time as a useful indicator of the District's financial condition. 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 $47,483,521. The following table presents condensed information for the Statement of Net Position (Deficit) of the District at June 30, 2025 and 2024.

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Assets:						
Current Assets	$ 47,483,771	$ 52,465,797	$ 1,184,266	$ 1,166,734	$ 48,668,037	$ 53,632,531
Capital Assets, Net	153,486,198	158,787,792	32,831	23,662	153,519,029	158,811,454
Total Assets	200,969,969	211,253,589	1,217,097	1,190,396	202,187,066	212,443,985
Deferred Outflows of Resources	20,961,570	24,700,940	201,006	230,856	21,162,576	24,931,796
Liabilities:						
Current Liabilities	21,830,591	10,274,902	140,756	84,405	21,971,347	10,359,307
Noncurrent Liabilities	240,284,071	268,866,499	1,249,002	1,321,944	241,533,073	270,188,443
Total Liabilities	262,114,662	279,141,401	1,389,758	1,406,349	263,504,420	280,547,750
Deferred Inflows of Resources	7,259,133	6,176,861	69,610	36,954	7,328,743	6,213,815
Net Position (Deficit):						
Net Investment in Capital Assets	39,578,165	36,716,750	32,831	23,662	39,610,996	36,740,412
Restricted	3,244,310	3,143,441	-	-	3,244,310	3,143,441
Unrestricted (Deficit)	(90,264,731)	(89,223,924)	(74,096)	(45,713)	(90,338,827)	(89,269,637)
Total Net Position (Deficit)	$ (47,442,256)	$ (49,363,733)	$ (41,265)	$ (22,051)	$ (47,483,521)	$ (49,385,784)

The District's total assets as of June 30, 2025 were $202,187,066 of which $39,480,584 or 19.53% consisted of cash and investments and $153,519,029 or 75.93% consisted of the District's investment in capital assets. The District's total liabilities as of June 30, 2025 were $263,504,420 of which $118,007,679 or 44.78% consisted of general obligation debt used to acquire and construct capital assets and $122,383,853 or 46.44% consisted of the actuarially determined net pension liability.

The District had a deficit in unrestricted net position of $90,249,749. The District's unrestricted net position decreased by $1,069,190 during 2024-2025 primarily due to the current year results of operations and the change in the District's actuarially determined net pension liability and related deferred outflows and inflows.

A portion of the District's net position reflects its restricted net position which totaled $3,244,310 as of June 30, 2025. All of the District's restricted net position related to amounts restricted for student activities and capital projects.

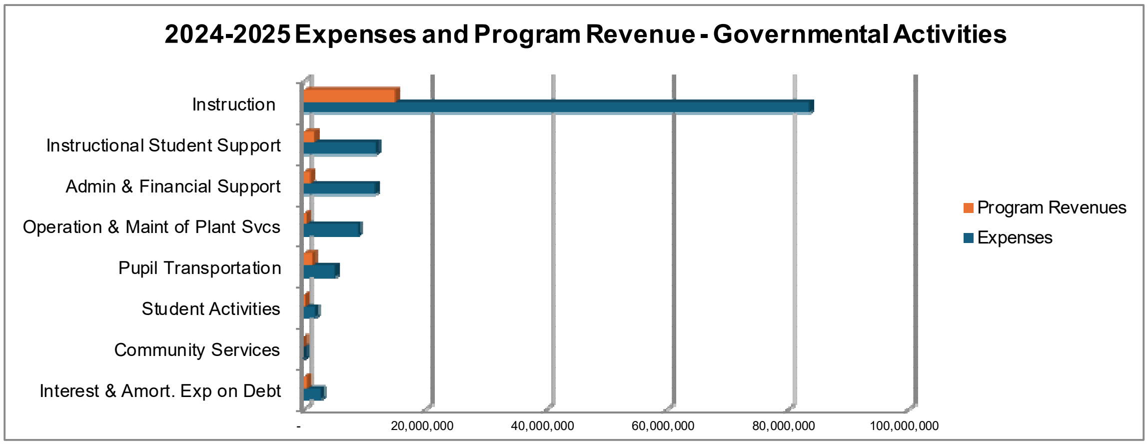
Another portion of the District's net position reflects its investment in capital assets net of accumulated depreciation less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are 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 $2,870,584 because capital assets were acquired with other sources other than long-term debt.

The following table presents condensed information for the Statement of Activities of the District for 2025 and 2024:

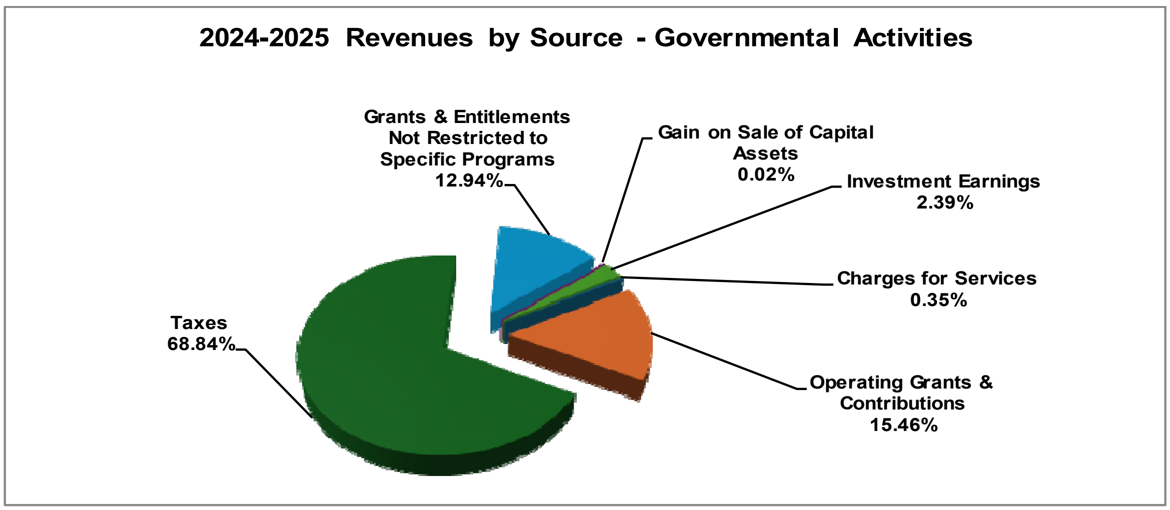
	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program Revenues:						
Charges for Services	$ 467,190	$ 388,075	$ 305,136	$ 631,766	$ 772,326	$ 1,019,841
Operating Grants and Contributions	20,013,576	19,748,567	2,176,818	2,142,048	22,190,394	21,890,615
Capital Grants and Contributions	-	-	-	-	-	-
General Revenues:						
Property Taxes Levied for General Purposes	73,076,195	73,496,775	-	-	73,076,195	73,496,775
Earned Income Taxes Levied for General Purposes	14,324,449	13,784,067	-	-	14,324,449	13,784,067
Other Taxes	1,725,640	1,106,417	-	-	1,725,640	1,106,417
Grants and Entitlements Not Restricted to Specific Programs	16,748,933	15,686,110	-	-	16,748,933	15,686,110
Miscellaneous	-	81,238	-	-	-	81,238
Gain on Sale of Capital Assets	21,993	5,461	-	-	21,993	5,461
Investment Earnings	3,095,082	3,648,433	4,593	4,961	3,099,675	3,653,394
Total Revenues	129,473,058	127,945,143	2,486,547	2,778,775	131,959,605	130,723,918
Expenses:						
Instruction	83,538,199	77,813,614	-	-	83,538,199	77,813,614
Instructional Student Support Services	11,779,098	11,962,312	-	-	11,779,098	11,962,312
Administrative and Financial Support Services	11,642,306	11,539,656	-	-	11,642,306	11,539,656
Operation and Maintenance of Plant Services	8,812,227	7,776,495	-	-	8,812,227	7,776,495
Pupil Transportation	5,114,207	4,914,113	-	-	5,114,207	4,914,113
Student Activities	1,783,614	1,459,530	-	-	1,783,614	1,459,530
Community Services	30,752	58,241	-	-	30,752	58,241
Interest and Amortization Expense Related to Noncurrent Liabilities	2,691,710	3,170,053	-	-	2,691,710	3,170,053
Food Service	-	-	2,885,769	2,871,725	2,885,769	2,871,725
Total Expenses	125,392,113	118,694,014	2,885,769	2,871,725	128,277,882	121,565,739
Change in Net Position Before Transfers	4,080,945	9,251,129	(399,222)	(92,950)	3,681,723	9,158,179
Transfers	(405,878)	-	405,878	-	-	-
Change in Net Position (Deficit)	$ 3,675,067	$ 9,251,129	$ 6,656	$ (92,950)	$ 3,681,723	$ 9,158,179

Overall, the District's financial position continued to improve but challenges such as increased medical costs, pension contributions, state-mandated programs and negotiated contracts have a potential to offset these gains. Management of the District continues to aggressively implement cost efficiencies and revenue-generating strategies to combat 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 is in the form of residential housing. Although the District is primarily a residential community, the District also has a property tax base derived from 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 demonstrated by the following graph, all of the District's governmental activities are not self-supporting, raising enough program revenue to cover their costs, as most traditional governmental services are not.



To the degree that the District's functions or programs cost more than they raise, 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 to finance its governmental activities.



Governmental Funds

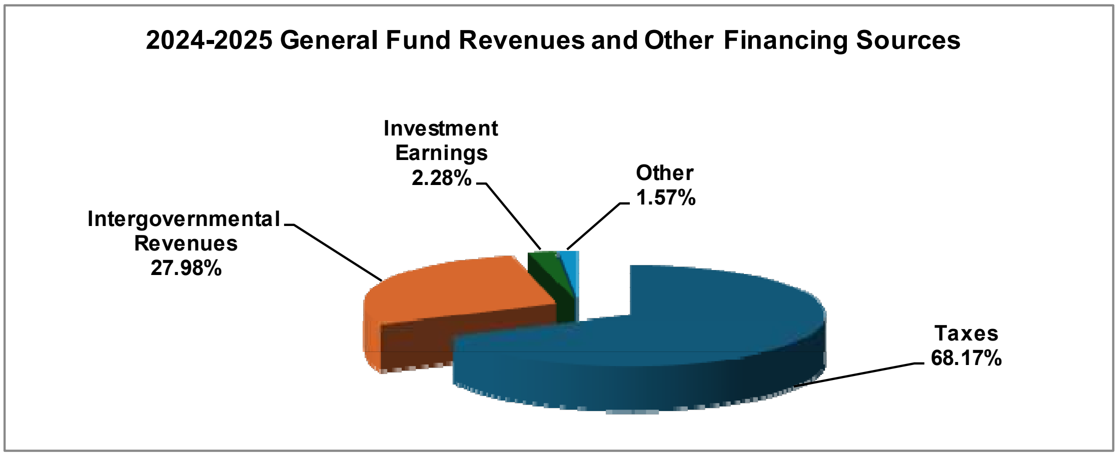
The governmental fund financial statements provide detailed information of the District's major funds. Some funds are required to be established by State statute while other funds are established by the District to manage monies restricted for a specific purpose. As of June 30, 2025, the District's governmental funds reported a combined fund balance of $37,975,102 which is a decrease of $4,901,687 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	$ Change
General Fund	$ 34,730,792	$ 39,733,528	$ (5,002,736)
Capital Projects Fund	3,219,975	3,113,012	106,963
Student Sponsored Activity Fund	24,335	30,249	(5,914)
Total	$ 37,975,102	$ 42,876,789	$ (4,901,687)

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 $34,730,792 representing a decrease of $5,002,736 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 demonstrated by the graph below that indicates 68.17% of General Fund revenues are derived from local taxes.



General Fund Revenues and Other Financing Sources

	2025	2024	$ Change	% Change
Tax Revenues	89,248,813	$ 88,431,085	$ 817,728	0.92 %
Intergovernmental Revenues	36,639,578	35,274,188	1,365,390	3.87
Investment Earnings	2,988,113	3,613,278	(625,165)	(17.30)
Other	2,057,258	1,471,002	586,256	39.85
Total	$ 130,933,762	$ 128,789,553	$ 2,144,209	1.66

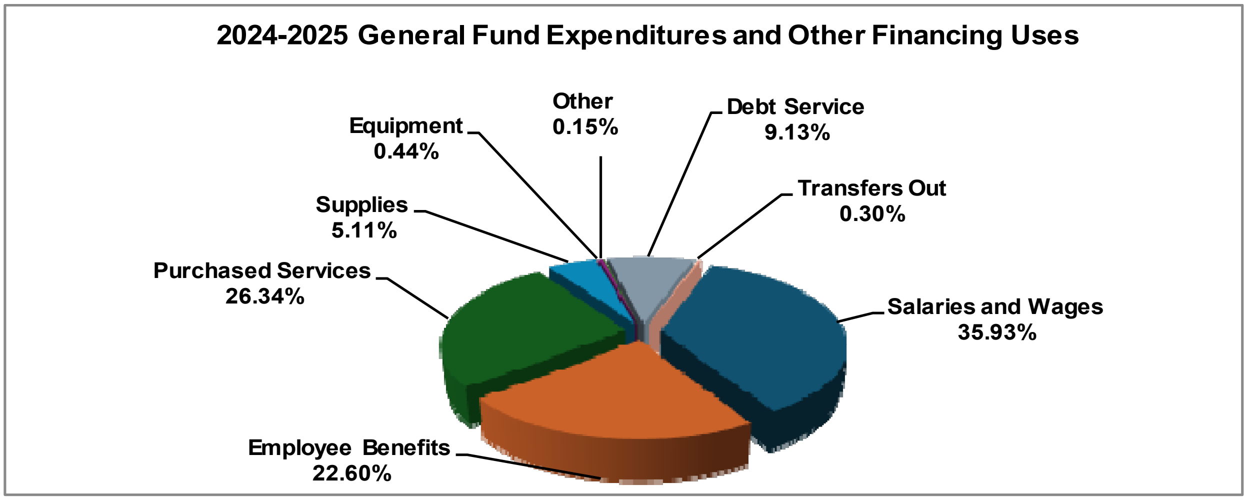
Net tax revenues increased by $817,728 or 0.92% primarily due to an increase in collections for interim, earned income and realty transfer taxes offset by decreases in both real estate and delinquent taxes.

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

	2025	2024	$ Change	% Change
Real Estate	$ 71,541,244	$ 71,844,641	$ (303,397)	(0.42)%
Interim Tax	869,553	435,578	433,975	99.63
PURTA Tax	83,178	76,043	7,135	9.38
PILOT Tax	62,560	55,950	6,610	11.81
Earned Income Tax	14,324,424	13,784,067	540,357	3.92
Realty Transfer Tax	1,642,462	1,030,374	612,088	59.40
Delinquent Taxes	725,392	1,204,432	(479,040)	(39.77)
Total	$ 89,248,813	$ 88,431,085	$ 817,728	0.92

Intergovernmental revenues increased primarily due to increases in basic education, retirement and social security subsidies offset by the decrease in federal ESSER funding.

Investment earnings decreased commensurate with decreases in cash balances in rates.



General Fund Expenditures and Other Financing Uses

	2025	2024	$ Change	% Change
Salaries and Wages	$ 48,847,750	$ 46,703,784	$ 2,143,966	4.59 %
Employee Benefits	30,718,616	28,357,991	2,360,625	8.32
Purchased Services	35,804,091	31,636,584	4,167,507	13.17
Supplies	6,943,991	5,477,409	1,466,582	26.78
Equipment	595,295	3,557,259	(2,961,964)	(83.27)
Other	207,155	287,637	(80,482)	(27.98)
Debt Service	12,409,672	12,248,249	161,423	1.32
Transfers Out	409,578	3,200,000	(2,790,422)	(87.20)
Total	$ 135,936,148	$ 131,468,913	$ 4,467,235	3.40

Salaries and wages and employee benefits increased by $4,504,591 or 5.88% in 2024-2025 compared to 2023-2024 as a combined result of increases due to contractual obligations offset by retirements, resignations and unfilled vacancies.

Purchased services increased by $4,167,507 or 13.17% largely replacement of the Sixth Grade Center Roof and Richardson Elementary playground.

Equipment decreased $2,961,964 or 83.27% largely due to one-time costs for the multi-purpose field in the prior year.

Transfers out decreased due to a one-time appropriation to the Capital Projects Fund in the prior year.

Capital Projects Fund

The Capital Projects Fund accounts for construction and renovation activity associated with the District's buildings and major equipment purchases. 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 $106,963 due to investment earnings. The remaining fund balance of $3,219,975 as of June 30, 2025 is restricted for future capital 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 School Board for approval prior to the beginning of the fiscal year on July 1 each year. The most significant budgeted fund is the General Fund.

The adopted 2024-2025 General Fund budget reflected a $14,412,678 use of fund balance including a $2,200,000 budgetary reserve to balance the budget. Actual revenues and other financing sources were less than budgeted amounts by $139,954 and actual expenditures and other financing uses were less than budget by $9,549,896. Major budgetary highlights for 2024-2025 were as follows.

- Regular program expenditures were $3,209,781 less than budget due to retirements and resignations.

- Special program expenditures were $1,146,452 more than budget due to unforeseen increase in special program enrollment.

- Instructional staff services expenditures were $1,126,810 less than budget due to less than anticipated costs for professional development, supplies, instructional programming and equipment.

- Operation and maintenance of plant services expenditures were $1,1,170,618 less than budget due to less than anticipated costs for repairs, maintenance, utilities, trash, and professional services. Additionally, new vehicle purchases were budgeted for but not purchased.

Business-Type Activities and Food Service Fund

As of June 30, 2025, the business-type activities and Food Service Fund had a deficit net position of $41,265. During 2024-2025, the net position of the business-type activities and Food Service Fund increased by $6,656. The deficit correlates to the business-type activities and Food Service Fund recording its proportionate share of the net pension and other post-employment benefits liability in the Pennsylvania State Employees' Retirement System (PSERS).

Capital Assets

The District's investment in capital asset for its governmental and business-type activities as of June 30, 2025 amounted to $153,519,029 net of accumulated depreciation. This investment in capital assets includes land, buildings, improvements, furniture, and equipment. The total decrease in the District's investment in capital assets for the current fiscal year was $5,292,425 or 3.45%. The decrease was the result of current year depreciation expense in excess of current year capital additions. Current year capital additions were $4,142,228 and depreciation expense was $9,434,653. Current year additions consisted primarily of costs related to the Sixth Grade Center roof replacement and the playground at Richland Elementary School.

Noncurrent Liabilities

At the end of the current fiscal year, the District had total general obligation debt of $118,007,679 consisting of $112,030,000 in bonds payable and bond premiums of $5,977,679. 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 refunding of prior obligation debt. The District's general obligation debt decreased by $8,762,624 or 6.91% 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. The District's outstanding general obligation bonds totaling $112,030,000 is within the current debt limitation of the District which was $286,168,118 as of June 30, 2025.

The District maintains an Aa3 rating from Moody's.

The District reports its allocated portion of its defined benefit unfunded benefit obligation related to its participation in the 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 $122,383,853 as of June 30, 2025. The District's net pension liability decreased by $8,183,672 or 6.27% 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 $8,223,204 as of June 30, 2025. The District's OPEB liability decreased by $1,816,870 or 18.10% during the fiscal year.

Other noncurrent liabilities consist of the District's liabilities for compensated absences and right to use leases, which totaled $4,571,502 as of June 30, 2025. These liabilities decreased by $18,495 or 0.40% during the fiscal year.

Factors Bearing on the District's Future

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

- The District's enrollment for 2024-2025 was 4,586 and declined to 4,563 in the 2025-2026 school year.

- Continued growth in pension costs have been the major driver in Quakertown Community's budget process. Over the past 10 years, the PSERS employer contribution rate has increased approximately 600% from 4.78% in 2009-2010 to a high of 34.94% in 2021-2022. The employer contribution rate increased 0.10% to 34.00% for the 2025-2026 school year.

- Professional/instructional employees of the School District are represented for purposes of collective bargaining by the Quakertown Community Education Association (QCEA). This agreement expires on June 30, 2029.

- Nonrepresented employees are covered by compensation plans for administrators and support staff, respectively. The compensation plans for administrators and support staff expire on June 30, 2028.

- The District adopted a budget for 2025-2026 totaling $147,707,523 that includes the use of $12,638,634 of General Fund balance including a $1,700,000 budgetary reserve and a real estate tax rate of 175.65 mills, which represents a 2.00% increase from the prior year.

- The District administration is developing plans to address crowding at its elementary schools, an aging and outdated Quakertown Elementary School, and a middle grade configuration that is not academically ideal.

  The District has presented to the School Board and is continuing to discuss three potential options, each involving the construction of a new Quakertown Elementary School. Each of the options involves realigning grade levels across the elementary schools to balance enrollment.

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, at Quakertown Community School District, 100 Commerce Drive, Quakertown, PA 18951.

BASIC FINANCIAL STATEMENTS

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 35,882,767	$ 4,508	$ 35,887,275
Investments	3,593,309	-	3,593,309
Taxes Receivable	3,296,062	-	3,296,062
Internal Balances	(866,660)	866,660	-
Due from Other Governments	4,860,075	268,541	5,128,616
Other Receivables	135,675	7,275	142,950
Prepaid Expenses	582,543	-	582,543
Inventories	-	37,282	37,282
Total Current Assets	47,483,771	1,184,266	48,668,037
Noncurrent Assets:			
Depreciable Capital Assets, Net	149,654,551	32,831	149,687,382
Nondepreciable Capital Assets	3,831,647	-	3,831,647
Total Noncurrent Assets	153,486,198	32,831	153,519,029
Total Assets	200,969,969	1,217,097	202,187,066
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Proportionate Share of OPEB - Single Employer	866,372	8,308	874,680
Deferred Charges on Proportionate Share of OPEB - PSERS	736,360	7,061	743,421
Deferred Charges on Proportionate Share of Pension - PSERS	19,358,838	185,637	19,544,475
Total Deferred Outflows of Resources	20,961,570	201,006	21,162,576
LIABILITIES			
Current Liabilities:			
Accounts Payable	2,528,035	74,396	2,602,431
Accrued Salaries, Payroll Withholding, and Benefits	6,252,147	-	6,252,147
Accrued Interest Payable	1,340,984	-	1,340,984
Unearned Revenue	80,382	42,238	122,620
Total Current Liabilities	10,201,548	116,634	10,318,182
Noncurrent Liabilities:			
Due Within One Year	11,629,043	24,122	11,653,165
Due in More Than One Year	240,284,071	1,249,002	241,533,073
Total Noncurrent Liabilities	251,913,114	1,273,124	253,186,238
Total Liabilities	262,114,662	1,389,758	263,504,420
DEFERRED INFLOWS OF RESOURCES			
Deferred Credits on Proportionate Share of OPEB - Single Employer	3,834,968	36,775	3,871,743
Deferred Credits on Proportionate Share of OPEB - PSERS	971,682	9,318	981,000
Deferred Credits on Proportionate Share of Pension - PSERS	2,452,483	23,517	2,476,000
Total Deferred Inflows of Resources	7,259,133	69,610	7,328,743
NET POSITION (DEFICIT)			
Net Investment in Capital Assets	39,578,165	32,831	39,610,996
Restricted	3,244,310	-	3,244,310
Unrestricted (Deficit)	(90,264,731)	(74,096)	(90,338,827)
Total Net Position (Deficit)	$ (47,442,256)	$ (41,265)	$ (47,483,521)

See accompanying Notes to Financial Statements.

QUAKERTOWN COMMUNITY 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	Total
PRIMARY GOVERNMENT							
Governmental Activities:							
Instruction	$ 83,538,199	$ 116,048	$ 14,928,963	$ -	$ (68,493,188)	$ -	$ (68,493,188)
Instructional Student Support	11,779,098	-	1,660,195	-	(10,118,903)	-	(10,118,903)
Administrative and Financial Support Services	11,642,306	-	1,055,755	-	(10,586,551)	-	(10,586,551)
Operation and Maintenance of Plant Services	8,812,227	214,987	278,213	-	(8,319,027)	-	(8,319,027)
Pupil Transportation	5,114,207	-	1,381,148	-	(3,733,059)	-	(3,733,059)
Student Activities	1,783,614	136,155	147,957	-	(1,499,502)	-	(1,499,502)
Community Services	30,752	-	-	-	(30,752)	-	(30,752)
Interest and Amortization Expense Related to Noncurrent Liabilities	2,691,710	-	561,345	-	(2,130,365)	-	(2,130,365)
Total Governmental Activities	125,392,113	467,190	20,013,576	-	(104,911,347)	-	(104,911,347)
Business-Type Activities:							
Food Service	2,885,769	305,136	2,176,818	-	-	(403,815)	(403,815)
Total Primary Government	$ 128,277,882	$ 772,326	$ 22,190,394	$ -	(104,911,347)	(403,815)	(105,315,162)
GENERAL REVENUES							
Property Taxes Levied for General Purposes					73,076,195	-	73,076,195
Earned Income Taxes Levied for General Purposes					14,324,449	-	14,324,449
Other Taxes					1,725,640	-	1,725,640
Grants and Entitlements Not Restricted to Specific Programs					16,748,933	-	16,748,933
Investment Earnings					3,095,082	4,593	3,099,675
Gain on Sale of Capital Assets					21,993	-	21,993
TRANSFERS					(405,878)	405,878	-
Total General Revenues and Transfers					108,586,414	410,471	108,996,885
CHANGES IN NET POSITION (DEFICIT)					3,675,067	6,656	3,681,723
Net Position (Deficit) - Beginning of Year, as previously reported					(49,363,733)	(22,051)	(49,385,784)
Change in Accounting Principle					(1,753,590)	(25,870)	(1,779,460)
Net Position (Deficit) - Beginning of Year, as restated					(51,117,323)	(47,921)	(51,165,244)
NET POSITION (DEFICIT) - END OF YEAR					$ (47,442,256)	$ (41,265)	$ (47,483,521)

See accompanying Notes to Financial Statements.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds		Student	
	General Fund	Capital Projects Fund	Sponsored Activity Fund	Total
ASSETS				
Cash and Cash Equivalents	$ 32,736,274	$ 3,146,081	$ 412	$ 35,882,767
Investments	3,593,309	-	-	3,593,309
Taxes Receivable	3,296,062	-	-	3,296,062
Due from Other Funds	15,184	-	28,935	44,119
Due from Other Governments	4,860,075	-	-	4,860,075
Other Receivables	135,675	-	-	135,675
Prepaid Items	493,465	89,078	-	582,543
Total Assets	$ 45,130,044	$ 3,235,159	$ 29,347	$ 48,394,550
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 2,523,023	$ -	$ 5,012	$ 2,528,035
Accrued Salaries, Payroll Withholdings, and Benefits	6,252,147	-	-	6,252,147
Due to Other Funds	895,595	15,184	-	910,779
Unearned Revenues	80,382	-	-	80,382
Total Liabilities	9,751,147	15,184	5,012	9,771,343
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues - Property Taxes	648,105	-	-	648,105
FUND BALANCES				
Nonspendable:				
Prepaid Items	493,465	89,078	-	582,543
Restricted for:				
Capital Projects	-	3,130,897	-	3,130,897
Student Activities	-	-	24,335	24,335
Committed to:				
Capital Projects	22,420,725	-	-	22,420,725
Unassigned	11,816,602	-	-	11,816,602
Total Fund Balances	34,730,792	3,219,975	24,335	37,975,102
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 45,130,044	$ 3,235,159	$ 29,347	$ 48,394,550

See accompanying Notes to Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF NET POSITION

Total Fund Balances - Governmental Funds	$ 37,975,102
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.	153,486,198
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.	13,702,437
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.	648,105
Noncurrent liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds balance sheet.	(251,913,114)
Accrued interest payable on long-term liabilities is included in the statement of net position (deficit), but is excluded from the governmental funds balance sheet until due and payable.	(1,340,984)
Net Position of Governmental Activities as Reported on the Statement of Net Position	$ (47,442,256)

See accompanying Notes to Financial Statements.

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

	Major Funds		Student	
	General Fund	Capital Projects Fund	Sponsored Activity Fund	Total
REVENUES				
Local Sources	$ 93,032,781	$ 106,963	2,187	$ 93,141,931
State Sources	33,853,366	-	-	33,853,366
Federal Sources	2,786,212	-	-	2,786,212
Total Revenues	129,672,359	106,963	2,187	129,781,509
EXPENDITURES				
Current:				
Instruction	82,370,646	-	-	82,370,646
Support Services	36,307,994	-	-	36,307,994
Operation of Noninstructional Services	1,748,584	-	8,101	1,756,685
Facilities Acquisition, Construction, and Improvement Services	2,689,674	-	-	2,689,674
Debt Service	12,409,672	-	-	12,409,672
Total Expenditures	135,526,570	-	8,101	135,534,671
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(5,854,211)	106,963	(5,914)	(5,753,162)
OTHER FINANCING SOURCES (USES)				
Refund of Prior Year Revenues	(4,050)	-	-	(4,050)
Sale of/Compensation for Capital Assets	21,993	-	-	21,993
Issuance of Right to Use Arrangement	1,239,410	-	-	1,239,410
Transfers Out	(405,878)	-	-	(405,878)
Total Other Financing Sources (Uses)	851,475	-	-	851,475
NET CHANGES IN FUND BALANCES	(5,002,736)	106,963	(5,914)	(4,901,687)
Fund Balance - Beginning of Year	39,733,528	3,113,012	30,249	42,876,789
FUND BALANCE - END OF YEAR	$ 34,730,792	$ 3,219,975	$ 24,335	$ 37,975,102

See accompanying Notes to Financial Statements.

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

RECONCILIATION TO THE STATEMENT OF ACTIVITIES		
Net Change in Fund Balances - Governmental Funds		$ (4,901,687)
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 expense. This is the amount by which depreciation and amortization expense exceeded capital outlays in the current period.		
Capital Outlay Expenditures	4,127,531	
Depreciation Expense	(9,429,125)	(5,301,594)
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 inflow of resources decreased by this amount in the current period.		
Deferred Inflows of Resources June 30, 2024	(770,633)	
Deferred Inflows of Resources June 30, 2025	648,105	(122,528)
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 difference in the treatment of long-term debt and related items.		
Repayment of Bonds Payable	7,615,000	
Proceeds from Leases Payable	(1,239,410)	
Repayment of Leases Payable	839,795	
Amortization of Premiums	1,147,624	8,363,009
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 the governmental funds.		
Current Year Change in Accrued Interest Payable	115,543	
Current Year Change in Compensated Absences	414,038	
Current Year Change in Net Pension Liability - PSERS and Deferred Outflows and Inflows	204,114	
Current Year Change in OPEB Liability - Single Employer and Deferred Outflows and Inflows	156,593	
Current Year Change in Net OPEB Liability - PSERS and Deferred Outflows and Inflows	4,747,579	5,637,867
Change in Net Position of Governmental Activities as Reported on the Statement of Activities		$ 3,675,067

See accompanying Notes to Financial Statements.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
STATEMENT OF NET POSITION (DEFICIT)
PROPRIETARY FUND
JUNE 30, 2025

	Major Fund Food Service Fund
ASSETS	
Current Assets:	
Cash	$ 4,508
Due from Other Governments	268,541
Due from Other Funds	866,660
Other Receivables	7,275
Inventories	37,282
Total Current Assets	1,184,266
Noncurrent Assets:	
Capital Assets, Net	32,831
Total Noncurrent Assets	32,831
Total Assets	1,217,097
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charges on Proportionate Share of Pension - PSERS	185,637
Deferred Charges on Proportionate Share of OPEB - Single Employer	8,308
Deferred Charges on Proportionate Share of OPEB - PSERS	7,061
Total Deferred Outflows of Resources	201,006
LIABILITIES	
Current Liabilities:	
Accounts Payable	74,396
Total OPEB Liability - Single Employer - Current Portion	1,672
Accrued Compensated Absences - Current Portion	22,450
Unearned Revenue	42,238
Total Current Liabilities	140,756
Noncurrent Liabilities:	
Net Pension Liability - PSERS	1,162,421
Total OPEB Liability - Single Employer	27,096
Net OPEB Liability - PSERS	49,337
Accrued Compensated Absences	10,148
Total Noncurrent Liabilities	1,249,002
Total Liabilities	1,389,758
DEFERRED INFLOWS OF RESOURCES	
Deferred Credits on Proportionate Share of Pension	23,517
Deferred Charges on Proportionate Share of OPEB - Single Employer	36,775
Deferred Charges on Proportionate Share of OPEB - PSERS	9,318
Total Deferred Inflows of Resources	69,610
NET POSITION (DEFICIT)	
Net Investment in Capital Assets	32,831
Unrestricted (Deficit)	(74,096)
Total Net Position (Deficit)	$ (41,265)

See accompanying Notes to Financial Statements.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (DEFICIT)
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Major Fund
	Food Service Fund
OPERATING REVENUES	
Charges for Services	305,136
OPERATING EXPENSES	
Salaries and Wages	464,780
Employee Benefits	186,785
Purchased Property Services	125,914
Other Purchased Services	1,896,511
Supplies	203,967
Depreciation	5,528
Miscellaneous Expense	2,284
Total Operating Expenses	2,885,769
OPERATING INCOME (LOSS)	(2,580,633)
NONOPERATING REVENUES	
Earnings on Investments	4,593
Contributions and Donations	10,358
State Sources	289,801
Federal Sources	1,876,659
Total Nonoperating Revenues	2,181,411
CHANGE IN NET POSITION (DEFICIT) BEFORE TRANSFERS	(399,222)
TRANSFERS IN	405,878
CHANGE IN NET POSITION (DEFICIT)	6,656
Net Position (Deficit) - Beginning of Year, as previously stated	(22,051)
Change in Accounting Principle	(25,870)
Net Position (Deficit) - Beginning of Year, as restated	(47,921)
NET POSITION (DEFICIT) - END OF YEAR	$ (41,265)

See accompanying Notes to Financial Statements.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	Major Fund
	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Charges for Services	$ 290,837
Cash Payments to Employees for Services	(663,749)
Cash Payments to Supplies for Goods and Services	(2,002,217)
Net Cash Provided (Used) by Operating Activities	(2,375,129)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Net interfund borrowings	11,551
Transfers in	405,878
Contributions and Donations	133,145
State Sources	349,417
Federal Sources	1,485,390
Net Cash Provided (Used) by Noncapital Financing Activities	2,385,381
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of Capital Assets	(14,697)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	4,594
NET CHANGE IN CASH	149
Cash - Beginning of Year	4,359
CASH - END OF YEAR	$ 4,508
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating Income (Loss)	$ (2,580,633)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	5,528
Donated Commodities Used	195,094
Increase (Decrease) in:	
Other Receivables	(3,137)
Inventories	(12,026)
Deferred Outflows of Resources	29,850
Increase (Decrease) in:	
Accounts Payable	43,391
Unearned Revenue	(11,162)
Net Pension Liability	(97,688)
Net OPEB Liability	27,070
Compensated Absences	(4,072)
Deferred Inflows of Resources	32,656
Net Cash Provided (Used) by Operating Activities	$ (2,375,129)
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Noncash Noncapital Financing Activity:	
USDA Donated Commodities	$ 195,094

See accompanying Notes to Financial Statements.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Custodial Funds
ASSETS	
Cash	$ 521,126
Accounts Receivable	5,201
Total Assets	526,327
LIABILITIES	
Accounts Payable	34,120
NET POSITION	
Restricted for Scholarships	132,820
Restricted for Student Activities	359,387
Total Net Position	$ 492,207

See accompanying Notes to Financial Statements.

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

	Custodial Funds
ADDITIONS	
Local Contributions	$ 47,023
Interest	34,386
Receipts from Student Groups	362,834
Total Additions	444,243
DEDUCTIONS	
Scholarships Awarded and Fees Paid	33,151
Student Activity Disbursements	380,365
Total Deductions	413,516
CHANGES IN NET POSITION	30,727
Net Position - Beginning of Year	461,480
NET POSITION - END OF YEAR	$ 492,207

See accompanying Notes to Financial Statements.

NOTE 1 ORGANIZATION AND PURPOSE

The Quakertown Community School District (the District) operates five elementary schools (grades K-5), a Sixth Grade Center, one middle school (grades 7-8) and a comprehensive high school (grades 9-12) to provide education and related services to the residents in the Boroughs of Quakertown, Richlandtown and Trumbauersville, and the Townships of Haycock, Milford and Richland. 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 third class. The District operates under a locally elected nine-member board form of government (the School Board).

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (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.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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.

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 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), granters, contributors or laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation. Unrestricted net position (deficit) 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 includes separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position 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 position 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Government-Wide Financial Statements (Continued)

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.

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 and expected to be paid within one year from the balance sheet date. 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 restricted, committed or assigned to be used for capital expenditures or for the acquisition, construction of capital facilities, improvements and/or equipment.

In addition, the District reports the following nonmajor governmental fund:

Special Revenue Funds are used to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The Student Sponsored Activity Fund is the District's Special Revenue Fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

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 60 days of the end of the fiscal period. Deferred inflows of resources are reported in connection with receivables for tax revenues that are not considered to be available to liquidate liabilities of the current 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. 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 if expected to be paid within one year from the balance sheet date. 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.

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. The economic resource focus concerns determining costs as a means of maintaining the capital investment and management control. 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 fund:

Food Service Fund

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fund Financial Statements

This fund distinguishes 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 fund's principal ongoing operations. The principal operating revenues of the District's proprietary fund are charges for services. Operating expenses for the District's proprietary fund include payroll, employee benefits, supplies and administrative costs. 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 private-purpose trust fund accounts for activities in various scholarship accounts, whose sole purpose is to provide annual scholarships to particular students as described by donor stipulations. Custodial funds are used to account for assets held on behalf of individuals and/or governmental units and are, therefore, not available to support the District's own programs. The District has two custodial funds consisting of funds held on behalf of students and funds held as pass-through to provide scholarships to 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.

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 are stated at fair value based upon quoted market prices, except for certificates of deposit which are recorded at cost, which approximates fair value.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 July 1 and are payable in the following periods:

July 1 – August 31	-	Discount Period, 2% of Gross Levy
September 1 – October 31	-	Face Period
November 1 to Collection	-	Penalty Period, 10% of Gross Levy
January 15	-	Lien Date

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property Taxes (Continued)

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 172.2074 mills ($172.21 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 have the following due dates:

First Installment	-	August 31
Second Installment	-	October 31
Third Installment	-	December 15

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

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide and fund financial statements.

All inventories are valued at the lower of cost (first-in, first-out method) or market.

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 $1,000 or purchased with general obligation debt. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets (Continued)

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: land improvements – 20-40 years, buildings and improvements – 20-40 years and furniture and equipment- 5-15 years.

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 asset (lease asset) in the government-wide financial statements.

At the commencement of an agreement, the District initially measures the lease or subscription 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 lease 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 lease commencement date, plus certain initial costs. Subsequently, the lease or subscription asset is amortized on a straight-line basis over 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) lease term, and (3) lease 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal and sick days. The liability for compensated absences reported in the government-wide and proprietary fund 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 refunding's 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. The OPEB 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 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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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:

- **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, granters, 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 School Board. Committed amounts cannot be used for any other purpose unless the School Board 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 Business Administrator or (b) an appointed body (e.g., finance committee) or (c) an official to which 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 classification for the General Fund. This classification represents General Fund balance that has not been assigned to other funds, and that has not been restricted, committed or assigned to specific purposes within the General Fund.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Equity (Continued)

Restricted resources are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the School Board. The District does reserve the right to first reduce unassigned fund balance to defer the use of restricted resources. In the event of that unassigned fund balance becomes zero, then assigned and committed fund balance will be used in that order.

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 will require 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 I cash or settled through noncash means. The implementation of GASB Statement No. 101 impacted how the District measured its compensated absences in the government-wide and proprietary financial statements of the District for the year ended June 30, 2025. The effect of the implementation of GASB Statement No. 101 is more fully described in Note 15.

Implementation of New Accounting Pronouncements

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.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

New Accounting Pronouncements

GASB Statement No. 103, *Financial Reporting Model Improvements*, will be effective for the District for the year ended June 30, 2026. 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.

GASB Statement No. 104, *Disclosure of Certain Capital Assets*, will be effective for the District for the year ended June 30, 2026. 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 is to improve the financial reporting requirements for subsequent events, thereby enhancing consistency in their application and better meeting the information needs of financial statement users.

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 is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located, and within 20 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to when final action on adoption is taken by the School Board.

After the legal adoption of the budget, the School Board is required to file a copy of the budget with the Pennsylvania Department of Education by July 31. Additional copies of the budget also are required to be filed with the House Education Committee and the Senate Education Committee by September 15.

NOTE 3 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information (Continued)

Legal budgetary control is maintained at the sub-function/major object level. The School Board 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 approval from the School Board. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

Deficit in Fund Equity

At June 30, 2025, the Food Service Fund had a deficit fund balance of $41,265 resulting from allocating a portion of its net pension and OPEB liabilities to these funds. Since the Food Service Fund uses the economic resources measurement focus, these obligations are presented in the fund financial statements as liabilities and therefore reduces fund equity to an overall deficit. This deficit will be reduced as resources are obtained (e.g. revenues and transfers in) to make the periodic pension and OPEB contributions.

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	$ 1,146,452
Student Transportation Services	$ 155,044
Debt Service	$ 6,400

NOTE 4 DEPOSITS

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.

NOTE 4 DEPOSITS (CONTINUED)

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. At June 30, 2025, the carrying amount of the District's deposits was $36,408,401 and the bank balance was $37,778,056. The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies located in Commonwealth of Pennsylvania. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any 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, $750,000 was covered by federal depository insurance and $10,833,941 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 in that their objective is to maintain a stable net asset value of $1 per share, are rated by a nationally recognized statistical rating organization and are subject to independent annual audit. As of June 30, 2025, PSDLAF and PLGIT were rated as AAAm by a nationally recognized statistical rating agency.

Investments

At June 30, 2025, the District had the following investments:

Certificates of Deposit - Due in Less Than One Year	$ 3,593,309

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral that is in the possession of an outside party. The collateral for all of the District's investments are held by the pledging bank's agent in the District's name. The District had no investments subject to custodial credit risk as of June 30, 2025.

Interest Rate Risk

The District's investment policy limits investment maturities in accordance with state statues as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

The District's investment policy limits its investments that are not backed by the "full faith and credit" of the federal or state government to those with the highest credit rating available for such investments issued by a recognized statistical rating organization.

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	$ 3,771,062	$ -	$ -	$ 3,771,062
Construction in Progress	5,826,150	345,607	6,111,172	60,585
Total Capital Assets Not Being Depreciated	9,597,212	345,607	6,111,172	3,831,647
Capital Assets Being Depreciated and Amortized				
Land Improvements	9,923,626	679,206	-	10,602,832
Buildings and Improvements	226,594,923	7,724,342	-	234,319,265
Right-to-Use Lease Assets	3,790,635	1,239,410	683,000	4,347,045
Furniture and Equipment	25,475,432	250,138	-	25,725,570
Total Capital Assets Being Depreciated and Amortized	265,784,616	9,893,096	683,000	274,994,712
Less: Accumulated Depreciation and and Amortization for:				
Land Improvements	(7,523,694)	(617,520)	-	(8,141,214)
Buildings and Improvements	(81,752,734)	(6,386,784)	-	(88,139,518)
Right-to-Use Lease Assets	(2,859,724)	(1,063,659)	(683,000)	(3,240,383)
Furniture and Equipment	(24,457,884)	(1,361,162)	-	(25,819,046)
Total Accumulated Depreciation and Amortization	(116,594,036)	(9,429,125)	(683,000)	(125,340,161)
Total Capital Assets Being Depreciated and Amortized, Net	149,190,580	463,971	-	149,654,551
Governmental Activities, Net	$ 158,787,792	$ 809,578	$ 6,111,172	$ 153,486,198
Business-Type Activities:				
Furniture and Equipment	$ 670,380	$ 14,697	$ -	$ 685,077
Less: Accumulated Depreciation	(646,718)	(5,528)	-	(652,246)
Business-Type Activities, Net	$ 23,662	$ 9,169	$ -	$ 32,831

As of June 30, 2025, the District had outstanding construction commitments totaling $427,200 for masonry and concrete projects.

NOTE 5 CAPITAL ASSETS (CONTINUED)

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

Governmental Activities:	
Instruction	$ 6,578,812
Instructional Student Support	927,889
Administrative and Financial Support Services	905,648
Operation and Maintenance of Plan Services	878,586
Student Activities	138,190
Total Depreciation Expense - Governmental Activities	$ 9,429,125
Business-Type Activities:	
Food Service	$ 5,528

NOTE 6 INTERNAL RECEIVABLES, PAYABLES AND TRANSFERS

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

Receivable To	Amount	Payable From	Amount
General Fund	$ 15,184	Capital Projects Fund	$ 15,184
Student Sponsored Activities Fund	28,935	General Fund	28,935
Food Service Fund	866,660	General Fund	866,660
Total	$ 910,779		$ 910,779

Interfund balances between funds represent temporary loans recorded at year-end as the result of a final allocation of expenses.

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

Transfer From	Amount	Transfer To	Amount
General Fund	$ 405,878	Food Service Fund	$ 405,878

Transfers from the General Fund to the Food Service Fund represent funding to subsidize food service operations.

NOTE 7 NONCURRENT LIABILITIES

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

	Beginning Balance Restated	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities:					
General Obligation Debt:					
Bonds Payable	$ 119,645,000	$ -	$ 7,615,000	$ 112,030,000	$ 8,350,000
Bond Premiums	7,125,303	-	1,147,624	5,977,679	-
Total General Obligation Debt	126,770,303	-	8,762,624	118,007,679	8,350,000
Other Noncurrent Liabilities:					
Compensated Absences	3,482,588	-	414,038	3,068,550	2,468,119
Leases Payable	1,070,739	1,239,410	839,795	1,470,354	636,596
OPEB Liability	4,752,074	-	1,752,004	3,000,070	174,328
Net OPEB Liability - PSERS	5,236,965	-	91,936	5,145,029	-
Net Pension Liability - PSERS	129,307,416	-	8,085,984	121,221,432	-
Total Other Noncurrent Liabilities	143,849,782	1,239,410	11,183,757	133,905,435	3,279,043
Total Governmental Activities	270,620,085	1,239,410	19,946,381	251,913,114	11,629,043
Business-Type Activities:					
Compensated Absences	36,670	-	4,072	32,598	22,450
OPEB Liability	-	28,768	-	28,768	1,672
Net OPEB Liability - PSERS	51,035	-	1,698	49,337	-
Net Pension Liability - PSERS	1,260,109	-	97,688	1,162,421	-
Total Business-Type Activities	1,347,814	28,768	103,458	1,273,124	24,122
Total Noncurrent Liabilities	$ 271,967,899	$ 1,268,178	$ 20,049,839	$ 253,186,238	$ 11,653,165

Noncurrent liabilities for governmental activities are generally liquidated by the General Fund, while noncurrent liabilities for business-type activities are generally liquidated by the Food Service Fund.

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

NOTE 8 GENERAL OBLIGATION DEBT

General obligation debt is a direct obligation of the District for which full faith and credit are pledged and is 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 8 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 of 2017	2.00% - 2.65%	$ 9,970,000	08/01/27	$ 9,655,000
Series of 2018A	2.50% - 3.75%	$ 9,750,000	09/01/42	9,720,000
Series of 2018AA	3.00% - 4.00%	$ 9,225,000	08/01/31	4,955,000
Series of 2019	2.00% - 4.00%	$ 9,100,000	09/01/42	9,075,000
Series of 2019A	2.00% - 5.00%	$ 9,190,000	08/01/32	8,900,000
Series of 2020	2.00% - 5.00%	$ 8,925,000	08/01/30	8,850,000
Series of 2020A	3.00%	$ 6,295,000	09/01/42	6,275,000
Series of 2021	4.00%	$ 29,360,000	08/01/26	10,630,000
Series of 2021A	2.00% - 3.00%	$ 9,485,000	08/01/33	9,450,000
Series of 2022	3.00% - 5.00%	$ 13,990,000	11/15/34	9,160,000
Series of 2022A	3.00% - 4.00%	$ 6,015,000	11/15/43	5,570,000
Series of 2023	4.00% - 5.00%	$ 16,175,000	08/01/33	16,170,000
Series of 2024	5.00%	$ 3,625,000	08/01/31	3,620,000
Total General Obligation Bonds				$ 112,030,000

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

Year Ending June 30,	Principal Maturities	Interest Maturities	Total Maturities
2026	$ 8,350,000	$ 3,582,389	$ 11,932,389
2027	8,660,000	3,275,636	11,935,636
2028	10,105,000	3,001,269	13,106,269
2029	8,895,000	2,728,931	11,623,931
2030	9,195,000	2,443,256	11,638,256
2031-2035	41,160,000	7,861,936	49,021,936
2036-2040	14,935,000	3,283,246	18,218,246
2041-2045	10,730,000	605,845	11,335,845
Total	$ 112,030,000	$ 26,782,508	$ 138,812,508

NOTE 9 LEASES PAYABLE

The District has entered into leases as lessee for various technology equipment. An initial lease liability was recorded in the amount of $4,347,045. As of June 30, 2025, the value of the lease liability was $1,470,354. The District is required to make annual fixed payments ranging from $149,494 to $334,500. The leases have interest rates ranging from 1.61% to 5.35% and the equipment has estimated useful lives of 5 years as of contract commencement. The net book value of the equipment as of June 30, 2025 was $1,106,662 with accumulated amortization of $3,240,383 and is included with noncurrent assets on the statement of net position (deficit).

Year Ending June 30,	Principal	Interest	Total
2026	$ 636,596	$ 72,396	$ 708,992
2027	516,258	43,242	559,500
2028	317,500	17,000	334,500
Total	$ 1,470,354	$ 132,638	$ 1,602,992

NOTE 10 PENSION PLAN

Plan Description

PSERS is a governmental cost-sharing multiemployer 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.state.pa.us.

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 10 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.

NOTE 10 PENSION PLAN (CONTINUED)

Contributions

Member Contributions

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% 6.25%
T-C	On or After July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or After July 22, 1983	7.50%	N/A	7.50%
T-E	On or After July 1, 2011	7.50% Base Rate with Shared Risk Provision	N/A	Prior to 7/1/2021: 7.50% After 7/1/2021: 8.00%
T-F	On or After July 1, 2011	10.30% Base Rate with Shared Risk Provision	N/A	Prior to 7/1/2021: 10.30% After 7/1/2021: 10.8%
T-G	On or After July 1, 2019	5.50% Base Rate with Shared Risk Provision	2.75%	Prior to 7/1/2021: 8.25% After 7/1/2021: 9.00%
T-H	On or After July 1, 2019	4.50% Base Rate with Shared Risk Provision	3.00%	Prior to 7/1/2021: 7.50% After 7/1/2021: 8.25%
DC	On or After July 1, 2019	N/A	7.50%	7.50%

Shared Risk Program Summary				
Membership Class	Defined Benefit (DB) Base Rate	Shared Risk Increment	Minimum	Maximum
T-E	7.50%	0.50%	5.50%	9.50%
T-F	10.30%	0.05%	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 $16,168,475 for the year ended June 30, 2025.

NOTE 10 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 $122,383,853 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 0.2924%, which was a decrease of 0.0011% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net pension liability of $121,221,432 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining $1,162,421 of the net pension liability is recorded as a liability in the proprietary fund statement of net position, and in the business-type activities in the government- wide statement of net position (deficit).

For the year ended June 30, 2025, the District recognized net pension expense of $11,437,000. 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	$ -	$ 1,924,000
Net Difference Between Projected and Actual Investment Earnings	2,026,000	-
Changes in Proportions	1,350,000	552,000
Contributions Subsequent to the Measurement Date	16,168,475	-
Total	$ 19,544,475	$ 2,476,000

NOTE 10 PENSION PLAN (CONTINUED)

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

Contributions of $16,168,475 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 Ending June 30,	Amount
2026	$ (2,886,000)
2027	3,775,000
2028	421,000
2029	(410,000)
Total	$ 900,000

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.

NOTE 10 PENSION PLAN (CONTINUED)

Actuarial Assumptions (Continued)

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.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	30.00%	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 10 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	$ 161,216,845	$ 122,383,853	$ 89,592,141

Pension Plan Fiduciary Net Position

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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS

Single-Employer Defined Benefit OPEB Plan

The District's other postemployment benefits include a single-employer defined benefit plan that provides medical, prescription and dental insurance to all retirees and their dependents. The School Board has the authority to establish and amend benefit provisions. The 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 Employees	536
Vested Former Participants	-
Retired Participants	41
Total	577

Funding Policy

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 School Board.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

OPEB Liability

The District's OPEB liability has been measured as of June 30, 2025. The total OPEB liability was determined by an actuarial valuation as of July 1, 2024, and by rolling forward the liabilities from the July 1, 2024 actuarial valuation through the measurement date. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is $3,028,838, all of which is unfunded. As of June 30, 2025, the net OPEB liability of $3,000,070 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining 28,768 in the business-type activities in the government- wide statement of net position (deficit).

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

Balance - July 1, 2023	$ 4,752,074
Changes for the Year:	
Service Cost	251,840
Interest on Total OPEB Liability	201,875
Differences Between Expected and Actual Experience	(1,965,004)
Changes in Assumptions	1,991
Benefit Payments	(213,938)
Net Changes	(1,723,236)
Balance - July 1, 2024	$ 3,028,838

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

For the year ended June 30, 2025, the District recognized OPEB expense of $76,642. At June 30, 2025, the District had deferred inflows or resources and deferred outflows 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	$ 231,546	$ 2,145,452
Changes of Assumptions	467,134	1,726,291
Benefit Payments Subsequent to the Measurement Date	176,000	-
Total	$ 874,680	$ 3,871,743

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Single-Employer Defined Benefit OPEB Plan (Continued)

OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

Contributions of $176,000 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 Ending June 30,	Amount
2026	$ (377,073)
2027	(377,073)
2028	(377,073)
2029	(377,073)
2030	(377,080)
Thereafter	(1,287,691)
Total	$ (3,173,063)

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

The following presents the net OPEB liability for June 30, 2025, calculated using current healthcare cost trends as well as what the 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
OPEB Liability	$ 2,728,241	$ 3,028,838	$ 3,376,737

Sensitivity of the Net 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 net OPEB liability would be if it were calculated using the discount rate that is one percentage point lower (3.29%) or 1 percentage point higher (5.29%) than the current rate:

	1% Increase (3.29%)	Current Discount Rate (4.29%)	1% Increase (5.29%)
OPEB Liability	$ 3,252,560	$ 3,028,838	$ 2,816,908

NOTE 11 OTHER POSTEMPLOYMENT 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% - Standard and Poors 20-year municipal bond rate. The discount rate changed from 4.13% to 4.29%.
- Salary growth – salary increases are composed of 2.50% costs of living adjustment, 1.50% for real wage growth and for teachers and administrators a merit increase which varies by age from 2.75% to 0.00%.
- Assumed healthcare cost trends – 7.00% in 2024 with 0.50% decrease per year until 5.40% in 2028. Rates gradually decrease from 5.40% in 2028 to 4.00% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Mortality – PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers and PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.

Cost-Sharing Multiemployer Defined Benefit OPEB Plan

Plan Description

PSERS provides health insurance premium assistance which is a governmental cost-sharing, multiemployer 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:

- 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

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Multiemployer Defined Benefit OPEB Plan (Continued)

Plan Description (Continued)

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 $309,421 for the year ended June 30, 2025.

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 $5,194,366 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 0.2924%, which was an increase of 0.0001% from its proportion measured as of June 30, 2024. As of June 30, 2025, the net OPEB liability of $5,145,029 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position (deficit) and the remaining $49,337 in the business-type activities in the government- wide statement of net position (deficit).

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Multiemployer Defined Benefit OPEB Plan (Continued)

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

For the year ended June 30, 2025, the District recognized OPEB expense of $107,000. 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	$ 20,000	$ 78,000
Changes of Assumptions	317,000	793,000
Net Difference Between Projected and Actual Investment Earnings	6,000	-
Changes in Proportions	91,000	110,000
Contributions Subsequent to the Measurement Date	309,421	-
Total	$ 743,421	$ 981,000

Contributions of $309,421 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 Ending June 30,	Amount
2026	$ (186,000)
2027	(173,000)
2028	(167,000)
2029	(8,000)
2030	(13,000)
Total	$ (547,000)

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Multiemployer 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 & Poors 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 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Multiemployer 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 & Poors 20-year municipal bond rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

NOTE 11 OTHER POSTEMPLOYMENT BENEFITS (CONTINUED)

Cost-Sharing Multiemployer 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 health insurance premium assistance. As of June 30, 2024, retirees' health insurance premium assistance benefits are not subject to future healthcare cost increases. The healthcare insurance premium assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. 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, 2025, 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	$ 5,193,907	$ 5,194,366	$ 5,194,737

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% Increase (3.21%)	Current Discount Rate (4.21%)	1% Increase (5.21%)
District's Proportionate Share of the Net OPEB Liability	$ 5,868,056	$ 5,194,366	$ 5,194,737

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's website at www.psers.pa.gov.

NOTE 12 JOINT VENTURES AND JOINTLY GOVERNED ORGANIZATION

Upper Bucks County Technical School

The District is a participating member of the Upper Bucks County Technical School (the Technical School). The Technical School is governed by a joint board consisting of school directors from each member district and one nonmember representative. The board of school directors from each member district must approve the Technical School's annual budget. Each member pays a proportionate share of the operating costs and debt service of the Technical School based on the student membership from each district. The District share of operating costs and debt service for 2024-2025 was $4,346,123. The financial statements of the Technical School are available from the Technical School's business office located at 3115 Ridge Road, Perkasie, PA 18944.

Bucks County Intermediate Unit

The District and the other Bucks County school districts are participating members of the Bucks County Intermediate Unit (the BCIU). The BCIU is a regional educational service agency, established by the Commonwealth of Pennsylvania, which is governed by a joint committee consisting of School Board members from each participating district. The School Board of each participating district must approve the annual program budget for the BCIU but the participating districts have no ongoing fiduciary interest or responsibility to the BCIU. The BCIU 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 services and federal liaison services.

NOTE 13 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 officials do not expect any significant adjustments as a result of these examinations.

NOTE 14 RISK MANAGEMENT

The District participates in a consortium with other participating school districts and educational agencies from Montgomery and Bucks County to provide self-insurance programs for health and prescription insurance coverage and related expenses for eligible employees, spouses and dependents. Accordingly benefit payments plus an administrative charge are made to a third party administrator, who approves and processes all claims.

NOTE 14 RISK MANAGEMENT (CONTINUED)

The District and other participating Pennsylvania school districts and educational agencies participate in the School District Insurance Consortium (SDIC), which is a voluntary trust. The District and the other participating members pay premiums to SDIC for the purpose of seeking prevention or lessening of claims due to injuries of employees of the participating members and pooling workers' compensation and occupational disease insurance risks, reserves claims and losses and providing self-insurance and reinsurance thereof. It is the intent of the participating members of SDIC that the SDIC will utilize funds contributed by the participating members, which shall be held in trust by SDIC, to provide self-insurance and reimbursements to the members for their obligations to pay compensation as required under the Workers' Compensation Act and the Pennsylvania Occupational Disease Act and to purchase excess and aggregate insurance. As of June 30, 2025, the District is not aware of any additional assessments relating to SDIC.

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. The District has purchased a commercial insurance policy to safeguard its assets and there were no significant reductions in insurance coverage during 2024-2025. Settlement amounts have not exceeded insurance coverage for the current or the three prior years.

NOTE 15 RESTATEMENT OF BEGINNING NET POSITION

During fiscal year 2025, a change in accounting principle for the implementation of GASB Statement 101 resulted in the restatement of beginning net position (deficit) as follows:

	Governmental Activities	Business-Type Activities	Food Service Fund
July 1, 2024 as previously reported	$ (49,363,733)	$ (22,051)	$ (22,051)
Change in accounting principle	(1,753,590)	(25,870)	(25,870)
July 1, 2024 as restated	$ (51,117,323)	$ (47,921)	$ (47,921)

The implementation of GASB 101 increased noncurrent liabilities due within one year and due in more than one year as of June 30, 2024 for Governmental Activities, Business-Type Activities and the Food Service Fund. There was no impact on the governmental fund financial statements as a result of implementation of GASB Statement No. 101.

NOTE 16 SUBSEQUENT EVENT

On November 4, 2025, the District issued $9,960,000 of general obligation bonds, series of 2025, the proceeds from which are to be used toward (1) demolition of the current Quakertown Elementary School, (2) capital improvements to school facilities and school buildings owned and operated by the District, including, without limitation, the designing, construction, furnishing and equipping of a new Quakertown Elementary School, and (3) paying the costs and expenses related to the issuance of the bonds.

REQUIRED SUPPLEMENTARY INFORMATION

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts Original	Budgeted Amounts Final	Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
REVENUES				
Local Sources	$ 92,875,449	$ 92,875,449	$ 93,032,781	$ 157,332
State Sources	33,752,717	33,752,717	33,853,366	100,649
Federal Sources	3,177,340	3,177,340	2,786,212	(391,128)
Total Revenues	129,805,506	129,805,506	129,672,359	(133,147)
EXPENDITURES				
Instruction:				
Regular Programs	53,232,187	54,622,464	51,412,683	3,209,781
Special Programs	23,548,224	23,750,612	24,897,064	(1,146,452)
Vocational Programs	4,370,308	4,370,308	4,346,123	24,185
Other Instructional Programs	1,926,540	1,847,391	1,666,140	181,251
Nonpublic School Programs	40,993	69,573	48,636	20,937
Total Instruction	83,118,252	84,660,348	82,370,646	2,289,702
Support Services:				
Pupil Support Services	6,678,531	6,650,935	6,542,151	108,784
Instructional Staff Services	6,264,112	4,548,281	3,421,471	1,126,810
Administrative Services	8,136,360	8,088,792	7,141,527	947,265
Pupil Health	1,992,477	1,998,672	1,593,434	405,238
Business Services	1,310,037	1,166,774	1,003,174	163,600
Operation and Maintenance of Plant Services	9,326,781	9,454,092	8,283,474	1,170,618
Student Transportation Services	4,968,927	4,969,415	5,124,459	(155,044)
Support Services - Central	3,543,919	3,739,276	3,166,438	572,838
Other Support Services	60,000	60,250	31,866	28,384
Total Support Services	42,281,144	40,676,487	36,307,994	4,368,493
Operation of Noninstructional Services:				
Student Activities	1,880,840	1,923,965	1,717,832	206,133
Community Services	18,000	37,436	30,752	6,684
Total Operation of Noninstructional Services	1,898,840	1,961,401	1,748,584	212,817
Facilities Acquisition, Construction, and Improvement Services	3,279,536	3,279,536	2,689,674	589,862
Debt Service	12,403,272	12,403,272	12,409,672	(6,400)
Total Expenditures	142,981,044	142,981,044	135,526,570	7,454,474
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(13,175,538)	(13,175,538)	(5,854,211)	7,321,327

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
BUDGETARY COMPARISON SCHEDULE (CONTINUED)
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
OTHER FINANCING SOURCES (USES)				
Interfund Transfers Out	(280,000)	(280,000)	(405,878)	(125,878)
Sale of/Compensation for Capital Assets	25,000	25,000	21,993	(3,007)
Issuance of Right to Use Arrangement	1,242,860	1,242,860	1,239,410	(3,450)
Refund of Prior Year Revenues	(25,000)	(25,000)	(4,050)	20,950
Budgetary Reserve	(2,200,000)	(2,200,000)	-	2,200,000
Total Other Financing Sources (Uses)	(1,237,140)	(1,237,140)	851,475	2,088,615
NET CHANGES IN FUND BALANCE	$ (14,412,678)	$ (14,412,678)	(5,002,736)	$ 9,409,942
Fund Balance - Beginning of Year			39,733,528	
FUND BALANCE - END OF YEAR			$ 34,730,792	

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY – PSERS
LAST TEN YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Liability	0.2924 %	0.2935 %	0.2874 %	0.2891 %	0.2923 %	0.2961 %	0.3083 %	0.3181 %	0.3214 %	0.3206 %
District's Proportionate Share of the Net Pension Liability	$ 122,383,853	$ 130,567,525	$ 127,774,367	$ 118,695,006	$ 143,925,643	$ 138,523,000	$ 147,999,000	$ 157,105,000	$ 159,276,000	$ 138,869,000
District's Covered Payroll	$ 46,421,739	$ 44,361,467	$ 42,203,728	$ 40,932,639	$ 40,265,535	$ 41,095,620	$ 41,639,660	$ 42,129,428	$ 41,417,204	$ 41,116,571
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered Payroll	263.63%	294.33 %	302.76 %	289.98 %	357.44 %	337.07 %	355.43 %	372.91 %	384.56 %	337.74 %
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	64.63 %	61.85 %	61.34 %	63.67 %	54.32 %	55.66 %	54.00 %	51.84 %	50.14 %	54.36 %

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PENSION PLAN CONTRIBUTIONS – PSERS
LAST TEN YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contributions	$ 16,168,475	$ 15,310,051	$ 15,296,129	$ 14,324,430	$ 13,740,917	$ 13,655,379	$ 13,961,176	$ 13,397,172	$ 13,216,428	$ 12,301,793
Contributions in Relation to the Contractually Required Contribution	16,168,475	15,310,051	15,296,129	14,324,430	13,740,917	13,655,379	13,961,176	13,397,172	13,216,428	12,301,793
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 49,114,444	$ 46,421,739	$ 44,323,758	$ 42,203,728	$ 40,932,639	$ 40,265,535	$ 41,850,000	$ 41,095,620	$ 41,639,660	$ 42,129,428
Contributions as a Percentage of Covered Payroll	32.92 %	32.98 %	34.51 %	33.94 %	33.57 %	33.91 %	33.36 %	32.60 %	31.74 %	29.20 %

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF CHANGES IN OPEB LIABILITY – SINGLE EMPLOYER PLAN
LAST EIGHT YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability:								
Service Cost	$ 251,840	$ 235,589	$ 343,049	$ 343,590	$ 242,065	$ 243,697	$ 396,387	$ 384,749
Interest on Total OPEB Liability	201,875	186,659	132,827	108,780	157,877	143,613	218,255	169,970
Differences Between Projected and Actual Experience	(1,965,004)	-	(46,740)	1,747	394,943	-	(741,946)	-
Changes of Assumptions	1,991	66,905	(1,294,891)	(165,776)	591,259	(122,530)	(1,400,020)	168,111
Benefit Payments	(213,938)	(215,994)	(301,141)	(321,446)	(357,566)	(414,551)	(543,704)	(639,448)
Net Change in Total OPEB Liability	(1,723,236)	273,159	(1,166,896)	(33,105)	1,028,578	(149,771)	(2,071,028)	83,382
Total OPEB Liability, Beginning	4,752,074	4,478,915	5,645,811	5,678,916	4,650,338	4,800,109	6,871,137	6,787,755
Total OPEB Liability, Ending	$ 3,028,838	$ 4,752,074	$ 4,478,915	$ 5,645,811	$ 5,678,916	$ 4,650,338	$ 4,800,109	$ 6,871,137
Fiduciary Net Position as a Percentage of Total OPEB Liability	- %	- %	- %	- %	- %	- %	- %	- %
Covered Payroll	$ 45,938,101	$ 37,686,237	$ 37,686,237	$ 34,033,339	$ 34,033,339	$ 34,937,261	$ 34,937,261	$ 39,232,410
Net OPEB Liability as a percentage of Covered Payroll	6.59 %	12.61 %	11.88 %	16.59 %	16.69 %	13.31 %	13.74 %	17.51 %

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.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DITRCIT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY – PSERS
LAST EIGHT YEARS*

	2024	2023	2022	2021	2020	2019	2018	2017
District's Proportion of the Net OPEB Liability	0.2924 %	0.2923 %	0.2870 %	0.2887 %	0.2869 %	0.2961 %	0.3083 %	0.3181 %
District's Proportionate Share of the Net OPEB Liability	$ 5,194,366	$ 5,288,000	$ 5,283,013	$ 6,842,429	$ 6,199,040	$ 6,298,000	$ 6,428,000	$ 6,481,000
District's Covered Payroll	$ 46,267,969	$ 44,361,467	$ 42,203,728	$ 40,932,639	$ 40,265,535	$ 41,095,620	$ 41,639,660	$ 42,129,428
District's Proportionate Share of the Net OPEB Liability as a Percentage of its Covered Payroll	11.23 %	11.92 %	12.52 %	16.72 %	15.40 %	15.33 %	15.44 %	15.38 %
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 %	5.73 %

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.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS – PSERS
LAST NINE YEARS*

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually Required Contribution	$ 309,421	$ 296,115	$ 332,711	$ 335,139	$ 335,946	$ 337,747	$ 351,540	$ 341,094	$ 345,609
Contributions in Relation to the Contractually Required Contribution	309,421	296,115	332,711	335,139	335,946	337,747	351,540	341,094	345,609
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 49,114,444	$ 46,267,969	$ 44,361,467	$ 42,203,728	$ 40,932,639	$ 40,265,535	$ 41,850,000	$ 41,095,620	$ 41,639,660
Contributions as a Percentage of Covered Payroll	0.63 %	0.64 %	0.75 %	0.79 %	0.82 %	0.84 %	0.84 %	0.83 %	0.83 %

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.

SINGLE AUDIT

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
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 Education											
Passed-Through the Pennsylvania Department of Education:											
Title I - Improving Basic Programs	I	84.010	013-240353	07/01/23 - 09/30/24	$ 665,368	$ 38,020	$ 34,358	$ 3,662	$ 3,662	$ -	$ -
Title I - Improving Basic Programs	I	84.010	013-250353	07/01/24 - 09/30/25	630,785	498,129	-	630,845	630,845	132,716	-
Total ALN 84.010						536,149	34,358	634,507	634,507	132,716	-
Title II - Improving Teacher Quality	I	84.367	020-240353	07/01/23 - 09/30/24	115,223	7,596	7,596	-	-	-	-
Title II - Improving Teacher Quality	I	84.367	020-250353	07/01/24 - 09/30/25	103,426	101,767	-	103,426	103,426	1,659	-
Total ALN 84.367						109,363	7,596	103,426	103,426	1,659	-
Title III - Language Instruction LEP/Immigrant Students	I	84.365	010-250353	07/01/24 - 09/30/25	41,805	41,805	-	41,805	41,805	-	-
Title IV - Student Support and Academic Enrichment Grants	I	84.424	144-240353	07/01/23 - 09/30/24	41,775	2,785	(6,477)	9,262	9,262	-	-
Title IV - Student Support and Academic Enrichment Grants	I	84.424	144-250353	07/01/24 - 09/30/25	50,107	43,426	-	50,108	50,108	6,682	-
Total ALN 84.424						46,211	(6,477)	59,370	59,370	6,682	-
COVID-19 - ARP ESSER 7% Learning Loss	I	84.425U	223-210353	03/13/20 - 09/30/24	194,120	17,648	17,648	-	-	-	-
COVID-19 - ARP ESSER 7% Summer	I	84.425U	223-210353	03/13/20 - 09/30/24	38,824	3,529	3,529	-	-	-	-
COVID-19 - ARP ESSER 7% Afterschool	I	84.425U	223-210353	03/13/20 - 09/30/24	38,824	3,529	3,529	-	-	-	-
Total ALN 84.425						24,706	24,706	-	-	-	-
Passed-Through the Bucks County I.U.:											
I.D.E.A. - Part B, Section 619	I	84.173	131-240022	07/01/24 - 06/30/25	3,325	-	-	3,325	3,325	3,325	-
I.D.E.A. - Part B, Section 611	I	84.027	062-250022	07/01/24 - 09/30/25	1,048,224	1,048,224	-	1,048,224	1,048,224	-	-
Total U.S. Department of Education						1,806,458	60,183	1,890,657	1,890,657	144,382	-
U.S. Department of Treasury											
Passed-Through the Pennsylvania Commission on Crime and Delinquency:											
COVID-19 Pre-K and HSSAP	I	21.019	2020-CS-01-33406	03/01/20 - 10/30/21	-	-	(108)	-	-	(108)	-

See accompanying Notes to Schedule of Expenditures of Federal Awards

QUAKERTOWN COMMUNITY 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 Health and Human Services											
Passed-Through the Pennsylvania Department of Health and Human Services:											
Medical Assistance Program	I	93.778	N/A	07/01/23 - 06/30/24	N/A	58,964	58,964	-	-	-	-
Medical Assistance Program	I	93.778	N/A	07/01/24 - 06/30/25	N/A	19,799	-	47,769	47,769	27,970	-
Total U.S. Department of Health and Human Services						78,763	58,964	47,769	47,769	27,970	-
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	7,938	7,938	-	-	-	-
School Breakfast Program	I	10.553	N/A	07/01/24 - 06/30/25	N/A	322,906	-	376,579	376,579	53,673	-
Total ALN 10.553						330,844	7,938	376,579	376,579	53,673	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	23,618	23,618	-	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	1,130,927	-	1,304,986	1,304,986	174,059	-
Passed-Through the Pennsylvania Department of Agriculture:											
National School Lunch Program	I	10.555	N/A	7/1/2024 - 6/30/2025	N/A	191,753	(7,158)	195,094	195,094	(3,817)	-
Total ALN 10.555						1,346,298	16,460	1,500,080	1,500,080	170,242	-
Total U.S. Department of Agriculture						1,677,142	24,398	1,876,659	1,876,659	223,915	-
Total Federal Awards						$ 3,562,363	$ 143,437	$ 3,815,085	$ 3,815,085	$ 396,159	$ -
Special Education Cluster (IDEA) (ALN's 84.027 and 84.173)						$ 1,048,224	$ -	$ 1,051,549	$ 1,051,549	$ 3,325	$ -
Child Nutrition Cluster (ALN's 10.553 and 10.555)						$ 1,677,142	$ 24,398	$ 1,876,659	$ 1,876,659	$ 223,915	$ -
Medicaid Cluster (ALN 93.778)						$ 78,763	$ 58,964	$ 47,769	$ 47,769	$ 27,970	$ -

Source Codes:
D - Direct Funding
I - Indirect Funding
ALN - Assistance Listing Number

See accompanying Notes to Schedule of Expenditures of Federal Awards

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2025

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Quakertown Community 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 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 (schools, hospitals and prisons) and to the needy. Expenditures reported in the Schedule of Expenditures of Federal Awards under Assistance Listing #10.555 USDA Commodities represent federal surplus food consumed by the District during the 2024-2025 fiscal year.

NOTE 4 ACCESS PROGRAM

The District participates in the ACCESS Program which 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 $847,786.

NOTE 5 INDIRECT COSTS

The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance. No indirect costs were charged to the District’s Federal awards for the year ended June 30, 2025.

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 Directors
Quakertown Community School District
Quakertown, 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 Quakertown Community School District, Quakertown, Pennsylvania, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Quakertown Community School District's basic financial statements, and have issued our report thereon dated April 17, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Quakertown Community 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 Quakertown Community School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Quakertown Community School District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Quakertown Community 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
April 17, 2026

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

Board of Directors
Quakertown Community School District
Quakertown, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Quakertown Community 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 Quakertown Community School District's major federal programs for the year ended June 30, 2025. Quakertown Community 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, Quakertown Community School District complied, in all material respects, with 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 Quakertown Community 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 Quakertown Community 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 Quakertown Community School District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Quakertown Community 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 Quakertown Community 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 Quakertown Community 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 Quakertown Community 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 Quakertown Community 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
April 17, 2026

QUAKERTOWN COMMUNITY 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(s)	**Name of Federal Program or Cluster**
Child Nutrition Cluster	
10.553	School Breakfast Program
10.555	National School Lunch Program

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

Auditee qualified as low-risk auditee? ____ yes __x__ 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).*

APPENDIX D
CONTINUING DISCLOSURE CERTIFICATE

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
BUCKS COUNTY, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2026

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the "Disclosure Certificate") is executed and delivered by the Quakertown Community School District, Bucks County, Pennsylvania (the "School District"), in connection with the issuance of its $________ aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the School District, dated _______________, 2026 (the "Resolution"). The School District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

SECTION 2. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

"Bondholders" or "Holders" shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York ("DTC"), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the "Commission") or its staff, does not require this Disclosure Certificate to be for the benefit of such Beneficial Owners.

"Commission" shall mean the Securities and Exchange Commission.

"Dissemination Agent" shall mean any person or entity designated from time to time in writing by the School District and which has filed with the School District a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Certificate.

"EMMA" shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 13 hereof.

"Filing" shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Certificate made with each NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in such form acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Certificate.

"Financial Obligation" shall mean a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Listed Events" shall mean any of the events listed in Section 5(a) of this Disclosure Certificate.

"MSRB" shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule. Currently, MSRB's address, phone number and fax number for purposes of the Rule are:

MSRB
1300 I Street, NW #1000
Washington, DC 20005
Phone: 202-838-1500
Fax: 202-898-1500

"NRMSIR" shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at www.sec.gov. **As of the date of this Disclosure Certificate, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 13 hereof.**

"Participating Underwriter" shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

"Repository" shall mean each NRMSIR and the SID, if any.

"Rule" shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"SID" shall mean any public or private state information depositary or entity designated by the Commonwealth of Pennsylvania as a state information depositary for the purpose of the Rule, if any. As of the date of this Disclosure Certificate, no SID has been designated.

SECTION 3. Provision of Annual Reports.

(a) The School District shall not later than 270 days after the end of each fiscal year of the School District, commencing with the fiscal year ending June 30, 2026, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In connection therewith, not later than fifteen (15) Business Days prior to said date, the School District shall provide the Annual Report to the Dissemination Agent (if one has been designated by the School District under this Disclosure Certificate). The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided that the audited financial statements of the School District may be submitted separately from the remainder of the Annual Report when such audited financial statements are available. If the audited financial statements are not submitted as part of the Annual Filing to each Repository pursuant to this Section 3(a), the School District shall provide to each Repository such audited financial statements when they are available to the School District.

(b) If the School District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the School District shall send or cause the Dissemination Agent to send a notice to each NRMSIR and the SID in substantially the form attached as Exhibit A.

(c) The School District or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the School District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(iii) The School District shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID.

(d) If the Dissemination Agent does not receive the Annual Report from the School District by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the School District with respect to the School District's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following:

(i) the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards; and

(ii) a summary of the budget for the current fiscal year.

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities, which have been submitted to each of the Repositories or the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each such other document so incorporated by reference. The School District reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Reporting of Significant Events.

(a) The occurrence of any of the following events, with respect to a particular series of the Bonds, constitutes a "Listed Event" only with respect to such series of the Bonds. This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

(i) Principal and interest payment delinquencies;

(ii) Nonpayment related defaults, if material;

(iii) Unscheduled draws on debt service reserves reflecting financial difficulties;

(iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

(v) Substitution of credit or liquidity providers, or their failure to perform;

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

(vii) Modifications to rights of securities holders, if material;

(viii) Bond calls, if material, and tender offers for the Bonds;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the School District;

(xiii) The consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;

(xv) Failure to provide annual financial information as required;

(xvi) Incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material; and

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

(b) Whenever the School District obtains knowledge of the occurrence of a Listed Event, the School District shall as soon as possible (with respect to those Listed Events where a determination of materiality by the School District is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws.

(c) If (i) a Determination of materiality by the School District is not relevant to the obligation to give notice of a Listed Event or (ii) the School District determines (with respect to those Listed Events where a determination of materiality by the School District is applicable) that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the School District shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Paying Agent.

(d) For purposes of the Listed Events in Section 5(a)(xii), the School District and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: *"Note: for the purposes of the event identified in subparagraph (b)(5)(1)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;"*

SECTION 6. Termination of Reporting Obligation. The School District's obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

In the event that any person or entity subsequent to the execution hereof becomes an "obligated person," as such term is defined in the Rule, with respect to the Bonds, the School District covenants to use its best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Certificate to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The School District shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

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

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

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default under the Bonds or the Resolution, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Duties, Immunities and Liabilities of Dissemination Agent, if other than the School District. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the School District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the School District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. <u>Undertaking with Respect to Certain Procedures and Policies.</u> The School District agrees to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single School District official will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate deputies and other School District employees with respect to the School District's continuing disclosure undertakings.

SECTION 13. <u>EMMA.</u> Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at http://www.emma.msrb.org, or any similar system that is acceptable to the Commission.

SECTION 14. <u>Alternative Filing.</u> Notwithstanding the other provisions of this Disclosure Certificate, any filing under this Disclosure Certificate, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Certificate).

SECTION 15. <u>Beneficiaries.</u> This Disclosure Certificate shall inure solely to the benefit of the School District, the Paying Agent, the Dissemination Agent (if any), the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[signature page follows]

[signature page to Continuing Disclosure Certificate
General Obligation Bonds, Series of 2026]

Attest:

QUAKERTOWN COMMUNITY SCHOOL DISTRICT
Bucks County, Pennsylvania

By:______________________________
Theresa San Angelo, Secretary
Board of School Directors

By:______________________________
David O'Donnell, President
Board of School Directors

EXHIBIT A[1]

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer:	Quakertown Community School District Bucks County, Pennsylvania
Name of Bond Issue:	Quakertown Community School District Bucks County, Pennsylvania $__________ aggregate principal amount General Obligation Bonds, Series of 2026 (the "Bonds")
Date of Issuance:	____________, 2026

NOTICE IS HEREBY GIVEN that the Quakertown Community School District, Bucks County, Pennsylvania (the "School District"), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated ____________, 2026, executed by the School District. The School District anticipates that the Annual Report will be filed by __________________.

QUAKERTOWN COMMUNITY SCHOOL DISTRICT,
BUCKS COUNTY, PENNSYLVANIA [OR DISSEMINATION AGENT ON BEHALF OF THE QUAKERTOWN COMMUNITY SCHOOL DISTRICT, BUCKS COUNTY, PENNSYLVANIA]

Dated:___________________ ______________________________

cc: Paying Agent

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[1] The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.