

## PRELIMINARY OFFICIAL STATEMENT DATED APRIL 1, 2024

NEW ISSUE—BOOK-ENTRY ONLY

**RATINGS: S&P: “\_\_\_” (Insured)  
Moody’s: “A1” (Underlying)  
(See “RATINGS” herein)**

*In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and par) is excluded from gross income for federal income tax purposes. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Internal Revenue Code, of 1986, as amended, (the “Tax Code”) in computing the alternative minimum tax on individuals. However, interest on the Bonds is included in calculations of both: (a) average annual “adjusted financial statement income” for the purpose of determining whether a corporation is an “applicable corporation,” as defined in Section 59(k) of the Tax Code; and (b) the amount of current “adjusted financial statement income” of such applicable corporation which is subject to the alternative minimum tax imposed by Section 55 of the Tax Code, for tax years beginning after December 31, 2022. The Bonds and interest income therefrom, are free from taxation for purposes of personal income and corporate net income taxes within the Commonwealth of Pennsylvania.*

*The Bonds have been designated as “qualified tax-exempt obligations” for the purposes and effect contemplated by Section 265 of the Tax Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).*

*For further information concerning federal and state tax matters relating to the Bonds, see “TAX EXEMPTION” herein.*

**\$9,995,000\***

### **Norwin School District (Westmoreland and Allegheny Counties, Pennsylvania) General Obligation Bonds, Series of 2024**

**Bonds Dated:** Date of Delivery  
**Denominations:** Integral multiples of \$5,000  
**Interest Due:** March 1 and September 1

**Principal Due:** March 1, as shown on inside cover  
**First Interest Payment:** September 1, 2024  
**Form:** Book-Entry Only

The bonds described herein are the \$9,995,000\* General Obligation Bonds, Series of 2024 (the “Bonds”) of the Norwin School District (Westmoreland and Allegheny Counties, Pennsylvania). The Bonds, when issued, will be registered in the name of Cede & Co., which is the nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of the Bonds may be acquired in denominations of \$5,000 and integral multiples thereof only under the book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the 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, the 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 Norwin School District, a public school district located in Westmoreland and Allegheny Counties, Pennsylvania (the “School District”), payable from its local taxes, state subsidy and other general revenues. The School District has covenanted in the Resolution adopted by the Board of Directors of the School District on January 9, 2023 (the “Resolution”) that authorized the Bonds, that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the 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 legally available revenues or funds, the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and all available taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable real property within the School District, to the extent permitted by law, including Act 1 of the Special Session of 2006, as amended. (See “**THE BONDS - Security**” and “**TAXING POWERS OF THE SCHOOL DISTRICT**” herein).

Interest on each of the Bonds is payable initially on September 1, 2024, 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 Zions Bancorporation, National Association (the “Paying Agent”), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office, presently located in Pittsburgh, Pennsylvania (or any successor paying agent or other 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 (as defined herein) with respect to the particular interest payment date (See “**THE BONDS**,” herein).

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

Proceeds of the Bonds will be used to pay for the cost of: (a) various capital improvements to the School District’s facilities including but not limited to portions of a campus paving program and stadium improvements and repairs, and (b) incurring indebtedness in respect of the foregoing.

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_.

#### **MATURITIES, AMOUNTS, RATES AND INITIAL OFFERING 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 Clark Hill PLC, Bond Counsel, of Pittsburgh, Pennsylvania, to be furnished upon delivery of the Bonds. Certain other matters will be passed upon for the School District by Andrews & Price LLC, Pittsburgh, Pennsylvania, School District Solicitor. PFM Financial Advisors LLC of Harrisburg, Pennsylvania, will act as the School District’s Financial Advisor in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about May 13, 2024.

**PFM Financial Advisors LLC  
Financial Advisor to the School District**

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

\*Estimated, subject to change

**\$9,995,000\***  
**Norwin School District**  
**(Westmoreland and Allegheny Counties, Pennsylvania)**  
**General Obligation Bonds, Series of 2024**

**Bonds Dated:** Date of Delivery

**Interest Due:** March 1 and September 1

**Principal Due:** March 1, as shown below

**First Interest Payment:** September 1, 2024

**BOND MATURITY SCHEDULE:**

<b>Year of Maturity (March 1)</b>	<b>Principal Maturity Amount</b>	<b>Interest Rate</b>	<b>Initial Offering Prices</b>	<b>CUSIP Numbers<sup>(1)</sup></b>
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				

<sup>(1)</sup>The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the 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.

(A portion of the Bonds may be structured as Term Bonds. See "Invitation to Bid" provided herewith.)

\*Estimated, subject to change.

**NORWIN SCHOOL DISTRICT**  
(Westmoreland and Allegheny Counties, Pennsylvania)

**BOARD OF SCHOOL DIRECTORS**

Matthew Thomas .....	President
Tim Kotch, Sr. ....	Vice President
Denise Haberman.....	Board Secretary*
Christine Baverso.....	Member
Bill Bojalad.....	Member
Alex Detschelt .....	Member
Shawna Ilagan.....	Member
Raymond Kocak .....	Member
Heath Shrum .....	Member
Nina Totin.....	Member
*Non-Voting Member	

**SUPERINTENDENT**  
DR. JEFFREY M. TAYLOR

**DIRECTOR OF FINANCE AND OPERATIONS**  
RYAN P. KIRSCH, CPA

**SOLICITOR**  
ANDREWS & PRICE LLC  
Pittsburgh, Pennsylvania

**BOND COUNSEL**  
CLARK HILL PLC  
Pittsburgh, Pennsylvania

**FINANCIAL ADVISOR**  
PFM FINANCIAL ADVISORS LLC  
Harrisburg, Pennsylvania

**UNDERWRITER**

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**PAYING AGENT**  
ZIONS BANCORPORATION, NATIONAL ASSOCIATION  
Pittsburgh, Pennsylvania

**SCHOOL DISTRICT ADDRESS**  
281 McMahon Drive  
North Huntingdon, Pennsylvania 15642-2491

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.

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# PRELIMINARY OFFICIAL STATEMENT

**\$9,995,000\***

## **Norwin School District** **(Westmoreland and Allegheny Counties, Pennsylvania)** **General Obligation Bonds, Series of 2024**

### INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by the Norwin School District (the "School District"), a public school district located in Westmoreland and Allegheny Counties, Pennsylvania, in connection with the offering of \$9,995,000\* aggregate principal amount of its General Obligation Bonds, Series of 2024 (the "Bonds"), dated as of the date the Bonds are issued and delivered ("Date of Delivery"), which is expected to be May 13, 2024. The Bonds are being issued pursuant to, and are secured by, a Resolution of the Board of School Directors of the School District adopted on January 9, 2023 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa.C.S. Chs. 80-82, as amended (the "Debt Act").

The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository for the Bonds. Purchases of the Bonds can be made in book-entry only form and purchasers will not receive certificates representing their interest in the Bonds. So long as DTC, or its nominee Cede & Co., is the registered owner of the Bonds, payments of the principal of and interest on the Bonds will be made by the Paying Agent directly to Cede & Co. Disbursement of such payments to the DTC Participants is the responsibility of DTC, and disbursement of such payments to Beneficial Owners of the Bonds is the responsibility of the DTC Participants and the Indirect Participants. See "THE BONDS--Description" and "BOOK-ENTRY ONLY SYSTEM" herein.

The information which follows contains summaries of the Resolution, the Bonds, relevant provisions of state and federal laws, and the School District's budget and financial statements. Such summaries do not purport to be complete and references are made to the Resolution, the School District's budget and the School District's financial statements, copies of which are on file and available for examination at the Business Office of the School District. Reference is also made to the Bonds and to the full text of the cited laws and regulations.

### PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to pay for the cost of: (a) various capital improvements to the School District's facilities including but not limited to portions of a campus paving program and stadium improvements and repairs and (b) incurring indebtedness in respect of the foregoing.

### 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.

	Total
<b><u>Source of Funds</u></b>	
Bond Proceeds.....	
Plus/Less: Original Issue Premium/(Discount).....	
<i>Total Source of Funds</i> .....	
<b><u>Use of Funds</u></b>	
Construction Fund Deposit.....	
Costs of Issuance <sup>(1)</sup> .....	
<i>Total Use of Funds</i> .....	

<sup>(1)</sup>Includes legal, financial advisor, printing, rating, underwriter's discount, municipal bond insurance, CUSIP, paying agent, and other miscellaneous costs.

\*Estimated, subject to change.

## THE BONDS

### Description

The Bonds will be issued in registered form, without coupons, in denominations of \$5,000 principal amount and integral multiples thereof, will be in the aggregate principal amount of \$9,995,000\* and will be dated the date of delivery, which is also the date upon which interest begins to accrue. The Bonds will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on each of the Bonds will be payable initially on September 1, 2024, 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.

*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 certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to Zions Bancorporation, National Association (the "Paying Agent"), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office (or to any successor paying agent or alternate designated office(s)).

Interest will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of such 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 September 1, 2024, in which event such Bond shall bear interest from May 13, 2024, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each certificated Bond will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth calendar day of the month (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of such 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 such certificated 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 (the "Commonwealth") are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

\*Estimated, subject to change.

### Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under "**BOOK-ENTRY ONLY SYSTEM**," certificated Bonds are transferable or exchangeable upon surrender of such 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 certificated 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 date and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of such 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.

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

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 (15<sup>th</sup>) 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.

## Security

The Bonds are general obligations of the School District and are payable from its local taxes, state subsidies and other general revenues. The School District has covenanted in the Resolution that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year, and will duly and punctually pay or cause to be paid from the 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 all available taxing power, which taxing power presently includes *ad valorem* taxes on all taxable property within the School District, subject to the limitations of Act 1, as hereinafter defined. (See, “**TAXING POWERS OF THE SCHOOL DISTRICT**” herein). The Debt Act presently provides for enforcement of debt service payments (see “**DEFAULTS AND REMEDIES**” herein), and the Public School Code, as hereinafter defined, 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**” hereinafter).

## Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended (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 on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the 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 depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

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

## Pennsylvania Budget Adoption

The budgets for the 2018-19 and the 2019-20 fiscal years were adopted timely.

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the Commonwealth passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

Then Governor Tom Wolf timely signed the state’s 2021-2022 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 record high of \$13.55 billion in the 2021-2022 budget.

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

After over a month delay, a \$45.5 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which includes \$8.4 billion for the basic education funding appropriation. The total amount is a \$796.6 million (10.45%) increase over the 2022-2023 fiscal year appropriation. The budget also provides \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-2024 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.



*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 the Pennsylvania Department of Education (“PDE”) to a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

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

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

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

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

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

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

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

## **Sinking Fund**

A sinking fund for the payment of debt service on the Bonds, designated “Norwin School District Sinking Fund, General Obligation Bonds, Series of 2024” (the “Sinking Fund”), will be created in accordance with the Resolution and will be maintained by the Paying Agent, as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is 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 authorized by the Debt Act and upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund 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.

### **Actions in the Event of Default on the Bonds**

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 Debt 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 a county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

### **BOOK-ENTRY ONLY SYSTEM**

*The information in this section has been obtained from materials provided by DTC for such purpose. The School District (referred to as the "Issuer" in this section) 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 the securities depository for the Bonds. The Bonds will be issued as fully-registered bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, each in the aggregate principal amount of such maturity, and will be deposited with DTC.

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for

their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the Paying Agent and request that copies of notices be provided directly to them.

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

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

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer, 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, the Paying Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the 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.*

## **BOND INSURANCE**

The Bonds may or may not be issued with bond insurance. The decision to use bond insurance on all or a portion of the Bonds will be subject to market conditions at the time of the pricing of the Bonds.

## **BOND INSURANCE RISK FACTORS**

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

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 Resolution or default provisions of the Act. 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 of "**RATINGS**" herein.

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 a Bondholder may be limited by applicable bankruptcy law or other similar laws related to insolvency.

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

Thus, when making an investment decision, potential investors should carefully consider the ability of the School District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment.

## **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 from within a particular maturity 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, 2030, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on March 1, 2029 or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date.

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

### **Notice of Redemption**

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

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

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

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

## Manner of Redemption

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

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 the number of Bonds that is equal to the principal amount thereof divided 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 a Bond or Bonds of authorized denominations of the same series, maturity and interest rate in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

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

## THE SCHOOL DISTRICT

### Introduction

Norwin School District, located in Westmoreland and Allegheny Counties, Pennsylvania (the “School District”) is comprised of the Boroughs of Irwin and North Irwin and North Huntingdon Township and portions of South Versailles Township and White Oak Borough. The School District is located approximately 20 miles east of the City of Pittsburgh, and has an area of 36 square miles. The United States Census Bureau estimates the population of the School District to be 35,309 in 2020.

### Administration

The present School District was reorganized on June 3, 1961 by a consolidation of North Huntingdon Township, Irwin Borough and North Irwin Borough School Districts. It is governed by a nine (9) member Board of Directors (the “School Board”), elected for staggered four-year terms. The Superintendent is the chief administrative officer of the School District, with overall responsibility for all aspects of operations, including education and finances. The Director of Business Affairs is responsible for the budget and financial operations. The Executive Secretary also serves as the Secretary of the School Board. All of these officials are selected by the School Board. In addition to these officials, the School District administrative personnel include an Assistant Superintendent of Secondary Education, Assistant Superintendent of Elementary Education and a Director of Human Resources.

### School Facilities

The School District is currently organized on the following grade level structure: K-4, 5-6, 7-8 and 9-12. The following table depicts the component elements of the existing physical plant of the School District.

**TABLE 1  
NORWIN SCHOOL DISTRICT  
SCHOOL FACILITIES**

<b><u>Building</u></b>	<b><u>Original Construction Date</u></b>	<b><u>Addition/ Renovation Date</u></b>	<b><u>Grades</u></b>	<b><u>Rated Pupil Capacity</u></b>	<b><u>2023-24 Enrollment</u></b>
<b><i>Elementary:</i></b>					
Hahntown Elementary.....	2007		K-4	821	429
Stewartsville Elementary.....	2009		K-4	817	413
Sheridan Terrace .....	2003		K-4	827	435
Sunset Valley Elementary .....	2002		K-4	981	483
Hillcrest Intermediate.....	1957	2003	5-6	1,263	760
<b><i>Secondary:</i></b>					
Middle School .....	1959	2005	7-8	1,042	794
Norwin Senior High .....	1963	2003, 2016	9-12	2,677	1,625

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, as prepared by the School District's administrative officials.

**TABLE 2**  
**NORWIN SCHOOL DISTRICT**  
**ENROLLMENT TRENDS**

<u>Actual Enrollments</u>				<u>Projected Enrollments</u>			
<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>	<u>School Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total</u>
2019-20	2,787	2,472	5,259	2024-25	2,648	2,592	5,240
2020-21	2,736	2,459	5,195	2025-26	2,599	2,584	5,183
2021-22	2,556	2,351	4,907	2026-27	2,489	2,290	4,779
2022-23	2,575	2,392	4,967	2027-28	2,517	2,235	4,752
2023-24	2,520	2,419	4,939	2028-29	2,345	2,280	4,625

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 ("PDE"). An annual operating budget is prepared by the Superintendent and Director of Business Affairs and submitted to the School Board for approval prior to the beginning of each fiscal year on July 1.

### Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, delinquent taxes receivable, loans receivable from other funds, and revenues receivable from other governmental units. Its financial statements are audited annually by a firm of independent certified public accountants, as required by state law. Mark Turnley, CPA serves as the School District's auditor.

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

### Budgeting Process as modified by Act 1 of the Special Session of 2006 (Taxpayer Relief Act)

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

Procedures for Adoption of the Annual Budget. Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (the "Taxpayer Tax Relief Act" or "Act 1"), 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 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 Act 1 allowable Index, (the "Index") (see, "**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, "**The Taxpayer Relief Act (Act 1)**" herein), a 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 increase the tax rate more 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 which follow. Table 5 shows audited revenue and expenditures for five years and budgeted revenues and expenditures for 2023-24. The budget for 2023-24, as adopted June 5, 2023, projects revenue of \$81,493,848 and expenditures of \$85,874,582.

**TABLE 3**  
**NORWIN SCHOOL DISTRICT**  
**SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET**  
**(Fiscal Years Ending June 30)**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$7,657,071	\$3,618,100	\$3,971,778	\$4,658,708	\$4,051,197
Investments	5,956,918	13,042,570	12,571,833	13,030,478	14,154,675
Taxes Receivable	1,583,375	1,771,623	1,722,004	1,759,229	1,923,296
Due from Other Funds	13,969	399,708	319,104	379,414	367,793
Due from Other Government	2,746,997	0	0	0	4,817,251
State Revenue Receivable	0	2,567,877	2,700,148	2,830,233	0
Federal Revenue Receivable	729,648	783,472	1,644,826	1,148,850	0
Other Receivables	113,664	53,261	4,186	0	1,031,045
<b>TOTAL ASSETS</b>	<b>\$18,801,642</b>	<b>\$22,236,611</b>	<b>\$22,933,879</b>	<b>\$23,806,912</b>	<b>\$26,345,257</b>
<b>LIABILITIES</b>					
Due to Other Funds	\$0	\$0	\$0	\$310,588	\$106,745
Accounts Payable	509,349	320,406	452,092	565,686	590,456
Accrued Salaries and Benefits	8,011,146	8,336,837	3,617,601	3,563,085	12,446,392
Payroll Deductions and Withholdings	0	0	5,056,518	5,262,746	0
Deferred Revenues	0	0	0	0	0
Other Current Liabilities	0	0	1,402,719	89,490	0
<b>TOTAL LIABILITIES</b>	<b>\$8,520,495</b>	<b>\$8,657,243</b>	<b>\$10,528,930</b>	<b>\$9,791,595</b>	<b>\$13,143,593</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<b>\$1,365,458</b>	<b>\$1,457,379</b>	<b>\$0</b>	<b>\$1,436,080</b>	<b>\$1,433,294</b>
<b>FUND EQUITIES</b>					
Assigned Fund Balance	\$1,000,000	\$3,750,000	\$6,766,131	\$6,516,131	\$6,110,753
Unassigned Fund Balance	7,915,689	8,371,989	5,638,818	6,063,106	5,657,617
<b>TOTAL FUND EQUITIES</b>	<b>\$8,915,689</b>	<b>\$12,121,989</b>	<b>\$12,404,949</b>	<b>\$12,579,237</b>	<b>\$11,768,370</b>
<b>TOTAL LIABILITIES AND FUND EQUITIES</b>	<b>\$18,801,642</b>	<b>\$22,236,611</b>	<b>\$22,933,879</b>	<b>\$23,806,912</b>	<b>\$26,345,257</b>

Source: School District Annual Financial Reports.

**TABLE 4**  
**NORWIN SCHOOL DISTRICT**  
**SUMMARY OF CHANGES IN FUND BALANCE\***  
**(Fiscal Years ending June 30)**

	<b>2019</b>	<b>2020</b>	<b>Actual 2021<sup>(1)</sup></b>	<b>2022</b>	<b>2023</b>	<b>Budgeted 2024<sup>(2)</sup></b>
<b>Beginning Fund Balance</b>	\$5,485,119	\$8,915,689	\$12,138,120	\$12,404,949	\$12,404,949	\$11,768,371
Revenues over (under) Expenditure	3,430,570	3,206,300	266,829	174,288	(810,866)	(4,380,734)
Prior Period Adjustment	0	0	0	0	0	0
<b>Ending Fund Balance</b>	<b>\$8,915,689</b>	<b>\$12,121,989</b>	<b>\$12,404,949</b>	<b>\$12,579,237</b>	<b>\$11,768,371</b>	<b>\$7,387,637</b>

\*Totals may not add due to rounding.

<sup>(1)</sup>Restatement

<sup>(2)</sup>Budget, as adopted June 5, 2023.

Source: School District Annual Financial Reports and Budget.

## Revenue Sources

The School District received \$83,414,565 in total revenue for its 2022-23 fiscal year and has budgeted revenue of \$81,493,848 for its 2023-24 fiscal year. Local revenue sources increased as a share of total revenue in the past five years, from 57.1% in 2018-19 to 55.7% in 2022-23. Revenue from Commonwealth sources decreased as a share of total revenue in the past five years, from 41.7% in 2018-19 to 40.9% in 2022-23. Federal and other sources increased as a share of total revenue in the past five years, from 1.1% in 2018-19 to 3.3% in 2022-23.

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

	<b>Actual</b>					<b>Budgeted</b>
<b>REVENUE:</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024<sup>(1)</sup></b>
<b>Local Sources:</b>						
Real Estate Taxes (Current)	\$31,603,171	\$32,886,191	\$34,225,967	\$34,698,499	\$35,345,013	\$35,499,756
Public Utility Realty Tax	37,643	34,952	38,552	40,448	38,802	40,450
Payments in Lieu of Current Taxes/ State & Local	10,072	9,179	9,531	10,152	10,366	10,400
Per Capita (Sec. 679) Tax	84,492	81,412	97,058	96,044	96,312	96,000
Total Act 511 Taxes	6,383,099	6,336,898	6,852,676	7,421,533	7,693,613	7,650,100
Delinquent Taxes	1,288,277	1,233,336	1,326,913	1,096,161	874,073	1,197,100
Earnings on Investments	359,526	307,355	44,148	38,204	774,441	350,000
Revenue from Student Activities	116,841	90,298	49,725	158,909	249,262	185,000
Federal IDEA Pass Through Revenue	876,934	915,725	963,413	1,001,428	1,080,542	955,000
Rentals	115,254	73,256	4,640	24,129	42,759	50,000
Contributions and Donations from Private Sources	15,175	0	30,725	27,040	23,786	25,000
Tuition	15,175	465	0	19,966	22,407	25,000
Receipts from Other LEAS in PA - Education	28,687	28,770	9,238	17,910	32,730	0
Refunds of Prior Years' Expenditures	345,779	7,414	11,146	205,966	5,071	0
All Other Local Revenues Not Specified	54,234	37,484	39,544	63,110	174,952	80,000
<b>Total Local Sources</b>	<b>\$41,321,189</b>	<b>\$42,042,739</b>	<b>\$43,703,278</b>	<b>\$44,921,506</b>	<b>\$46,464,130</b>	<b>\$46,163,806</b>
<b>State Sources:</b>						
Basic Instructional Subsidy	\$16,000,330	\$16,186,371	\$16,186,363	\$16,556,920	\$17,488,990	\$18,232,466
Tuition-Orphans & Children in Private Homes	80,351	81,581	63,044	86,048	66,578	75,000
Special Education	2,736,253	2,816,565	2,816,482	2,952,084	3,148,521	3,381,991
Transportation	1,331,017	1,327,790	1,117,197	1,029,278	1,294,303	1,300,000
Rentals and Sinking Fund Payments	997,898	1,137,717	1,101,321	999,085	992,708	1,033,160
Health Services	98,572	98,633	97,737	95,069	96,496	98,000
State Property Tax Reduction Allocation	951,304	955,587	957,170	954,578	1,199,448	1,199,362
PA Accountability Grant/Ready to Learn Block Grant	671,460	799,771	671,460	671,460	671,460	671,460
Additional Grants not listed Elsewhere	25,000	0	45,000	100,000	100,000	100,000
Revenue from Social Security	1,251,282	1,195,015	1,447,429	1,416,281	1,493,399	1,450,000
Revenue from Retirement Contributions	5,635,388	6,015,256	6,208,655	6,576,013	7,458,689	6,600,000
Other Sources	391,000	100,000	0	0	174,935	0
<b>Total State Sources</b>	<b>\$30,169,858</b>	<b>\$30,714,288</b>	<b>\$30,711,857</b>	<b>\$31,436,519</b>	<b>\$34,185,527</b>	<b>\$34,141,439</b>
<b>Federal Sources:</b>						
<b>Total Federal Sources</b>	<b>\$799,993</b>	<b>\$869,210</b>	<b>\$2,415,041</b>	<b>\$2,637,239</b>	<b>\$2,739,558</b>	<b>\$1,188,603</b>
<b>Other Sources:</b>						
<b>Total Other Sources</b>	<b>\$25,149</b>	<b>\$1,230</b>	<b>\$521</b>	<b>\$9,966</b>	<b>\$25,350</b>	<b>\$0</b>
<b>TOTAL REVENUE</b>	<b>\$72,316,189</b>	<b>\$73,627,468</b>	<b>\$76,830,697</b>	<b>\$78,999,230</b>	<b>\$83,414,565</b>	<b>\$81,493,848</b>
<b>EXPENDITURES:</b>						
Instruction	\$41,815,712	\$42,914,401	\$47,499,088	\$47,388,283	\$51,076,037	\$51,245,522
Pupil Personnel	2,569,399	2,665,486	2,909,212	3,197,885	3,045,834	2,958,784
Instructional Staff	864,610	1,091,991	1,264,474	1,378,734	1,734,314	1,914,255
Administration	4,109,961	3,917,635	4,039,488	4,284,548	4,410,665	4,663,699
Pupil Health	1,104,720	1,155,716	1,253,724	1,374,271	1,431,366	1,546,443
Business	432,535	460,709	508,148	560,479	584,538	705,950
Operation and Maintenance	5,457,026	5,121,149	5,620,283	5,820,334	6,299,450	6,508,296
Student Transportation	3,831,211	3,035,611	3,093,016	4,096,833	4,397,474	4,366,646
Central Support	1,356,751	1,287,700	1,370,909	1,696,325	1,926,478	2,315,128
Other Support	31,029	15,428	20,989	21,061	21,292	21,292
Operation of Noninstructional Services	1,961,591	1,903,337	1,827,417	2,078,704	2,227,750	2,386,646
Debt Service	5,881,362	6,595,601	6,657,119	6,477,480	6,670,233	6,941,9210
Fund Transfers	0	256,400	500,000	450,000	400,000	0
Budgetary Reserve	0	0	0	0	0	300,000
<b>TOTAL EXPENDITURES</b>	<b>\$69,415,914</b>	<b>\$70,721,168</b>	<b>\$76,563,868</b>	<b>\$78,824,942</b>	<b>\$84,225,431</b>	<b>\$85,874,582</b>
<b>SURPLUS (DEFICIT) OF</b>						
<b>REVENUES OVER EXPENDITURES</b>	<b>\$3,430,570</b>	<b>\$3,206,300</b>	<b>\$266,829</b>	<b>\$174,288</b>	<b>(\$810,866)</b>	<b>(\$4,380,734)</b>

\*Totals may not add due to rounding.

<sup>(1)</sup>Budget, as adopted June 5, 2023.

Source: School District Annual Financial Reports and Budget.



## TAXING POWERS OF THE SCHOOL DISTRICT

### In General

Subject to certain limitations imposed by the Taxpayer Relief Act (see “**The Taxpayer Relief Act (Act 1)**” below), the School District is empowered by the Public 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 the Taxpayer Relief Act (Act 1), as amended by Act 25 of 2011, a school district may not levy any tax for the support of the public schools which was not levied in the previous 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 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 Commonwealth Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor

Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Act 1 Index applicable to the School District in the next, current, and previous fiscal years (not including exemptions) are as follows:

<b>Fiscal Year</b>	<b>Index %</b>
2024-25	6.8
2023-24	5.3
2022-23	4.4
2021-22	3.9
2020-21	3.4

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

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

### **Status of the Bonds under Act 1**

No exceptions to the Act 1 taxing limits are expected to apply to the Bonds. The School District, however, has included sufficient millage in its current year budget to cover the full amount of the debt service on the Bonds without exceeding the Act 1 Index (although the actual tax increase may have exceeded the Index as a result of the application of other approved (non-debt related) exceptions to the Index).

### **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:

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

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

*This summary of portions of Act 48 is not intended to be an exhaustive discussion of the provisions of Act 48 nor a legal interpretation of any provisions of Act 48, and a prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.*

\*Applicable to 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 and municipalities served by the School District and both Allegheny and Westmoreland Counties.

**TABLE 6**  
**NORWIN SCHOOL DISTRICT TAX RATES**

	Real Estate (mills)		Per Capita	Real Estate Transfer Tax	Earned Income Tax	Local Services Tax	Occupation Tax
	<u>Allegheny County</u>	<u>Westmoreland County</u>	<u>(\$)<sup>(1)</sup></u>	<u>(%)</u>	<u>(%)</u>	<u>(\$)</u>	<u>(\$)</u>
2019-20	12.3600	82.4000	10.00	0.50	0.50	(2)	10.00
2020-21	12.7200	84.8000	10.00	0.50	0.50	(2)	10.00
2021-22	12.7200	84.8026	10.00	0.50	0.50	(2)	10.00
2022-23	12.8100	85.8007	10.00	0.50	0.50	(2)	10.00
2023-24	12.7800	85.8000	10.00	0.50	0.50	(2)	10.00

<sup>(1)</sup>\$5.00 under Act 511 and \$5.00 under Section 679 of the Public School Code.

<sup>(2)</sup>The School District's collected portion is \$5.00 for Irwin Borough and North Huntingdon Township and \$10.00 for North Irwin Borough.  
Source: School District Officials.

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

	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
<i>School District - Allegheny County</i> .....	12.3600	12.7200	12.7200	12.8100	12.7800
<i>School District - Westmoreland County</i> .....	82.4000	84.8000	84.8026	85.8007	85.8000
<b><u>Counties &amp; Municipalities within the School District</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023</u></b>	<b><u>2024</u></b>
<i>Allegheny County</i> .....	4.7300	4.7300	4.7300	4.7300	4.7300
South Versailles Township (P).....	2.9000	2.9000	2.9000	2.9000	2.9000
White Oak Borough (P).....	6.4100	8.0000	8.0000	8.0000	9.0000
<i>Westmoreland County</i> .....	20.9900	20.9900	20.9900	20.9900	21.4900
Irwin Borough.....	20.0000	23.0000	23.0000	23.0000	28.0000
North Huntingdon Township.....	11.5500	11.5500	11.5500	11.6900	11.5500
North Irwin Borough.....	26.9800	26.9800	26.9800	26.9800	26.9800

(P) Portion

Source: School District Officials.

## Real Property Tax

The real property tax (excluding delinquent collections) produced \$35,521,870 in 2022-23, approximately 42% of overall revenue. The tax is levied on July 1 of each year. Taxpayers who remit within two months receive a 2% discount, and those who remit subsequent to four months after July 1 are assessed a 10% penalty.

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 Westmoreland County became effective in 1972 and the last assessment in Allegheny County became effective in 2013.

**TABLE 8  
NORWIN SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA**

	<b>Market Value</b>	<b>Assessed Value</b>	<b>Ratio</b>
2018-19 .....	\$2,387,886,485	\$425,109,070	17.80%
2019-20 .....	2,412,086,860	428,833,000	17.78%
2020-21 .....	2,579,818,400	432,649,130	16.77%
2021-22 .....	2,611,963,715	437,299,060	16.74%
2022-23 .....	2,835,242,066	441,005,330	15.55%
Compound Average Annual Percentage Change	4.63%	0.95%	

Source: Pennsylvania State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

**TABLE 9  
NORWIN SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	<b>2021 Market Value</b>	<b>2021 Assessed Value</b>	<b>2022 Market Value</b>	<b>2022 Assessed Value</b>
<i>School District</i> .....	\$2,611,963,715	\$437,299,060	\$2,835,242,066	\$441,005,330
<i>Allegheny County</i> .....	\$84,179,608,916	\$87,709,809,271	\$92,248,175,487	\$89,727,490,986
South Versailles Township (P) .....	1,239,367	1,467,600	1,282,127	1,467,600
White Oak Borough (P) .....	688,046	725,100	737,615	725,100
<i>Westmoreland County</i> .....	\$22,958,019,227	\$3,976,702,894	\$25,035,872,765	\$4,005,440,860
Irwin Borough .....	181,608,645	30,221,030	201,087,007	30,058,830
North Huntingdon Township .....	2,402,319,009	400,674,100	2,602,998,603	404,542,570
North Irwin Borough .....	26,108,648	4,211,230	29,136,714	4,211,230

(P) Portion

Source: Pennsylvania State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

**TABLE 10  
NORWIN SCHOOL DISTRICT  
ASSESSMENT BY LAND USE**

	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>
Residential .....	\$352,561,390	\$355,736,290	\$359,853,250	\$363,413,250	\$366,437,180
Trailers .....	1,008,960	990,220	877,300	871,600	842,940
Lots .....	3,067,670	3,079,850	3,038,770	2,932,890	3,091,100
Industrial .....	6,897,570	6,897,570	6,934,500	6,935,410	7,074,000
Commercial .....	56,117,260	56,639,420	56,753,550	57,992,560	57,982,330
Agriculture .....	3,765,920	3,798,210	3,511,490	3,457,590	3,893,230
Minerals .....	1,343,180	1,343,180	1,343,180	1,343,180	1,343,180
Land .....	347,120	348,260	337,090	352,580	341,370
<b>Total</b> .....	<b>\$425,109,070</b>	<b>\$428,833,000</b>	<b>\$432,649,130</b>	<b>\$437,299,060</b>	<b>\$441,005,330</b>

Source: Pennsylvania State Tax Equalization Board (STEB)/Tax Equalization Division (TED).

**TABLE 11  
NORWIN SCHOOL DISTRICT  
REAL PROPERTY TAX COLLECTION DATA**

	Assessed	Millage		Total Flat	Current Year Collections	Current Year Collections as Percent of Total	Total Current Plus	Collections as Percent of Total Current
	<u>Valuation</u>	<u>Westmoreland</u>	<u>Allegheny</u>	<u>Billing<sup>(1)</sup></u>	<u>June-July</u>	<u>Flat Billing</u>	<u>Delinquent<sup>(2)</sup></u>	<u>Billing</u>
2019-20 .....	\$425,765,570	82.4000	12.3600	\$35,083,083	\$32,886,191	93.74%	\$34,001,563	96.92%
2020-21 .....	429,923,770	84.8000	12.7200	36,457,536	34,225,967	93.88%	35,458,866	97.26%
2021-22 .....	433,100,060	85.8026	12.7200	36,726,885	34,761,609	94.65%	35,759,261	97.37%
2022-23 .....	437,912,760	85.0007	12.8100	37,572,915	35,273,557	93.88%	36,054,440	95.96%
2023-24 (est.) .....	442,400,350	85.8000	12.7800	37,957,950	35,521,870	93.58%	36,600,000	96.42%

<sup>(1)</sup>Flat billing plus penalties, less discounts and exonerations.

<sup>(2)</sup>Includes delinquent real estate only.

Source: School District Officials.

The ten largest real property taxpayers, together with 2023-24 assessed values, are shown in Table 12. The aggregate assessed value of these ten taxpayers totals approximately 3.4% of total assessed value.

**TABLE 12  
NORWIN SCHOOL DISTRICT  
TEN LARGEST REAL PROPERTY TAXPAYERS, 2023-24**

<b>Owner</b>	<b>2023-24 Assessed Value</b>
Excelsa Norwin Square Development LLC	\$2,781,000
Norwin Townhomes LP	2,771,600
Canh Associates	1,774,900
Wal-Mart Real Estate Business Trust <sup>(1)</sup>	1,425,600
Coronado IV LLC	1,315,490
Target Corporation	1,229,300
8850 Barnes Lake Road LLC	1,060,910
Walden's View NH	938,900
Villages of Easton LP	869,320
Benenson North Huntingdon LLC	868,820
<b>Total Assessed Value</b>	<b>\$15,035,840</b>

<sup>(1)</sup>Taxpayer initiated appeal.

Source: School District Officials.

## Other Taxes

Under Act 511, the School District collected \$7,693,613 in other taxes in 2022-23. Among the taxes authorized by Act 511, the Earned Income Tax, Local Services Tax, Occupation Flat Tax, Per Capita Taxes, 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 \$34,022,905.

*Per Capita Taxes.* A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the School Code) is levied on each resident over 18 years old by the School District and Act 511 portion yielded \$96,311 in 2022-23 or less than one percent of the School District's total revenue.

*Earned Income Tax.* A tax of 0.5% is levied on the earned income of residents. In 2022-23 the collected portion of this tax was an unaudited \$6,745,269 or 8.1 percent of the School District's total revenue.

*Real Estate Transfer.* A tax of one-half percent of the value of real estate transfers yielded \$697,164 in 2022-23 or 0.8 percent of the School District's total revenue.

*Local Services Tax (formerly aka Occupational Privilege Tax and Emergency and Municipal Services Tax).* A tax of \$52.00 is levied on each person with an occupation (shared with those participating municipalities). In 2022-23 the School District's share of the collected portion of this tax yielded \$74,065 or less than one percent of the School District's total revenue.

*Occupational Tax.* The School District levies an occupation tax of \$10.00 on each person with an occupation. In 2022-23 the collected portion of this tax yielded \$80,801 or less than one percent of the School District's total revenue.

## COMMONWEALTH AID TO SCHOOL DISTRICTS

### General

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> (which is not incorporated herein by reference and the School District does not assume any responsibility for the accuracy of the information on such website.)

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") (45.72%) or the wealth based Market Value Aid Ratio ("MVAR") currently (56.44%), 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 shows the outstanding debt of the School District as of February 28, 2024 including the issuance of the Bonds.

**TABLE 13**  
**NORWIN SCHOOL DISTRICT**  
**DEBT STATEMENT**  
**(As of February 28, 2024)\***

	Gross Outstanding
<b>NONELECTORAL DEBT</b>	
General Obligation Bonds, Series of 2024 .....	\$9,995,000
General Obligation Bonds, Series of 2023 .....	9,695,000
General Obligation Bonds, Series A of 2021 .....	11,555,000
General Obligation Bonds, Series of 2021 .....	8,970,000
General Obligation Bonds, Series A of 2020 .....	9,910,000
General Obligation Bonds, Series of 2020 .....	9,545,000
General Obligation Bonds, Series of 2019 .....	6,480,000
General Obligation Bonds, Series A of 2017 .....	20,680,000
General Obligation Bonds, Series of 2017 .....	16,720,000
<b>TOTAL NONELECTORAL DEBT</b> .....	<u>\$103,550,000</u>
<b>TOTAL LEASE RENTAL DEBT</b> .....	<u>\$0</u>
<b>TOTAL PRINCIPAL OF DIRECT DEBT</b> .....	<u><u>\$103,550,000</u></u>

\*Includes the estimated principal amount of the Bonds.

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 \$103,550,000. After adjustment for available funds and estimated Commonwealth Aid, the principal amount of direct debt payable from local taxes will total approximately \$92,036,602.

**TABLE 14**  
**NORWIN SCHOOL DISTRICT**  
**BONDED INDEBTEDNESS AND DEBT RATIOS**  
**(As of February 28, 2024)\***

	Gross Outstanding		Local Effort or Net of Available Funds and Estimated State Aid <sup>(1)</sup>	
<b>DIRECT DEBT</b>				
Nonelectoral Debt .....	\$103,550,000	*	\$92,036,602	*
Lease Rental Debt .....	0		0	
<b>TOTAL DIRECT DEBT</b> .....	<u>\$103,550,000</u>	*	<u>\$92,036,602</u>	*
<b>OVERLAPPING DEBT</b>				
Allegheny County <sup>(2)</sup> .....	\$661,930		\$661,930	
Westmoreland County <sup>(3)</sup> .....	22,469,663		22,469,663	
Municipal Debt <sup>(4)</sup> .....	2,219,033		2,219,033	
<b>TOTAL OVERLAPPING DEBT</b> .....	<u>\$25,350,626</u>		<u>\$25,350,626</u>	
<b>TOTAL DIRECT AND OVERLAPPING DEBT</b> .....	<u>\$128,900,626</u>	*	<u>\$117,387,228</u>	*
<b>DEBT RATIOS</b>				
Per Capita .....	\$3,650.65	*	\$3,324.57	*
Percent 2022-23 Assessed Value .....	29.23%	*	26.62%	*
Percent 2022-23 Market Value .....	4.55%	*	4.14%	*

\* Includes the estimated principal amount of the Bonds.

<sup>(1)</sup>Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS".

<sup>(2)</sup>Pro rata share of 0.7 percent of \$929,193,235 principal amount outstanding.

<sup>(3)</sup>Pro rata share of 11.3 percent of \$198,554,000 principal amount outstanding.

<sup>(4)</sup>Includes Pro rata share of the portions of South Versailles Township and White Oak Borough located within the District.

## Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt 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 Debt 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 2020-22 .....	\$74,124,344
Total Revenues for 2021-22 .....	76,185,455
Total Revenues for 2022-23 .....	80,641,705
<b>Total</b> .....	<u>\$230,951,504</u>
Annual Arithmetic Average (Borrowing Base) .....	<u><u>\$76,983,835</u></u>

Under the Debt 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:

	<b><u>Legal Limit</u></b>	<b><u>Net Debt Outstanding*</u></b>	<b><u>Remaining Borrowing Capacity*</u></b>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base .....	\$173,213,628	\$103,550,000	\$69,663,628

\*Includes the estimated principal amount of the Bonds. Does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt to be reimbursed by Commonwealth aid.

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## Debt Service Requirements

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

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

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

**TABLE 15**  
**NORWIN SCHOOL DISTRICT**  
**DEBT SERVICE REQUIREMENTS\***

<u>Year</u>	<u>Other Outstanding General Obligation Debt</u>	<u>Series of 2024</u>			<u>Total Requirements</u>
		<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2023-24	\$6,825,911				
2024-25	6,842,420				
2025-26	6,832,861				
2026-27	6,835,878				
2027-28	6,926,646				
2028-29	7,240,590				
2029-30	7,240,059				
2030-31	7,186,196				
2031-32	7,188,046				
2032-33	7,184,978				
2033-34	7,180,303				
2034-35	7,179,690				
2035-36	6,705,340				
2036-37	6,806,815				
2037-38	6,557,828				
2038-39	6,275,726				
2039-40	4,244,425				
2040-41	3,246,600				
2041-42	3,249,100				
2042-43	1,570,800				
<b>Total</b>	<b>\$123,320,212</b>				

\*Totals may not add due to rounding.

**TABLE 16**  
**NORWIN SCHOOL DISTRICT**  
**COVERAGE OF DEBT SERVICE AND LEASE RENTAL**  
**REQUIREMENTS BY COMMONWEALTH AID\***

2022-23 State Aid Received.....	\$34,185,527
2022-23 Debt Service Requirements.....	\$6,670,233
Maximum Future Debt Service Requirements after Issuance of Bonds .....	
Coverage of 2022-23 Debt Service Requirements .....	5.13 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	times

\*Assumes current Commonwealth Aid Ratio. See "COMMONWEALTH AID TO SCHOOL DISTRICTS".

## Future Financing

Although not currently anticipated, the School District may issue additional long-term (non-refunding) debt in the next 1-3 years.

## LABOR RELATIONS

### School District Employees

The School District presently employs 320 full-time professional employees which are represented by the Norwin Education Association (the “NEA”), an affiliate of the Pennsylvania State Education Association (the “PSEA”). The current contract with the Education Association expires on June 30, 2027. The School District also employs 25 secretaries who are represented by the Norwin Education Support Personnel Association (the “PSEA-NEA”), an affiliate of the PSEA. The current contract with the PSEA-NEA expires on June 30, 2028.

The Service Employees International Union, Local 36BJ represents 50 service personnel of the School District. The current contract with Local 505 expires on June 30, 2025.

The American Federation of State, County, and Municipal Employees, AFL-CIO, Local 1474, represents 55 maintenance/custodial personnel. The current contract with Local 1474 expires on June 30, 2025.

### Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administered 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. The contribution for 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. The contribution rate for 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 33.900% for the fiscal year 2024-25.

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 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:

<b>Fiscal Year</b>	<b>Contributions</b>
2019-20	\$10,933,807
2020-21	11,743,471
2021-22	12,093,182
2022-23	12,844,457
2023-24 (budget)	12,972,280

Source: School District officials.

At June 30, 2022, the School District reported a liability of \$97,181,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2020 to June 30, 2021. The School District’s proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2021, the School District’s proportion was 0.2367% which was an increase of 0.0041% from its proportion measured as of June 30, 2020.

As of June 30, 2023, the PSERS plan was 61.60% funded, with an unfunded actuarial accrued liability of approximately \$44.0 billion. PSERS' rate of return for fiscal year ended June 30, 2023 was 3.54%. The Fund had plan net assets of \$72.8 billion at June 30, 2023. For more information, visit the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov), which is not incorporated by specific reference into this Preliminary Official Statement.

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Source: School District Administrative Officials and PSERS.

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

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current employees, and to provide in the future access to health insurance coverage for retired employees; and to provide retirement severance pay for existing employees. In June 2015, GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain nonemployer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2017.

For a complete description of the plans see Appendix D - Audited Financial Report.

### **LITIGATION**

At the time of settlement, the President of the School Board will certify and the Solicitor will opine that there is no litigation pending challenging the Bonds, the Resolution or the power or process of the School District to issue the Bonds.

### **DEFAULTS AND REMEDIES**

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds 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 Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt 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 Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

### **TAX EXEMPTION**

#### **State Tax Matters**

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

#### **Federal Income Tax Matters**

In the opinion of Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, interest on the Bonds (including, in the case of Bonds sold at an original issue discount, the difference between the initial offering price and par) is excluded from gross income for Federal income tax purposes. Bond Counsel is also of the opinion that interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Internal Revenue Code, of 1986, as amended, (the "Code") in computing the alternative minimum tax on individuals. However, interest on the Bonds is included in calculations of both: (a) average annual "adjusted financial statement income" for the purpose of determining whether a corporation is an "applicable corporation," as defined in Section 59(k) of the Code; and (b) the amount of current "adjusted financial statement income" of such applicable corporation which is subject to the alternative minimum tax imposed by Section 55 of the Code, for tax years beginning after December 31, 2022.

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

Certain requirements and procedures contained or referred to in the Resolution and other relevant documents may be changed and certain actions (including, without limitation, defeasance of the Bonds) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents. Bond Counsel expresses no opinion regarding the Bonds or the interest thereon if any such change occurs or action is taken or omitted upon the advice or approval of bond counsel other than Clark Hill PLC.

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

For example, corporations are required to include all tax-exempt interest in determining "adjusted current earnings" under Section 56 (c) of the Code, which may increase the amount of any alternative minimum tax owed. Receipt of tax-exempt interest, ownership, or disposition of the Bonds may result in other collateral federal, state or local tax consequence for certain taxpayers. Such effects include, without limitation, increasing the federal tax liability of certain foreign corporations subject to the branch profits tax imposed by Section 884 of the Code, increasing the federal tax liability of certain insurance companies under Section 832 of the Code, increasing the federal tax liability and affecting the status of certain S corporations subject to Sections 1362 and 1375 of the Code, increasing the federal tax liability of certain individual recipients of social security or railroad retirement benefits, under Section 86 of the Code and, for tax years beginning in 1996, limiting the use of the Earned Income Credit under Section 32 of the Code that might otherwise be available. Ownership of any Bond may also result in the limitation of interest and certain other deductions for financial institutions and certain other taxpayers, pursuant to Section 265 of the Code. Finally, the residence of a holder of Bonds in a state other than Pennsylvania or being subject to tax in a state other than Pennsylvania, may result in income or other tax liabilities being imposed by such states or their political subdivisions based on the interest or other income from the Bonds.

## 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 (being an "obligated person" with respect to the Bonds, within the meaning of the Rule), will agree to provide the following to the Municipal Securities Rulemaking Board (the "MSRB") in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent:

- (A) Annually, not later than **March 31**, following the end of each fiscal year, beginning with the fiscal year ending June 30, 2024, the following financial information and operating information for the School District:
  - (1) financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units; and
  - (2) a summary of the budget for the current fiscal year (i.e. the fiscal year following the fiscal year of the financial statements being provided)
- (B) If not submitted as part of the annual financial information, then when and if available, audited financial statements for the School District;
- (C) In a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds:
  - (1) principal and interest payment delinquencies;
  - (2) non-payment related defaults, if material;
  - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
  - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
  - (5) substitution of credit or liquidity providers, or their failure to perform;
  - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;
  - (7) modifications to rights of holders of the Bonds, if material;
  - (8) bond calls, if material, and tender offers;
  - (9) defeasances;
  - (10) release, substitution, or sale of property securing repayment of the Bonds, if material;
  - (11) rating changes;
  - (12) bankruptcy, insolvency, receivership or similar event of the School District;
  - (13) 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; and
  - (14) appointment of a successor or additional trustee or the change of name of a trustee, if material;
  - (15) incurrence of a financial obligation of the 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

(16) 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.

(D) in a timely manner, notice of a failure of the School District to provide the required annual financial information specified above, on or before the date specified above.

With respect to the filing of annual financial and operating information, the School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The events listed in (C) above are those specified in the Rule, not all of which may be relevant to the Bonds. The School District may from time to time choose to file notice of the occurrence of other events, in addition to the events listed in (C) above, but the School District does not commit to provide notice of the occurrence of any events except those specifically listed in (C) above.

The School District acknowledges that its undertaking pursuant to the Rule described herein is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District's continuing disclosure undertaking shall be limited to a right to obtain specific performance, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District's obligations with respect to continuing disclosure described herein shall terminate upon the prior redemption or payment in full of the Bonds or if the School District is no longer an "obligated person" with respect to the Bonds, within the meaning of the Rule.

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

### Existing Continuing Disclosure Filing History

The School District has previously entered into continuing disclosure undertakings 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 Ending	Filing Deadline <sup>[1]</sup>	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID <sup>[2]</sup>	Filing Date	EMMA ID <sup>[2]</sup>	Filing Date	EMMA ID <sup>[2]</sup>
6/30/2019	12/27/2019	12/23/2019 <sup>[3]</sup>	ER992165	12/23/2019	ER992165	12/23/2019	ER992165
6/30/2020	12/27/2020	12/26/2020 <sup>[4]</sup>	P11109665	12/26/2020	P11109665	12/26/2020	P11109665
6/30/2021	03/31/2022	03/22/2022	P11198430	03/22/2022	P11198430	Not Required	
6/30/2022	03/31/2023	03/29/2023	P21280153	03/29/2023	P21280153	Not Required	
6/30/2023	03/31/2024	03/19/2024	P11313948	03/19/2024	P11313948	Not Required	

#### Notes

<sup>[1]</sup> For these purposes, assumes the shortest filing deadline of the School District's previous continuing disclosure undertakings

<sup>[2]</sup> 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=>

<sup>[3]</sup> Interim filing of PDE-2057 Annual Financial Report. Audited Financial Statements were filed on February 18, 2019 (EMMA ID ES958802).

<sup>[3]</sup> Interim filing of PDE-2057 Annual Financial Report. Audited Financial Statements were filed on September 1, 2020 (EMMA ID P21072827).

<sup>[4]</sup> Interim filing of PDE-2057 Annual Financial Report. Audited Financial Statements were filed on February 10, 2021 (EMMA ID P11116789).

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, 2019, the School District filed its PDE 2057 Annual Financial report, notice regarding the status of the Audit, the budget and operating data was filed timely on December 23, 2019. The Audited Financial Statements were filed late on September 1, 2020.

For fiscal year ending June 30, 2020, the School District filed its PDE 2057 Annual Financial report, notice regarding the status of the Audit, the budget and operating data was filed timely on December 26, 2020. The Audited Financial Statements were filed late on February 10, 2021.

For fiscal year ending June 30, 2021, the School District filed the Audit and budget timely on March 22, 2022.

For fiscal year ending June 30, 2022, the School District filed the Audit and budget timely on March 29, 2023.

For fiscal year ending June 30, 2023, the School District filed the Audit and budget timely on March 19, 2024.

### **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 February 26, 2019.

### **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 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 obligations. These steps include implementing the EMMA 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 financial advisor to ensure all disclosure obligations have been made on a timely basis and in all material respects.

### **RATINGS**

S&P Global Ratings has assigned its 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 \_\_\_\_\_. Moody’s Investors Service has assigned its underlying rating of “A1” to this issue of Bonds. 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 addresses: S&P Global Ratings, 55 Water Street, New York, New York 10041-0003 and Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. 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 by the Underwriter for a purchase price of \$\_\_\_\_\_, which is equal to the par value of the Bonds less an underwriters’ discount of \$\_\_\_\_\_ plus an original issue premium of \$\_\_\_\_\_.

### **LEGAL OPINION**

The Bonds are offered with the approving legal opinion of Clark Hill PLC, Bond Counsel, of Pittsburgh, Pennsylvania. Certain legal matters will be passed upon for the School District by Andrews & Price LLC, Pittsburgh, Pennsylvania, School District Solicitor.

### **FINANCIAL ADVISOR**

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the “Financial Advisor”) in connection with the preparation, authorization and issuance of the Bonds. Although the Financial Advisor has assisted the School District in the preparation of this Preliminary Official Statement, it 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 Financial 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 Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

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

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

NORWIN SCHOOL DISTRICT  
(Westmoreland and Allegheny Counties, Pennsylvania)

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

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**APPENDIX A**  
**Demographic and Economic Information**  
**Relating to the Norwin School District**

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## Introduction

Norwin School District, located in Westmoreland and Allegheny Counties, Pennsylvania (the “School District”) is comprised of the Boroughs of Irwin and North Irwin and North Huntingdon Township and portions of South Versailles Township and White Oak Borough. The School District is located approximately 20 miles east of the City of Pittsburgh and has an area of 36 square miles. The 2020 U.S. Census population of the School District is 35,309.

## Population

Table A-1 shows population trends for the School District, Westmoreland County, Allegheny County, and the Commonwealth of Pennsylvania. Table A-2 shows 2021 estimated age composition and median age in Westmoreland County, Allegheny County and the Commonwealth.

**TABLE A-1**  
**POPULATION TRENDS**

	<b><u>2015</u></b>	<b><u>2020</u></b>	<b>Compound Average Annual Percentage Change <u>2015-2020</u></b>
<i>School District</i>	35,619	35,309	-0.17%
Allegheny County	1,231,145	1,250,578	0.31%
Westmoreland County	361,251	347,087	-0.80%
Pennsylvania	12,779,559	13,002,689	0.35%

Source: U.S. Census Bureau, American Community Survey 5-Year Estimates.

**TABLE A-2**  
**AGE COMPOSITION**

	<b>0-17 Years</b>	<b>18-64 Years</b>	<b>65+ Years</b>	<b>Median Age</b>
Westmoreland County .....	18.5%	77.4%	22.7%	47.1
Allegheny County .....	18.9%	62.3%	18.9%	40.7
Pennsylvania .....	20.9%	60.9%	18.2%	40.8

Source: Center for Workforce Information and Analysis & U.S. Census 5 Year Estimates 2017-2021

## Employment

Overall employment data are not compiled for the School District or municipalities within it, but such data are compiled for the Pittsburgh Metropolitan Statistical Market Area (the “MSA”) as shown below as of December 2023.

**TABLE A-3**  
**DISTRIBUTION OF EMPLOYMENT**  
**Pittsburgh Metropolitan Statistical Area**  
**(Allegheny, Armstrong, Beaver, Butler, Fayette, Washington and Westmoreland Counties)**  
**NONFARM JOBS**

<i>ESTABLISHMENT DATA</i>	<u>Industry Employment</u>					
	Dec 2023	Nov 2023	Oct 2023	Dec 2022	Nov 2023	Dec 2022
<b>Total Nonfarm</b>	<b>1,176,300</b>	<b>1,183,900</b>	<b>1,177,200</b>	<b>1,165,500</b>	<b>-7,600</b>	<b>10,800</b>
<b>Total Private</b>	<b>1,063,500</b>	<b>1,070,000</b>	<b>1,064,200</b>	<b>1,052,900</b>	<b>-6,500</b>	<b>10,600</b>
<b>Goods Producing</b>	<b>149,600</b>	<b>151,900</b>	<b>153,500</b>	<b>146,700</b>	<b>-2,300</b>	<b>2,900</b>
<b>Mining and Logging</b>	<b>8,200</b>	<b>8,400</b>	<b>8,400</b>	<b>8,100</b>	<b>-200</b>	<b>100</b>
Construction	55,400	57,200	59,300	55,100	-1,800	300
Specialty trade contractors	31,300	32,500	34,100	32,600	-1,200	-1,300
<b>Manufacturing</b>	<b>86,000</b>	<b>86,300</b>	<b>85,800</b>	<b>83,500</b>	<b>-300</b>	<b>2,500</b>
Durable Goods	62,700	63,100	62,700	60,800	-400	1,900
Primary metal mfg.	10,200	10,200	10,100	9,900	0	300
Iron and steel mills and ferroalloy mfg.	5,300	5,300	5,300	5,100	0	200
Non-Durable Goods	23,300	23,200	23,100	22,700	100	600
<b>SERVICE-PROVIDING</b>	<b>1,026,700</b>	<b>1,032,000</b>	<b>1,023,700</b>	<b>1,018,800</b>	<b>-5,300</b>	<b>7,900</b>
<b>PRIVATE SERVICE-PROVIDING</b>	<b>913,900</b>	<b>918,100</b>	<b>910,700</b>	<b>906,200</b>	<b>-4,200</b>	<b>7,700</b>
Trade, Transportation, and Utilities	211,900	210,300	205,900	210,500	1,600	1,400
Wholesale Trade	41,800	41,400	41,300	41,800	400	0
Retail Trade	117,900	117,700	114,600	117,600	200	300
Building material and supplies dealers	8,200	8,100	8,100	8,400	100	-200
Food and beverage stores	22,400	22,300	22,000	22,500	100	-100
General merchandise stores	26,600	26,000	24,700	25,900	600	700
Department stores	9,700	9,100	8,400	9,500	600	200
Clothing, clothing accessories	6,900	6,700	6,300	6,900	200	0
Transportation, Warehousing and Utilities	52,200	51,200	50,000	51,100	1,000	1,100
Utilities	5,300	5,300	5,300	5,400	0	-100
Truck Transportation	10,600	10,600	10,600	11,000	0	-400
<b>Information</b>	<b>21,900</b>	<b>21,900</b>	<b>21,900</b>	<b>21,800</b>	<b>0</b>	<b>100</b>
<b>Financial Activities</b>	<b>77,800</b>	<b>77,300</b>	<b>77,000</b>	<b>75,700</b>	<b>500</b>	<b>2,100</b>
Finance and Insurance	62,100	61,600	61,500	60,200	500	1,900
Credit intermediation and related activities	27,200	27,000	27,000	26,900	200	300
Depository credit intermediation	23,700	23,500	23,500	23,400	200	300
Insurance carriers and related activities	26,700	26,500	26,500	26,100	200	600
<b>Professional and Business Services</b>	<b>192,300</b>	<b>194,100</b>	<b>192,800</b>	<b>193,300</b>	<b>-1,800</b>	<b>-1,000</b>
Professional and technical services	92,700	93,100	91,700	89,600	-400	3,100
Architectural and engineering services	17,300	17,300	17,100	16,400	0	900
Scientific research and development services	12,100	12,000	11,800	11,400	100	700
Management of companies and enterprises	43,900	43,900	44,100	44,900	0	-1,000
Administrative and waste services	55,700	57,100	57,000	58,800	-1,400	-3,100
Administrative and support services	51,300	52,800	52,800	54,500	-1,500	-3,200
Employment services	19,200	19,600	19,300	20,900	-400	-1,700
<b>Education and Health Services</b>	<b>251,800</b>	<b>255,400</b>	<b>251,500</b>	<b>246,900</b>	<b>-3,600</b>	<b>4,900</b>
Educational services	53,200	55,000	54,400	52,700	-1,800	500
Colleges and universities	39,700	41,200	40,500	39,000	-1,500	700
Health care and social assistance	198,600	200,400	197,100	194,200	-1,800	4,400
Ambulatory health care services	72,200	73,800	71,600	71,200	-1,600	1,000
Offices of physicians	29,900	29,900	29,700	29,500	0	400
Hospitals	51,400	51,500	51,200	50,800	-100	600
General medical and surgical hospitals	49,200	49,300	48,900	48,500	-100	700
Nursing and residential care facilities	32,100	32,200	31,800	31,600	-100	500
Social assistance	42,900	42,900	42,500	40,600	0	2,300
<b>Leisure and Hospitality</b>	<b>110,500</b>	<b>111,400</b>	<b>114,300</b>	<b>111,600</b>	<b>-900</b>	<b>-1,100</b>
Accommodation and food service	88,800	87,800	88,300	91,300	1,000	-2,500
Food services and drinking places	79,900	79,000	79,400	84,000	900	-4,100
Full time service restaurants	40,000	39,400	39,000	40,000	600	0
Limited service eating places	33,300	32,900	33,000	33,000	400	300
<b>Other Services</b>	<b>47,700</b>	<b>47,700</b>	<b>47,300</b>	<b>46,400</b>	<b>0</b>	<b>1,300</b>
<b>Government</b>	<b>112,800</b>	<b>113,900</b>	<b>113,000</b>	<b>112,600</b>	<b>-1,100</b>	<b>200</b>
Federal Government	19,200	19,300	19,200	18,800	-100	400
State Government	13,200	13,500	13,400	13,100	-300	100
Local Government	80,400	81,100	80,400	80,700	-700	-300
Local government educational services	47,600	48,300	47,300	47,600	-700	0
Other Local Government	32,800	32,800	33,100	33,100	0	-300
Data benchmarked to March 2023	**Data changes of 100 may be due to rounding***					

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

Major employers within Allegheny and Westmoreland Counties include:

<b>Allegheny County</b>	<b>Westmoreland County</b>
UPMC Presbyterian Shadyside	Wal-Mart Associates Inc
University of Pittsburgh	State Government
Federal Government	United Parcel Service Inc
Western Penn Allegheny Health	Westmoreland County
Giant Eagle Inc	Westmoreland Regional Hospital
Allegheny County	Giant Eagle
PNC Bank NA	Phillips Rs North American LLC
Carnegie Mellon University	Westinghouse Electric Co LLC
Allegheny Clinic	Excelsa Health Physician Practices
Bank of New York Mellon	Elliott Turbomachinery Co Inc

Source: Pennsylvania Department of Labor & Industry, Center for Workforce & Information Analysis, 2nd Qtr. 2023

Table A-4 shows recent trends in labor force, employment and unemployment for Westmoreland and Allegheny Counties and the Commonwealth. The unemployment rate for Westmoreland and Allegheny Counties has been lower than the statewide average.

**TABLE A-4**  
**RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT\***  
**(Westmoreland and Allegheny Counties)**

	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	<b><u>2023<sup>(1)</sup></u></b>	<b>Compound Average Annual % <u>Rate</u></b>
<b><i>Allegheny County</i></b>							
Civilian Labor Force (000)	645.20	649.90	636.00	630.80	630.50	625.50	-0.62%
Employment (000)	619.10	623.00	578.60	592.30	609.30	608.30	-0.35%
Unemployment (000)	26.1	26.8	57.4	38.5	21.2	17.2	-8.00%
Unemployment Rate	4.00%	4.10%	9.00%	6.10%	3.40%	2.80%	
<b><i>Westmoreland County</i></b>							
Civilian Labor Force (000)	180.50	181.50	176.70	175.40	175.40	173.80	-0.75%
Employment (000)	172.50	173.30	160.60	164.30	168.90	168.60	-0.46%
Unemployment (000)	8.0	8.1	16.1	11.1	6.5	5.2	-8.25%
Unemployment Rate	4.40%	4.50%	9.10%	6.30%	3.70%	3.00%	
<b><i>Pennsylvania</i></b>							
Civilian Labor Force (000)	6,424.0	6,492.0	6,388.0	6,406.0	6,452.0	6,493.0	0.21%
Employment (000)	6,149.0	6,208.0	5,808.0	5,999.0	6,204.0	6,303.0	0.50%
Unemployment (000)	276.0	284.0	580.0	407.0	248.0	190.0	-7.20%
Unemployment Rate	4.30%	4.40%	9.10%	6.30%	3.80%	2.90%	

<sup>(1)</sup>As of December 2023.

Source: Pennsylvania Department of Labor & Industry.

## Income

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

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

	<u>2015</u>	<u>2020</u>	<b>Compound Average Annual Percentage Change <u>2015-2020</u></b>
<i>School District</i> .....	\$33,792	\$40,565	3.72%
<i>Allegheny County</i> .....	32,848	42,077	5.08%
<i>Westmoreland County</i> .....	29,472	36,840	4.56%
<i>Pennsylvania</i> .....	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, American Community Survey 5-Year Estimates.

## Commercial Activity

Table A-6 shows recent trends for retail sales in Westmoreland and Allegheny Counties and for the Commonwealth.

**TABLE A-6**  
**TOTAL RETAIL SALES**  
**(000)**

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Allegheny County	\$16,909,577	\$28,349,924	\$29,465,658	\$63,238,185	\$69,059,274
Westmoreland County	7,170,927	6,709,825	6,644,336	6,487,847	6,888,286
Pennsylvania	188,389,810	244,709,540	251,186,116	274,685,600	297,770,327

Source: The Nielsen Company.

## Utility Services

Coal and natural gas are common to the area and, as a result, utility costs have remained below the national averages. Also, because of the runoff from the Allegheny Mountains to the east and the two major rivers to the north and south, Westmoreland County enjoys an abundance of water.

## Medical Facilities

Excelsa Health, which serves Westmoreland County, is a merger of three local acute care hospitals: Frick Hospital in Mt. Pleasant, Latrobe Area Hospital, and Westmoreland Hospital in Greensburg. Excelsa Health also has a range of diversified services from ambulance services, charitable foundations, a SurgiCenter, and physician practices.

Excelsa Health offers a wide range of services including Behavioral Health, Cardiovascular Care, Cancer Care, Home Care, Hospice, Older Adults, Outpatient Care, Primary Care, Rehab, and Women's Health.

Source: [www.inwestmoreland.com](http://www.inwestmoreland.com)

## Parks & Recreation

Westmoreland County boasts a wide variety of recreational and conservation areas, including dozens of county and state parks, country clubs, state game lands, state forests, and nature preserves. In addition, there are many fine parks and recreation areas maintained by townships and localities. Here we present but a few of the major resources and facilities in Westmoreland County.

The Westmoreland County Bureau of Parks and Recreation encompasses nine diversified parks and two trails maintained to provide visitors with a wide variety of benefits and experiences. The parks, encompassing over 2,700 acres of land, are open year-round providing walking and hiking trails, picnic and play areas, recreation programs, fishing areas, active sports facilities, as well as plenty of open fields, forests, and streams to discover.

Hempfield Park is located in northern Hempfield Township just off Route 66, 4 miles north of the City of Greensburg. Covering 94.5 acres, the park features a one mile walking track, lighted tennis courts, basketball and volleyball courts, baseball fields, horseshoe pits, a bocce court, and 5 handicapped accessible pavilions for rent.

Latrobe Parks & Recreation's mission is to provide a variety of safe, modern, affordable parks and recreation facilities, programs and services that will enhance the quality of life by promoting good health and well-being for the citizens of the City of Latrobe.

With 1,200 acres, including a 78 acre lake, Keystone State Park is great for family vacations year-round. Camping, modern cabins, trails, and a swimming beach provide an ideal setting for a summer outing. The park is off Route 981 south of route 22 in the City of New Alexandria.

Laurel Summit in Westmoreland County provides a scenic picnic area 2,739 feet above sea level and is operated by the Bureau of State Parks. The 6-acre park includes picnic tables and a pavilion, water, and trailhead parking for Spruce Flats Bog and Wolf Rocks Trail.

Linn Run State Park is 612 acres on the western side of Laurel Mountain and borders Forbes State Forest. A mixed hardwood and evergreen forest make this park a scenic place for picnicking, hiking, and cabin rentals. Linn Run is an excellent trout stream complete with its own small waterfall, Adams Falls.

Source: [www.inwestmoreland.com](http://www.inwestmoreland.com)

### **Transportation Facilities**

Westmoreland County has a number of resources for public transportation, starting with the Westmoreland County Transit Authority ("WCTA"), which provides a variety of transportation modes, including fixed route bus service, a complementary paratransit program for the handicapped, and Medical Assistance Transportation to medical facilities for people with a valid Welfare Medical Card. Commuter bus services to Pittsburgh are among the WCTA's most popular runs.

Air travel is provided out of Arnold Palmer Regional Airport in Latrobe, PA.

Public Taxi services are available throughout most of Westmoreland County and include: Byers Taxi Service, Jeannette City Transit, Manor Valley Taxi, Mount Pleasant Yellow Cab, Veterans Cab Company and Yellow Cab of Greensburg.

Serving the southwestern most points of Westmoreland County, including Monessen and Washington Township, the Mid Mon Valley Transit Authority provides bus service almost anywhere in the Mon Valley, with direct service to Pittsburgh.

Greyhound bus services have a pickup and drop off location at the Westmoreland County Transit Center on Bell Way in Greensburg.

Source: [www.inwestmoreland.com](http://www.inwestmoreland.com)

### **Higher Education Facilities**

Ranked among the nation's top small liberal arts colleges, Saint Vincent College offers more than 50 degree programs in the arts and sciences.

Located near Greensburg, Seton Hill is a small, Catholic, liberal arts university with a 13:1 student-faculty ratio.

Conveniently located on Route 136, 1.4 miles west of Route 30, Carlow University offers courses in an accelerated format designed for working adults. Undergraduate offerings include Business Management (with a minor in Human Resource Management Technology), Early Childhood Education, and an 18-month RN to BSN Fast-Track Nursing program. Graduate offerings include Professional Leadership (concentration in Training & Development) and a Nurse Practitioner program.

The mission of the Eastern Westmoreland Career and Technology Center is to prepare students for the career opportunities available to them. Courses include digital media technology, food services, graphic communication, health, welding, auto mechanics, and more.

The University of Pittsburgh at Greensburg is a 219 acre campus with 25 buildings, 20 four-year degree programs, and nearly 1,800 full-time students. The Pitt Greensburg Alumni Association counts over 4,000 graduates.

Westmoreland County Community College (WCCC) offers 57 associate degree, 11 diploma, and 21 certificate programs with options that prepare students for a career or transfer to baccalaureate degree programs at four-year institutions.

Penn State New Kensington was founded in 1958 as a result of a study of the local need for higher education in the Alle-Kiski Valley. The campus provides the resources of a major research university.

Other educational opportunities include the Business Careers Institute and the Central Westmoreland Career and Technology Center.

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Source: [www.inwestmoreland.com](http://www.inwestmoreland.com)



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**APPENDIX B**  
**FORM OF OPINION OF BOND COUNSEL**

FORM OF OPINION OF BOND COUNSEL

*The form of the approving legal opinion of Clark Hill PLC, Bond Counsel, is set forth below. The actual opinion will be delivered on the date of delivery of the Bonds and may vary from the form set forth to reflect circumstances both factual and legal at the time of such delivery. Recirculation of this Preliminary Official Statement shall create no implication that Clark Hill PLC has reviewed any of the matters set forth in such opinion subsequent to the date thereof.*

To and for the attention \_\_\_\_\_, 2024  
of the Purchaser of the  
Described Bonds:

We have served as Bond Counsel to the Norwin School District (Westmoreland and Allegheny Counties, Pennsylvania) (the "Local Government Unit") and do hereby undertake to advise you in connection with the issuance, sale and delivery of its \$ \_\_\_\_\_ aggregate principal amount, General Obligation Bonds, Series of 2024 (the "Bonds") issued in fully registered form, dated and bearing interest from \_\_\_\_\_, 2024 and maturing on various annual dates ending on \_\_\_\_\_, and subject to optional redemption on and after \_\_\_\_\_.

In that capacity, we have examined the Constitution of the Commonwealth of Pennsylvania; the Public School Code of 1949, Act of March 10, 1949, P.L. 30, No. 14, as amended (the "School Code"); the Local Government Unit Debt Act, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177), as amended (the "Debt Act"); the formal action of the Governing Body of the Local Government Unit authorizing the incurrence of nonelectoral debt evidenced by the Bonds (the "Debt Ordinance"); the corresponding Certificate of Approval of the Department of Community and Economic Development; the Internal Revenue Code of 1986, as amended (the "Tax Code"); the Federal Income Tax Certificate of an authorized officer; and such other certificates, proceedings and law as we deemed necessary in order to render this opinion. Unless separately noted, we have not independently verified factual certifications made to us by the Local Government Unit, its officers and agents during the course of our engagement.

Both principal of and interest on the Bonds are payable at the designated corporate trust office of Zions Bancorporation, National Association, Pittsburgh, Pennsylvania, as Paying Agent for the Local Government Unit; the bank has additionally been appointed Registrar and Sinking Fund Depository for the Bonds.

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

1. The Bonds are valid and binding general obligations of the Local Government Unit.
  - (a) The Bonds are issued for a valid purpose under the School Code.
  - (b) The Bonds, and all other outstanding debt of the Local Government Unit, are within constitutional and statutory limitations.
  - (c) The Debt Ordinance authorizing the Bonds was duly and properly enacted and is in full force and effect.

(d) The Bonds conform, in all substantial respects, to the form provided in the Debt Ordinance.

2. The Bonds are secured by a pledge of the full faith, credit and all available taxing power of the Local Government Unit. The Local Government Unit has effectively covenanted in the Debt Ordinance to include the amount of debt service on this issue, in each fiscal year for which such sums are due, in its budget for that year; to appropriate such amount to the payment of such debt service; and to pay or cause to be paid, from time to time as and when due, the principal of the Bonds and the interest thereon on the dates, at the place and in the manner stated in the Bonds.

3. Presently included among the general revenues of the Local Government Unit available for the payment of a portion of the Bonds are ad valorem real estate taxes, whose levy is subject to the limitations of Pennsylvania Act No. 1 of Special Session of 2006 (“Act 1”), as amended, which became effective June 27, 2006. The pledge of ad valorem taxes to the payment of debt service on the Bonds will not be unlimited, but will be constrained, generally, to rates established at the time of adoption of the fiscal 2023-2024 budget, as adjusted by an annual index.

4. The Bonds are payable and enforceable according to their own terms, those of the Debt Ordinance and all provisions of the Debt Act; however, any such payment and enforcement could be restrained by a court of proper jurisdiction operating under the authority of bankruptcy, receivership and other similar laws of accommodation and adjustment of creditors' rights, as then applicable.

5. The Bonds, having all the qualities and incidents of securities under Article 8 of the Uniform Commercial Code, are negotiable instruments.

6. The Bonds are an authorized investment, under the Probate, Estates and Fiduciaries Code, as amended, for fiduciaries and personal representatives (as such terms are therein defined) within the Commonwealth of Pennsylvania.

7. Under the laws, regulations, rulings and judicial decisions in effect as of the date hereof, interest on the Bonds (including, in the case of Bonds sold at an original issue discount, the difference between the original offering price and par) is excludible from gross income for Federal income tax purposes. Furthermore, interest on the Bonds will not be treated as a specific item of tax preference, under Section 57(a)(5) of the Internal Revenue Code, of 1986, as amended, (the “Tax Code”) in computing the alternative minimum tax on individuals. However, interest on the Bonds is included in calculations of both: (a) average annual “adjusted financial statement income” for the purpose of determining whether a corporation is an “applicable corporation,” as defined in Section 59(k) of the Tax Code; and (b) the amount of current “adjusted financial statement income” of such applicable corporation which is subject to the alternative minimum tax imposed by Section 55 of the Tax Code, for tax years beginning after December 31, 2022. In rendering the opinions in this paragraph, we have assumed continuing compliance with certain covenants designed to meet the requirements of Section 103 of the Tax Code. We express no opinion as to any other Federal income tax consequence arising from ownership of the Bonds.

8. The Bonds, and interest income therefrom, are free from taxation for purposes of personal income and corporate net income within the Commonwealth of Pennsylvania.

Very truly yours,

CLARK HILL PLC

**APPENDIX C**  
**CONTINUING DISCLOSURE CERTIFICATE**

\$ \_\_\_\_\_  
NORWIN SCHOOL DISTRICT  
(Westmoreland and Allegheny Counties, Pennsylvania)  
Dated \_\_\_\_\_, 2024 - Final Maturity \_\_\_\_\_  
GENERAL OBLIGATION BONDS, SERIES OF 2024

CONTINUING DISCLOSURE CERTIFICATE

**THIS CONTINUING DISCLOSURE CERTIFICATE** (the "Certificate") is executed and delivered the \_\_\_\_\_ day of May, 2024 by the Norwin School District (Westmoreland and Allegheny Counties, Pennsylvania) (the "Issuer") in connection with the issuance of its \$ \_\_\_\_\_ General Obligation Bonds, Series of 2024 (the "Bonds"). The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the Issuer on January 9, 2023 (the "Authorizing Legislation"). The Issuer certifies, covenants and agrees as follows:

**SECTION 1.** Purpose of the Certificate.

This Certificate is being executed and delivered by the Issuer to provide for the disclosure of certain information concerning the Bonds on an on-going basis as set forth herein for the benefit of Bondholders (as hereinafter defined) in accordance with the provisions of Securities and Exchange Commission Rule 15c2-12, as amended from time to time (the "Rule").

**SECTION 2.** Definitions; Scope of this Certificate.

(A) All terms capitalized but not otherwise defined herein shall have the meanings assigned to those terms in the Authorizing Legislation and the Bonds. Notwithstanding the foregoing, the term "Disclosure Agent" shall mean the Issuer, or any disclosure agent appointed or engaged by the Issuer; any successor disclosure agent shall automatically succeed to the rights and duties of the Disclosure Agent hereunder, without any amendment hereto. The following capitalized terms shall have the following meanings:

*"Annual Financial Information"* shall mean a copy of the annual audited financial information prepared for the Issuer which shall include, if prepared, a balance sheet, a statement of revenue and expenditure and a statement of changes in fund balances. All such financial information shall be prepared using a modified accrual basis of accounting, provided, however, that the Issuer may change the accounting principles used for preparation of such financial information so long as the Issuer includes as information provided to the public a statement to the effect that different accounting principles are being used, stating the reason for such change and providing a method by which to compare the financial information provided by the differing financial accounting principles. Any or all of the items listed above may be incorporated by reference from other documents, including Offering Documents of debt issues of the Issuer or related public entities, which have been submitted to each of the MSRB through EMMA, SID, if any, or filed with the SEC. If the document incorporated by reference is a final Offering Document, it must be available from the MSRB. The Issuer shall clearly identify each such other document so incorporated by reference.

*"Beneficial Owner"* shall mean any person which has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including personal holding Bonds through nominees, depositories or other intermediaries).

"*Bondholders*" shall mean any holder of the Bonds and any Beneficial Owner thereof.

"*EMMA*" shall mean the Electronic Municipal Market Access System created by the MSRB and located at [www.emma.msrb.org](http://www.emma.msrb.org) and as described in Securities and Exchange Commission Release No. 34-59061 and Release No. 34-59062.

"*Financial Obligation*" means a:

- (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) A guarantee of either (i) or (ii), above.
- (B) Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"*MSRB*" shall mean the Municipal Securities Rulemaking Board.

"*Material Event*" shall mean any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of security the Bondholders, if material;
- (viii) Bond calls (if material) and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the Bonds, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar events of the Issuer;



- (xiii) The consummation of a merger, consolidation, or acquisition involving the Issuer, or the sale of all or substantially all of the assets of the Issuer, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the obligated person, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the obligated person, any of which reflect financial difficulties.

The SEC requires the listing of (i) through (xvi) although some of such events may not be applicable to the Bonds.

*"Official Statement"* shall mean the Offering Document, dated \_\_\_\_\_, 2024.

*"Operating Data"* shall mean a summary of the budget for the current fiscal year.

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

*"SEC"* shall mean the Securities and Exchange Commission.

*"SID"* shall mean the state information depository ("SID"), as such term is used in the Securities and Exchange Commission Release No. 34-34961.

*"State"* shall mean Commonwealth of Pennsylvania.

### SECTION 3. Disclosure of Information.

(A) Information Provided to be Disclosed. Except to the extent this Certificate is modified or otherwise altered in accordance with Section 4 hereof, the Issuer shall make, or shall cause the Disclosure Agent to make, a filing with the MSRB through EMMA of the information set forth in subsections (1), (2) and (3) below:

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data at least annually not later than March 31, beginning March 31, 2025, for the fiscal year ending June 30, 2024, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information to the Disclosure Agent not later than fifteen (15) Business Days prior to the disclosure date referenced above. The Annual Financial Information may be submitted as a single document or as separate documents comprising a package, and may

cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information.

(2) Material Events Notices. Notice of the occurrence of a Material Event, which notice shall be filed not more than ten (10) business days after the occurrence thereof.

(3) Failure to Provide Annual Financial Information or Operating Data. Notice of the failure of Issuer to provide the Annual Financial Information or Operating Data by the date required herein.

(B) Means of Submitting Information.

The Issuer or the Disclosure Agent under this Certificate shall submit the information required to be disclosed under this Certificate:

(a) to the MSRB using EMMA. Such information shall be transmitted in portable document word-searchable format (word-searchable pdf) at [www.emma.msrb.org](http://www.emma.msrb.org), and accompanied by identifying information as prescribed by the MSRB; and

(b) to the SID (if a SID is established for the State), by (i) electronic facsimile transmissions confirmed by first class mail, postage prepaid, or (ii) first class mail, postage prepaid; provided that the Issuer or the Disclosure Agent is authorized to transmit information to a SID by whatever means are mutually acceptable to the Disclosure Agent or the Issuer, as applicable, and the SID.

#### SECTION 4. Amendment or Modification.

Notwithstanding any other provision of this Certificate, the Issuer may amend this Certificate and any provision of this Certificate may be waived, if such amendment or waiver is supported by an opinion of nationally recognized bond 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 circumstance.

#### SECTION 5. Miscellaneous.

(A) Termination. The Issuer's obligations under this Certificate shall terminate when all of the Bonds are or are deemed to be no longer outstanding by reason of redemption or legal defeasance or at maturity.

(B) Additional Information. Nothing in this Certificate shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Certificate or any other means of communication, or including any other information in any Annual Financial Statement or notice of occurrence of a Material Event, in addition to that which is required by this Certificate. If the Issuer chooses to include any information in any Annual Financial Statement or notice of occurrence of a Material Event in addition to that which is specifically required by this Certificate, the Issuer shall have no obligation under this Certificate to update such information or include it in any future Annual Financial Statement or notice of occurrence of a Material Event.

(C) Defaults; Remedies. In the event of a failure of the Issuer or the Disclosure Agent to comply with any provision of this Certificate any Bondholder may take such action as may be necessary and appropriate, including seeking an action in mandamus or specific performance to cause the Issuer or the Disclosure Agent to comply with its obligations under this Certificate. A default under this Certificate shall not constitute a default on the Bonds and the sole remedy available in any proceeding to enforce this Certificate shall be an action to compel specific performance.

(D) Beneficiaries. This Certificate shall inure solely to the benefit of the Issuer, the Disclosure Agent, the Participating Underwriters and Bondholders, or beneficial owners thereof, and shall create no rights in any other person or entity.

SECTION 6. Additional Disclosure Obligations.

The Issuer acknowledges and understands that other state and federal laws, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, may apply to the Issuer, and that under some circumstances, compliance with this Agreement, without additional disclosures or other action, may not fully discharge all duties and obligations of the Issuer under such laws.

[REMAINDER OF PAGE INTENTIONALLY BLANK]

IN WITNESS WHEREOF, the Issuer has caused its duly authorized officer to execute this Continuing Disclosure Certificate as of the day and year first above written.

NORWIN SCHOOL DISTRICT

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

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**APPENDIX D**  
**AUDITED FINANCIAL STATEMENTS**  
**FISCAL YEAR ENDING JUNE 30, 2023**

# **NORWIN SCHOOL DISTRICT**

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FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

**NORWIN SCHOOL DISTRICT**  
WESTMORELAND COUNTY, PENNSYLVANIA

FINANCIAL STATEMENTS

AND

OTHER INFORMATION REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE

WITH REPORTS BY  
CERTIFIED PUBLIC ACCOUNTANT

**FOR THE YEAR ENDED**  
**JUNE 30, 2023**



**NORWIN SCHOOL DISTRICT**  
**WESTMORELAND COUNTY, PENNSYLVANIA**  
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**NORWIN SCHOOL DISTRICT**  
**WESTMORELAND COUNTY, PENNSYLVANIA**  
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# **Mark C. Turnley**

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*Certified Public Accountant*

1000 3<sup>rd</sup> Avenue  
New Brighton, Pennsylvania 15066  
(724) 384-1081  
FAX (724) 384-8908

**To the Management and Board of Education  
Norwin School District  
Westmoreland County, Pennsylvania**

## **Independent Auditor's Report**

### **Opinions**

I have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Norwin School District, Westmoreland County, Pennsylvania as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Norwin School District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Norwin School District as of June 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinions**

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

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

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

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Norwin 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Norwin School District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

## **Required Supplementary Information**

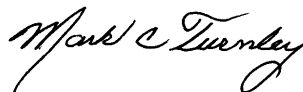
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages iv-xi and the other required supplementary information on pages 53-60 be presented to supplement the basic financial statements. Such information is the responsibility 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Norwin School District's basic financial statements. The accompanying supplementary information – Schedule of General Fund Revenues (Final Budget and Actual) and Schedule of General Fund Expenditures (Final Budget and Actual), on pages 48-52 is presented for purposes of additional analysis and is not a required part of the financial statements. The schedule of expenditures of federal awards on page 66 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the Schedule of General Fund Revenues (Final Budget and Actual), Schedule of General Fund Expenditures (Final Budget and Actual), and schedule of expenditures of federal awards, are 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*, I have also issued my report dated March 18, 2024 on my consideration of the Norwin School District's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Norwin School District's internal control over financial reporting and compliance.



Mark C. Turnley, CPA

March 18, 2024  
New Brighton, Pennsylvania

## **NORWIN SCHOOL DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

The discussion and analysis of the Norwin School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance. The Management, Discussion and Analysis (MD&A) is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in its Statement 34, Basic Financial Statements - and Management Discussion and Analysis - for State and Local Governments.

### **FINANCIAL HIGHLIGHTS**

During the 2022-2023 fiscal year, the Norwin School District continued to pursue its goal of providing a quality education in a fiscally responsible manner. The District continues to review and upgrade its curriculum with an emphasis on new State and Federal mandates and student growth and achievement. The District continued its effort to emphasize STEM (Science, Technology, Engineering, and Math) education across the K-12 curriculum. Using a combination of existing District devices and federal grant money, the District has provided all K-12 students and teachers with iPads to engage students in meaningful, personalized learning. The District exceeds the state assessment averages on the School Performance Profile each year, part of the PA Ready Index. The District still maintains one of the lowest real estate tax millage rates, net of community library contributions and 5<sup>th</sup> lowest local tax effort in Westmoreland County. In addition, the District's equalized mills ranks 366 out of 500 Pennsylvania school districts based on most recent published data.

The liabilities and deferred inflows of resources of the Norwin School District exceeded its assets and deferred outflows of resources at the close of the most recent fiscal year by \$82,294,118 (deficit net position). The deficit net position is mainly the result of the District's implementation of GASB 68 '*Accounting and Financial Reporting for Pensions*', and GASB 75 '*Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*'. The District is required to recognize their proportionate share of the Pennsylvania School Employees Retirement System (PSERS) overall net pension and OPEB obligations. For the Norwin School District, the combined net pension and net OPEB liabilities as of June 30, 2023 totaled \$121,612,244 compared to \$114,799,774 for the year ended June 30, 2022.

The District's General Fund revenues increased 5.6% to \$83.4 million in 2022-2023. The revenues were used to fund \$84.2 million in General Fund expenditures, a 6.9% increase from 2021-2022. The excess expenditures over revenues of approximately \$810,867 decreased the District's fund balance to \$11,768,370 at the end of the 2022-2023 fiscal year. This unassigned fund balance of \$4,639,460 represents approximately 5.4% of 2023-2024 budgeted expenditures.

The Capital Projects Fund is comprised of the District's ongoing construction projects, as well as long-term technology upgrades. During the 2022-2023 fiscal year, approximately \$8,328,700 was spent on capital improvements and other miscellaneous technology upgrades.

The Enterprise Fund accounts for the District's food service operations. In 2022-2023, the food service department had an increase in net position of \$214,257. Operating revenues and expenses increased \$824,463 and \$172,149 respectively from the prior 2021-2022 fiscal year. State and federal subsidies received as part of the District's participation in the National School Lunch Program decreased from \$2,991,539 in the 2021-2022 fiscal year to \$1,733,505 for the 2022-2023 fiscal year, approximately 42.1%. \$164,450 of the current year gain is related to a non-cash credit to pension and OPEB expense recognized as a result of the of the updated actuarial valuations performed in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68 and No. 75. Its net position as of June 30, 2023 was a deficit of \$1,753,869, mainly as a result of the financial reporting requirements prescribed by GASB Statement No. 68 and No. 75.

## **FINANCIAL STATEMENTS**

The accompanying financial statements have been prepared in accordance with GASB Statement 34 and present both fund level and government-wide financial statements. The fund level statements are prepared on the modified accrual basis of accounting, while the government-wide statements utilize the full accrual method. The differences between these two accounting methods are more fully explained in the Notes to the Financial Statements.

## **REVENUE**

The revenue of the District was derived from two major sources – program-related and general. The program revenues consist of operating and capital grants and contributions from both the state and federal government (\$21 million), as well as charges for services (\$1.5 million). To supplement the program sources, the District also generated general revenues. These revenues were comprised mainly of real estate, earned income and other taxes (\$44.1 million) as well as basic educational and property tax relief state subsidies for general operations (\$18.7 million).

## REVENUE (Continued)

Below is a comparison of the District's revenues (governmental and business-type activities), cover the past two years:

| <b><u>Revenue Category</u></b> | <b><u>2021-2022</u></b> | <b><u>2022-2023</u></b> | <b><u>Increase<br/>(Decrease)</u></b> | <b><u>Percentage<br/>Change</u></b> |
|--------------------------------|-------------------------|-------------------------|---------------------------------------|-------------------------------------|
| Charges for Services           | \$ 584,563              | \$ 1,543,836            | \$ 959,273                            | 164%                                |
| Grants and Contributions       | 20,568,093              | 21,050,694              | 482,601                               | 2%                                  |
| Property and Other Taxes       | 43,564,658              | 44,176,298              | 611,640                               | 1%                                  |
| Subsidies                      | 17,511,198              | 18,688,438              | 1,177,240                             | 7%                                  |
| Other Revenues                 | <u>330,998</u>          | <u>1,197,584</u>        | <u>866,586</u>                        | <u>262%</u>                         |
| Total                          | <u>\$ 82,559,510</u>    | <u>\$ 86,656,850</u>    | <u>\$ 4,097,340</u>                   | <u>5%</u>                           |

The increase in charges for services is mainly related to the increases in student activities and food sales revenue of the District' Enterprise Fund. The increase in Grants and Contributions is mainly the result of increases in basic education, special education, transportation, property tax relief, social security, and retirement subsidies. The increase in property and other tax revenues over the past year is primarily the result of increases in current real estate tax and current wage tax collections. The increase in other revenues is mainly the result of increases in interest income of \$920,403.

## EXPENSES

The expenses for the activities of the District were \$82.4 million in 2022-2023, an increase of \$5,384,815 (7%) over 2021-2022. Approximately 73.5% of the governmental activities' expenses were for Instruction, Instructional Student Support and Student Activities. Administrative and Financial Support Services' expenses were approximately 9% of total governmental activities' expenses, and Operation and Maintenance costs were a relatively low 7.9%. These percentages reflect the District's commitment to cost effectively providing a high-quality education for our students.



## EXPENSES (Continued)

Below is a comparison of the District's expenses over the past two years:

| <b><u>Expense Category</u></b> | <b><u>2021-2022</u></b> | <b><u>2022-2023</u></b> | <b><u>Increase<br/>(Decrease)</u></b> | <b><u>Percentage<br/>Change</u></b> |
|--------------------------------|-------------------------|-------------------------|---------------------------------------|-------------------------------------|
| Instruction                    | \$ 47,428,905           | \$ 50,727,335           | \$ 3,298,430                          | 7%                                  |
| Instructional Student Support  | 5,929,834               | 6,178,122               | 248,288                               | 4%                                  |
| Admin & Finance Support        | 6,487,724               | 7,158,777               | 671,053                               | 10%                                 |
| Operating and Maint/Capital    | 5,893,293               | 6,331,529               | 438,236                               | 7%                                  |
| Pupil Transportation           | 4,096,811               | 4,397,378               | 300,567                               | 7%                                  |
| Student Activities             | 1,565,666               | 1,692,483               | 126,817                               | 8%                                  |
| Community Services             | 511,436                 | 528,328                 | 16,892                                | 3%                                  |
| Interest on Long-Term Debt     | 2,564,480               | 2,676,863               | 112,383                               | 4%                                  |
| Food Service (Business Type)   | <u>2,548,698</u>        | <u>2,720,847</u>        | <u>172,149</u>                        | <u>7%</u>                           |
| Total                          | <u>\$ 77,026,847</u>    | <u>\$ 82,411,662</u>    | <u>\$ 5,384,815</u>                   | <u>7%</u>                           |

Overall, the District's spending increased by 7% over the 2021-2022 fiscal year. The most notable areas of increased spending occurred in Instruction, Admin & Finance Support, Operations & Maintenance, and Pupil Transportation.

## ASSETS, LIABILITIES, AND NET POSITION

As of June 30, 2023, the District had total governmental activities assets and deferred outflows of resources of \$155.6 million, an increase of \$9.1 million from 2021-2022. Cash and Investments are 16.6% of the total assets and deferred outflows of resources, while Fixed Assets (net of Accumulated Depreciation) comprise 61.6%. The remainder consists of receivables and deferred bond financing and pension/OPEB deferred outflows. The major change from the prior year results were from an increase in cash and investments totaling \$2.6 million, and an increase in capital assets from \$91.2 million in 2021-2022 to \$95.8 million in 2022-2023.

## **ASSETS, LIABILITIES, AND NET POSITION (Continued)**

The governmental activities liabilities and deferred inflows of resources at year-end were \$236 million. The largest individual amounts were \$97.1 million for the current and long-term portions of the District's outstanding debt, \$103 million for the District's net pension liability, and \$16.9 million for net OPEB liability and compensated absences. The majority of the remaining liabilities were payables due to vendors. Overall, the District's liabilities and deferred inflows of resources are approximately \$5 million higher than June 30, 2022. The main reason for the increase is due to increases to the District's net pension liability of \$8.8 million and overall debt (current and long-term portions) totaling \$6.3 million. These increases were offset by a decrease in deferred inflows of resources of \$11.5 million.

The resulting deficit of \$80.5 million in net position includes 1) deficit unrestricted assets of \$87.8 million, and 2) restricted assets and net capital assets of \$7.2 million. Overall, the net position increased by approximately \$4 million during the year.

The business-type activities reflect an increase in assets and deferred outflows of resources of approximately \$40,900 to \$1,755,754. The increase was mainly the result of excess revenues over expenses as part of general operations increasing cash by approximately \$400,055. The liabilities and deferred inflows of resources decreased by approximately \$173,357 as a result of a decrease in deferred inflows of resources totaling \$399,900 offset by an increase in net pension and OPEB liabilities of \$234,600. The resulting deficit net position of \$1,753,869 includes \$24,023 in net capital assets.

## BUDGET COMPARISON

The chart below presents a comparison of the District's General Fund budgeted expenditures to actual for the 2022-2023 fiscal year:

| <u>Expense Category</u>       | <u>2022-2023<br/>Original<br/>Budget</u> | <u>2022-2023<br/>Final<br/>Budget</u> | <u>2022-2023<br/>Actual<br/>Expenditures</u> | <u>Variance<br/>(Over)/Under</u> |
|-------------------------------|------------------------------------------|---------------------------------------|----------------------------------------------|----------------------------------|
| Instruction                   | \$ 49,405,575                            | \$ 49,162,050                         | \$ 50,991,277                                | \$ (1,829,227)                   |
| Instructional Student Support | 6,219,613                                | 6,220,198                             | 6,211,514                                    | 8,684                            |
| Admin & Finance Support       | 7,144,782                                | 7,155,427                             | 6,926,021                                    | 229,406                          |
| Operation & Maintenance       | 6,334,001                                | 6,502,651                             | 6,299,450                                    | 203,201                          |
| Student Transportation        | 4,245,062                                | 4,245,062                             | 4,397,474                                    | (152,412)                        |
| Student Activities            | 1,726,929                                | 1,726,929                             | 1,699,305                                    | 27,624                           |
| Community Services            | 573,752                                  | 573,752                               | 528,446                                      | 45,306                           |
| Debt Service                  | 6,206,599                                | 6,670,244                             | 6,771,945                                    | (101,701)                        |
| Budgetary Reserve/Transfers   | <u>800,000</u>                           | <u>400,000</u>                        | <u>400,000</u>                               | <u>-</u>                         |
| Total                         | <u>\$ 82,656,313</u>                     | <u>\$ 82,656,313</u>                  | <u>\$ 84,225,432</u>                         | <u>\$ (1,569,119)</u>            |

Actual expenditures and other financing uses were over budgeted expenditures by 1.9%. In addition, the District's revenue and other financing sources exceeded its budget estimate by 4.5%. These two factors resulted in a fund balance decrease totaling \$810,867 for the year ended June 30, 2023.

## CAPITAL ASSETS AND LONG-TERM DEBT

When financially appropriate, the District has refunded outstanding bond issues to take advantage of favorable interest rates. All currently outstanding bond issues have been refunded previously and must wait for call dates to be eligible for refunding again.

The current year's Net Investment in Capital Assets, including funds restricted for capital purposes, reflects a decrease of approximately \$1,822,135 compared to the 2021-2022 fiscal year. Moving forward, the Net Capital Assets should stabilize as depreciation expense and debt retirement remain relatively constant.

The District does not have any capital assets that it categorizes as Infrastructure Assets.

## **MAJOR FINANCIAL ISSUES**

In early 2023, the Commonwealth Court determined that Pennsylvania's school funding system does not meet the requirements of the state Constitution and must be overhauled. The Court found that poor school districts did not have the resources they need to educate their students, despite having higher than average property taxes and that the General Assembly had the responsibility to provide for equitable and adequate funding for all public schools. The Court also found that all students can learn and should have access to a system of public education that is comprehensive, effective and contemporary.

The Basic Education Funding Commission (BEFC) has since provided their recommendations to improve the Basic Education Funding (BEF) and establish a new school funding system in Pennsylvania. Instead of one joint, bipartisan report, the commission released two reports. Overall, both reports share a lot of the same substantial and helpful recommendations to increase funding in public education and maximize predictability and sustainability in the BEF formula.

The majority report highlights an adequacy target recommendation to provide all school districts with the resource levels that successful school districts enjoy. The methodology referenced identifies a statewide \$5.4 billion adequacy gap. Norwin's state share of this adequacy gap represents a startling \$17.2 million. The reports only include recommendations for what the General Assembly should pursue legislatively to improve school funding in Pennsylvania.

The BEF formula accounts for objective district-based factors including school district wealth, student enrollment, the district's current tax effort, and the capacity to raise local revenues. It also includes objective student-based factors like:

- Number of children in the district who live in poverty,
- Number of children enrolled in charter schools, and
- Number of children who are English language learners.

For the past several years, school districts in Pennsylvania have been hard pressed to fund educational programs and services and have had to rely on local tax increases. This has been directly related to state-mandated retirement contribution increases, cyber charter school tuition, increases in special education expenditures, and other costs over which there is little local control.

The District will continue to meet this challenge by reviewing its current staffing levels, future hiring needs, and spending practices to ensure we are maximizing resources and driving efficiencies when decisions are made. We will also look at increasing our current revenues and explore alternative funding sources, such as grant funding, advertisements, and local business partnerships.

## **MAJOR FINANCIAL ISSUES (Continued)**

The Board of School Directors has been diligent over the past several fiscal years in approaching each annual budgetary gap with a balanced method of reducing operating costs and increasing millage rates to maintain quality educational programs and services.

## **FINANCIAL AND EDUCATIONAL STRATEGIES**

In July of 2019, superintendent, Dr. Jeff Taylor, began his tenure in the Norwin School District. Norwin School District has made major educational and financial decisions based upon Superintendent Dr. Jeff Taylor's goals of providing:

- Goal 1: A Safe and Secure Environment
- Goal 2: A World Class Education (College and Career Ready)
- Goal 3: An Environment that Supports Growth
  - i. Academic Growth
  - ii. Athletic Growth
  - iii. Artistic Growth
  - iv. Customer Service Growth
- Goal 4: Fiscal Integrity

As indicated in the past, the Administration contends that state allocations have been less than adequate to meet normal increases for District operating costs. This has forced the District to continue its focus on reallocating resources to thrive in the current challenging economic times. The District continues to explore opportunities to seek outside sources of revenue and will make wise investments to sustain K-12 public education programs and services for the benefit of all students.

## **FINANCIAL SUMMARY**

The Norwin School District experienced an increase of approximately \$4,245,188 in its net position (\$4,030,931 for governmental activities and \$214,257 for business-type activities), primarily as a result of **1)** the issuance of General Obligation Bonds, Series of 2023 totaling \$9.7 million and **2)** an increase in program and general revenues totaling \$3.9 million. The District will continue to closely monitor the effects of increased pension and healthcare costs on overall District operations, as well as the effects of COVID-19 on the financial position of the District and make the necessary changes to mitigate any adverse consequences as a result of these factors.

## **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions about this report or additional financial information should be directed to Mr. Ryan Kirsch, Director of Finance and Operations, Norwin School District 281 McMahon Drive, North Huntingdon, PA. 15642.

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**EXHIBIT A**

|                                                                           | Governmental<br>Activities | Business-Type<br>Activities | Total                  |
|---------------------------------------------------------------------------|----------------------------|-----------------------------|------------------------|
| <b>ASSETS</b>                                                             |                            |                             |                        |
| <b>Current Assets:</b>                                                    |                            |                             |                        |
| Cash and Cash Equivalents                                                 | \$ 4,588,702               | \$ 1,329,261                | \$ 5,917,963           |
| Investments                                                               | 21,312,356                 | -                           | 21,312,356             |
| Taxes Receivable, net                                                     | 4,742,343                  | -                           | 4,742,343              |
| Internal Balances                                                         | 261,048                    | (261,048)                   | -                      |
| Due From Other Governments                                                | 4,817,251                  | -                           | 4,817,251              |
| Prepaid Expenses                                                          | 1,018,157                  | -                           | 1,018,157              |
| Other Receivables                                                         | 12,888                     | 31,215                      | 44,103                 |
| Inventory                                                                 | -                          | 47,675                      | 47,675                 |
| <b>Total Current Assets</b>                                               | <b>\$ 36,752,745</b>       | <b>\$ 1,147,103</b>         | <b>\$ 37,899,848</b>   |
| <b>Noncurrent Assets:</b>                                                 |                            |                             |                        |
| Land (non-depreciable)                                                    | \$ 491,815                 | \$ -                        | \$ 491,815             |
| Site Improvements (net)                                                   | 918,975                    | -                           | 918,975                |
| Building & Building Improvements (net)                                    | 91,189,291                 | -                           | 91,189,291             |
| Furniture & Equipment (net)                                               | 2,859,481                  | 24,023                      | 2,883,504              |
| Right-To-Use Asset (net)                                                  | 377,367                    | -                           | 377,367                |
| <b>Total Noncurrent Assets</b>                                            | <b>\$ 95,836,929</b>       | <b>\$ 24,023</b>            | <b>\$ 95,860,952</b>   |
| <b>TOTAL ASSETS</b>                                                       | <b>\$ 132,589,674</b>      | <b>\$ 1,171,126</b>         | <b>\$ 133,760,800</b>  |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                     |                            |                             |                        |
| Deferred Interest on Refunding                                            | \$ 954,042                 | \$ -                        | \$ 954,042             |
| Deferred Outflows Related to Pensions                                     | 17,990,470                 | 556,406                     | 18,546,876             |
| Deferred Outflows Related to OPEB                                         | 4,122,257                  | 28,222                      | 4,150,479              |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                               | <b>\$ 23,066,769</b>       | <b>\$ 584,628</b>           | <b>\$ 23,651,397</b>   |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                    | <b>\$ 155,656,443</b>      | <b>\$ 1,755,754</b>         | <b>\$ 157,412,197</b>  |
| <b>LIABILITIES</b>                                                        |                            |                             |                        |
| <b>Current Liabilities:</b>                                               |                            |                             |                        |
| Accounts Payable                                                          | \$ 738,864                 | \$ -                        | \$ 738,864             |
| Bonds Payable - Current Portion                                           | 3,835,000                  | -                           | 3,835,000              |
| Financed Purchase Agreements Payable - Current Portion                    | 115,468                    | -                           | 115,468                |
| Leases Payable - Current Portion                                          | 91,475                     | -                           | 91,475                 |
| Accrued Interest                                                          | 745,887                    | -                           | 745,887                |
| Accrued Salaries and Benefits                                             | 12,446,392                 | -                           | 12,446,392             |
| Unearned Revenues                                                         | -                          | 77,233                      | 77,233                 |
| <b>Total Current Liabilities</b>                                          | <b>\$ 17,973,086</b>       | <b>\$ 77,233</b>            | <b>\$ 18,050,319</b>   |
| <b>Noncurrent Liabilities:</b>                                            |                            |                             |                        |
| Bonds Payable - Long Term Portion (Net)                                   | \$ 92,558,984              | \$ -                        | \$ 92,558,984          |
| Financed Purchase Agreements Payable - Long Term Portion                  | 225,572                    | -                           | 225,572                |
| Leases Payable - Long Term Portion                                        | 291,460                    | -                           | 291,460                |
| Accrued Compensated Absences                                              | 1,631,955                  | -                           | 1,631,955              |
| Net Pension Liability                                                     | 103,025,640                | 3,186,360                   | 106,212,000            |
| Net OPEB Liability                                                        | 15,268,604                 | 131,640                     | 15,400,244             |
| <b>Total Noncurrent Liabilities</b>                                       | <b>\$ 213,002,215</b>      | <b>\$ 3,318,000</b>         | <b>\$ 216,320,215</b>  |
| <b>TOTAL LIABILITIES</b>                                                  | <b>\$ 230,975,301</b>      | <b>\$ 3,395,233</b>         | <b>\$ 234,370,534</b>  |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                      |                            |                             |                        |
| Deferred Inflows Related to Pensions                                      | \$ 2,639,370               | \$ 81,630                   | \$ 2,721,000           |
| Deferred Inflows Related to OPEB                                          | 2,582,021                  | 32,760                      | 2,614,781              |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                | <b>\$ 5,221,391</b>        | <b>\$ 114,390</b>           | <b>\$ 5,335,781</b>    |
| <b>NET POSITION</b>                                                       |                            |                             |                        |
| Net Investment in Capital Assets (Deficit)                                | \$ (326,988)               | \$ 24,023                   | \$ (302,965)           |
| Restricted for Capital Improvements                                       | 7,546,778                  | -                           | 7,546,778              |
| Unrestricted (Deficit)                                                    | (87,760,039)               | (1,777,892)                 | (89,537,931)           |
| <b>Total Net Position (Deficit)</b>                                       | <b>\$ (80,540,249)</b>     | <b>\$ (1,753,869)</b>       | <b>\$ (82,294,118)</b> |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b> | <b>\$ 155,656,443</b>      | <b>\$ 1,755,754</b>         | <b>\$ 157,412,197</b>  |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

| Functions/Programs                                               | Expenses             | Program Revenues        |                                          |                                        | Net (Expense) Revenue and<br>Changes in Net Position |                             |                        |
|------------------------------------------------------------------|----------------------|-------------------------|------------------------------------------|----------------------------------------|------------------------------------------------------|-----------------------------|------------------------|
|                                                                  |                      | Charges for<br>Services | Operating<br>Grants and<br>Contributions | Capital<br>Grants and<br>Contributions | Governmental<br>Activities                           | Business-Type<br>Activities | Total                  |
| <b>Governmental Activities:</b>                                  |                      |                         |                                          |                                        |                                                      |                             |                        |
| Instruction                                                      | \$ 50,727,335        | \$ 55,137               | \$ 13,465,269                            | \$ -                                   | \$ (37,206,929)                                      |                             | \$ (37,206,929)        |
| Instructional Student Support                                    | 6,178,122            | -                       | 1,369,480                                | -                                      | (4,808,642)                                          |                             | (4,808,642)            |
| Administrative and Financial Support Services                    | 7,158,777            | -                       | 932,912                                  | -                                      | (6,225,865)                                          |                             | (6,225,865)            |
| Operation and Maintenance of Plant Services                      | 6,331,529            | 42,759                  | 689,690                                  | -                                      | (5,599,080)                                          |                             | (5,599,080)            |
| Pupil Transportation                                             | 4,397,378            | -                       | 1,297,164                                | -                                      | (3,100,214)                                          |                             | (3,100,214)            |
| Student Activities                                               | 1,692,483            | 249,262                 | 202,584                                  | -                                      | (1,240,637)                                          |                             | (1,240,637)            |
| Community Services                                               | 528,328              | -                       | 3,685                                    | -                                      | (524,643)                                            |                             | (524,643)              |
| Interest on Long-Term Debt                                       | 2,676,863            | -                       | 363,697                                  | 992,708                                | (1,320,458)                                          |                             | (1,320,458)            |
| <b>Total Governmental Activities</b>                             | <b>\$ 79,690,815</b> | <b>\$ 347,158</b>       | <b>\$ 18,324,481</b>                     | <b>\$ 992,708</b>                      | <b>\$ (60,026,468)</b>                               |                             | <b>\$ (60,026,468)</b> |
| <b>Business-Type activities:</b>                                 |                      |                         |                                          |                                        |                                                      |                             |                        |
| Food Service                                                     | \$ 2,720,847         | \$ 1,196,678            | \$ 1,733,505                             | \$ -                                   | \$ -                                                 | \$ 209,336                  | \$ 209,336             |
| <b>Total Business-Type Activities</b>                            | <b>\$ 2,720,847</b>  | <b>\$ 1,196,678</b>     | <b>\$ 1,733,505</b>                      | <b>\$ -</b>                            | <b>\$ -</b>                                          | <b>\$ 209,336</b>           | <b>\$ 209,336</b>      |
| <b>Total Primary Government</b>                                  | <b>\$ 82,411,662</b> | <b>\$ 1,543,836</b>     | <b>\$ 20,057,986</b>                     | <b>\$ 992,708</b>                      | <b>\$ (60,026,468)</b>                               | <b>\$ 209,336</b>           | <b>\$ (59,817,132)</b> |
| <b>General Revenues:</b>                                         |                      |                         |                                          |                                        |                                                      |                             |                        |
| Taxes:                                                           |                      |                         |                                          |                                        |                                                      |                             |                        |
| Property Taxes and Other Taxes Levied for General Purposes (net) |                      |                         |                                          |                                        | \$ 44,176,298                                        | \$ -                        | \$ 44,176,298          |
| Grants, Subsidies, and Contributions Not Restricted              |                      |                         |                                          |                                        | 18,688,438                                           | -                           | 18,688,438             |
| Investment Earnings                                              |                      |                         |                                          |                                        | 963,505                                              | 4,921                       | 968,426                |
| Miscellaneous                                                    |                      |                         |                                          |                                        | 203,808                                              | -                           | 203,808                |
| Sale/Compensation for Fixed Assets                               |                      |                         |                                          |                                        | 25,350                                               | -                           | 25,350                 |
| <b>Total General Revenues</b>                                    |                      |                         |                                          |                                        | <b>\$ 64,057,399</b>                                 | <b>\$ 4,921</b>             | <b>\$ 64,062,320</b>   |
| <b>Change in Net Position</b>                                    |                      |                         |                                          |                                        | <b>\$ 4,030,931</b>                                  | <b>\$ 214,257</b>           | <b>\$ 4,245,188</b>    |
| Net Position — July 1, 2022 (Deficit)                            |                      |                         |                                          |                                        | (84,571,180)                                         | (1,968,126)                 | (86,539,306)           |
| <b>Net Position — June 30, 2023 (Deficit)</b>                    |                      |                         |                                          |                                        | <b>\$ (80,540,249)</b>                               | <b>\$ (1,753,869)</b>       | <b>\$ (82,294,118)</b> |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2023**

**EXHIBIT C**

|                                                                                | <b>GENERAL<br/>FUND</b>     | <b>CAPITAL<br/>PROJECT<br/>FUND</b> | <b>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</b> |
|--------------------------------------------------------------------------------|-----------------------------|-------------------------------------|-----------------------------------------|
| <b>ASSETS:</b>                                                                 |                             |                                     |                                         |
| Cash and Cash Equivalents                                                      | \$ 4,051,197                | \$ 537,505                          | \$ 4,588,702                            |
| Investments                                                                    | 14,154,675                  | 7,157,681                           | 21,312,356                              |
| Taxes Receivable, net                                                          | 1,923,296                   | -                                   | 1,923,296                               |
| Due From Other Funds                                                           | 367,793                     | -                                   | 367,793                                 |
| Due From Other Governments                                                     | 4,817,251                   | -                                   | 4,817,251                               |
| Other Receivables                                                              | 12,888                      | -                                   | 12,888                                  |
| Prepaid Expenses                                                               | 1,018,157                   | -                                   | 1,018,157                               |
| <b>TOTAL ASSETS</b>                                                            | <b><u>\$ 26,345,257</u></b> | <b><u>\$ 7,695,186</u></b>          | <b><u>\$ 34,040,443</u></b>             |
| <br><b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>        |                             |                                     |                                         |
| <b>LIABILITIES:</b>                                                            |                             |                                     |                                         |
| Due to Other Funds                                                             | \$ 106,745                  | \$ -                                | \$ 106,745                              |
| Accounts Payable                                                               | 590,456                     | 148,408                             | 738,864                                 |
| Accrued Salaries and Benefits                                                  | 12,446,392                  | -                                   | 12,446,392                              |
| <b>TOTAL LIABILITIES</b>                                                       | <b><u>\$ 13,143,593</u></b> | <b><u>\$ 148,408</u></b>            | <b><u>\$ 13,292,001</u></b>             |
| <br><b>DEFERRED INFLOWS OF RESOURCES:</b>                                      |                             |                                     |                                         |
| Delinquent Real Estate Taxes                                                   | \$ 1,433,294                | \$ -                                | \$ 1,433,294                            |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                     | <b><u>\$ 1,433,294</u></b>  | <b><u>\$ -</u></b>                  | <b><u>\$ 1,433,294</u></b>              |
| <br><b>FUND BALANCES:</b>                                                      |                             |                                     |                                         |
| Non-spendable                                                                  | \$ 1,018,157                | \$ -                                | \$ 1,018,157                            |
| Restricted                                                                     | -                           | 7,546,778                           | 7,546,778                               |
| Assigned                                                                       | 6,110,753                   | -                                   | 6,110,753                               |
| Unassigned                                                                     | 4,639,460                   | -                                   | 4,639,460                               |
| <b>TOTAL FUND BALANCES</b>                                                     | <b><u>\$ 11,768,370</u></b> | <b><u>\$ 7,546,778</u></b>          | <b><u>\$ 19,315,148</u></b>             |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND FUND BALANCES</b> | <b><u>\$ 26,345,257</u></b> | <b><u>\$ 7,695,186</u></b>          | <b><u>\$ 34,040,443</u></b>             |

The accompanying notes are an integral part of these financial statements



**NORWIN SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**JUNE 30, 2023**

**Total Fund Balances - Governmental Funds** **\$ 19,315,148**

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

Capital assets used in governmental activities are not financial resources, and therefore, are not reported as assets in governmental funds. The cost of assets is \$167,848,224, and the accumulated depreciation is \$72,011,295. 95,836,929

Property and wage taxes receivable in the statement of net position, which will not be available soon enough to pay for the current period's expenditures, are deferred and not recognized as revenue in governmental funds. 4,252,341

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

|                                                    |             |
|----------------------------------------------------|-------------|
| Deferred outflows of resources related to pensions | 17,990,470  |
| Deferred outflows of resources related to OPEB     | 4,122,257   |
| Deferred inflows of resources related to pensions  | (2,639,370) |
| Deferred inflows of resources related to OPEB      | (2,582,021) |

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

|                                      |    |               |
|--------------------------------------|----|---------------|
| Bonds Payable (Net)                  | \$ | 96,393,984    |
| Deferred Interest on Refunding       |    | (954,042)     |
| Financed Purchase Agreements Payable |    | 341,040       |
| Leases Payable                       |    | 382,935       |
| Net Pension Liability                |    | 103,025,640   |
| Accrued Interest on the Bonds        |    | 745,887       |
| Net OPEB Liability                   |    | 15,268,604    |
| Compensated Absences                 |    | 1,631,955     |
|                                      |    | (216,836,003) |

**TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES (DEFICIT)** **\$ (80,540,249)**

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                              | <b><u>GENERAL FUND</u></b>  | <b><u>CAPITAL<br/>PROJECT<br/>FUND</u></b> | <b><u>TOTAL<br/>GOVERNMENTAL<br/>FUNDS</u></b> |
|--------------------------------------------------------------|-----------------------------|--------------------------------------------|------------------------------------------------|
| <b><u>REVENUES</u></b>                                       |                             |                                            |                                                |
| Local Sources                                                | \$ 46,464,130               | \$ 189,063                                 | \$ 46,653,193                                  |
| State Sources                                                | 34,185,527                  | -                                          | 34,185,527                                     |
| Federal Sources                                              | 2,739,558                   | -                                          | 2,739,558                                      |
| <b>Total Revenue</b>                                         | <b><u>\$ 83,389,215</u></b> | <b><u>\$ 189,063</u></b>                   | <b><u>\$ 83,578,278</u></b>                    |
| <b><u>EXPENDITURES</u></b>                                   |                             |                                            |                                                |
| Instruction                                                  | \$ 50,991,277               | \$ 414,223                                 | \$ 51,405,500                                  |
| Support Services                                             | 23,834,459                  | 454,029                                    | 24,288,488                                     |
| Noninstructional Services                                    | 2,227,751                   | 621,188                                    | 2,848,939                                      |
| Capital Outlay                                               | -                           | 6,839,260                                  | 6,839,260                                      |
| Debt Service                                                 | 6,771,945                   | -                                          | 6,771,945                                      |
| <b>Total Expenditures</b>                                    | <b><u>\$ 83,825,432</u></b> | <b><u>\$ 8,328,700</u></b>                 | <b><u>\$ 92,154,132</u></b>                    |
| <b>Excess ( Deficiency) of Revenue<br/>over Expenditures</b> | <b><u>\$ (436,217)</u></b>  | <b><u>\$ (8,139,637)</u></b>               | <b><u>\$ (8,575,854)</u></b>                   |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                 |                             |                                            |                                                |
| Operating Transfers (Out)                                    | \$ (400,000)                | \$ -                                       | \$ (400,000)                                   |
| Operating Transfers In                                       | -                           | 400,000                                    | 400,000                                        |
| Bond Proceeds                                                | -                           | 9,700,000                                  | 9,700,000                                      |
| Original Issue Premium                                       | -                           | 35,022                                     | 35,022                                         |
| Sale/Compensation for Fixed Assets                           | 25,350                      | -                                          | 25,350                                         |
| <b>Total Other Financing Sources (Uses)</b>                  | <b><u>\$ (374,650)</u></b>  | <b><u>\$ 10,135,022</u></b>                | <b><u>\$ 9,760,372</u></b>                     |
| <b>NET CHANGE IN FUND BALANCES</b>                           | <b><u>\$ (810,867)</u></b>  | <b><u>\$ 1,995,385</u></b>                 | <b><u>\$ 1,184,518</u></b>                     |
| <b>FUND BALANCE - JULY 1, 2022</b>                           | <b><u>12,579,237</u></b>    | <b><u>5,551,393</u></b>                    | <b><u>18,130,630</u></b>                       |
| <b>FUND BALANCE - JUNE 30, 2023</b>                          | <b><u>\$ 11,768,370</u></b> | <b><u>\$ 7,546,778</u></b>                 | <b><u>\$ 19,315,148</u></b>                    |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                               |           |                  |
|---------------------------------------------------------------|-----------|------------------|
| <b>TOTAL NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS</b> | <b>\$</b> | <b>1,184,518</b> |
|---------------------------------------------------------------|-----------|------------------|

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 as depreciation expense. This is the amount by which capital outlays (\$8,904,873) exceeds depreciation expense (\$4,359,954) in the period.                                                                |  | 4,544,919    |
| Repayment of bond, financed purchase agreement, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.                                                                                                                                                                                               |  | 3,989,638    |
| Long term debt proceeds are recognized as revenues reflected as revenues in the governmental funds. In the government-wide statement of net position, these proceeds are recorded as a long-term liability of the District.                                                                                                                                                                      |  | (10,512,749) |
| Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.      |  | (95,188)     |
| Deferred interest on bond refundings is recognized in the government-wide financial statements when bonds are refunded and amortized over the life of the bond issue as interest expense.                                                                                                                                                                                                        |  | (76,980)     |
| Bond discounts and bond premiums are recognized in governmental funds in the year of bond issue. However, in the statement of activities, these costs are capitalized and amortized over the life of the bond issue.                                                                                                                                                                             |  | 242,590      |
| Governmental funds report district pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.                                                                                                                                                                             |  | 5,162,473    |
| Because certain property and wage 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. Taxes receivable increased by this amount this year.                                                                                                                                          |  | 118,118      |
| In the statement of activities, certain operating expenses - compensated absences and retiree health benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid). This year, compensated absences and retiree health benefits earned exceeded the amount paid. |  | (526,408)    |

|                                                          |           |                         |
|----------------------------------------------------------|-----------|-------------------------|
| <b>CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES</b> | <b>\$</b> | <b><u>4,030,931</u></b> |
|----------------------------------------------------------|-----------|-------------------------|

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES, BUDGET AND ACTUAL**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                               | Budgeted Amounts      |                       | Actual               | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------------------------------------|-----------------------|-----------------------|----------------------|---------------------------------------------------------|
|                                                               | Original              | Final                 | (Budgetary Basis)    | (Negative)                                              |
| <b><u>REVENUES</u></b>                                        |                       |                       |                      |                                                         |
| Local Sources                                                 | \$ 44,871,326         | \$ 44,871,326         | \$ 46,464,130        | \$ 1,592,804                                            |
| State Sources                                                 | 32,379,527            | 32,379,527            | 34,185,527           | 1,806,000                                               |
| Federal Sources                                               | 2,574,534             | 2,574,534             | 2,739,558            | 165,024                                                 |
| <b>Total Revenues</b>                                         | <b>\$ 79,825,387</b>  | <b>\$ 79,825,387</b>  | <b>\$ 83,389,215</b> | <b>\$ 3,563,828</b>                                     |
| <b><u>EXPENDITURES</u></b>                                    |                       |                       |                      |                                                         |
| Regular Programs                                              | \$ 39,368,691         | \$ 38,572,712         | \$ 39,612,897        | \$ (1,040,185)                                          |
| Special Programs                                              | 9,177,030             | 9,590,403             | 10,250,205           | (659,802)                                               |
| Vocational Programs                                           | 828,528               | 828,528               | 957,781              | (129,253)                                               |
| Other Instructional Programs                                  | 17,720                | 149,101               | 149,088              | 13                                                      |
| Non Public-School Programs                                    | 13,606                | 21,306                | 21,306               | -                                                       |
| Pupil Personnel Services                                      | 2,926,525             | 2,926,525             | 3,045,834            | (119,309)                                               |
| Instructional Staff Services                                  | 1,765,662             | 1,766,247             | 1,734,314            | 31,933                                                  |
| Administrative Services                                       | 4,467,103             | 4,469,128             | 4,410,665            | 58,463                                                  |
| Pupil Health                                                  | 1,527,426             | 1,527,426             | 1,431,366            | 96,060                                                  |
| Business Services                                             | 695,976               | 696,296               | 567,586              | 128,710                                                 |
| Operation & Maintenance of Plant Services                     | 6,334,001             | 6,502,651             | 6,299,450            | 203,201                                                 |
| Student Transportation Services                               | 4,245,062             | 4,245,062             | 4,397,474            | (152,412)                                               |
| Central Services                                              | 1,960,603             | 1,968,703             | 1,926,478            | 42,225                                                  |
| Other Support Services                                        | 21,100                | 21,300                | 21,292               | 8                                                       |
| Student Activities                                            | 1,726,929             | 1,726,929             | 1,699,305            | 27,624                                                  |
| Community Services                                            | 573,752               | 573,752               | 528,446              | 45,306                                                  |
| Debt Service                                                  | 6,206,599             | 6,670,244             | 6,771,945            | (101,701)                                               |
| <b>Total Expenditures</b>                                     | <b>\$ 81,856,313</b>  | <b>\$ 82,256,313</b>  | <b>\$ 83,825,432</b> | <b>\$ (1,569,119)</b>                                   |
| <b>Excess ( Deficiency) of Revenues<br/>over Expenditures</b> | <b>\$ (2,030,926)</b> | <b>\$ (2,430,926)</b> | <b>\$ (436,217)</b>  | <b>\$ 1,994,709</b>                                     |
| <b><u>OTHER FINANCING SOURCES (USES)</u></b>                  |                       |                       |                      |                                                         |
| Sale/Compensation for Fixed Assets                            | \$ -                  | \$ -                  | \$ 25,350            | \$ 25,350                                               |
| Operating Transfers (Out)                                     | (400,000)             | (400,000)             | (400,000)            | -                                                       |
| Budgetary Reserve                                             | (400,000)             | -                     | -                    | -                                                       |
| <b>Total Other Financing Sources (Uses)</b>                   | <b>\$ (800,000)</b>   | <b>\$ (400,000)</b>   | <b>\$ (374,650)</b>  | <b>\$ 25,350</b>                                        |
| <b>NET CHANGE IN FUND BALANCES</b>                            | <b>\$ (2,830,926)</b> | <b>\$ (2,830,926)</b> | <b>\$ (810,867)</b>  | <b>\$ 2,020,059</b>                                     |
| FUND BALANCE - JULY 1, 2022                                   | 11,854,949            | 11,854,949            | 12,579,237           | 724,288                                                 |
| <b>FUND BALANCE - JUNE 30, 2023</b>                           | <b>\$ 9,024,023</b>   | <b>\$ 9,024,023</b>   | <b>\$ 11,768,370</b> | <b>\$ 2,744,347</b>                                     |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**PROPRIETARY FUNDS**  
**JUNE 30, 2023**

|                                                                               | <b><u>FOOD<br/>SERVICES</u></b> |
|-------------------------------------------------------------------------------|---------------------------------|
| <b>ASSETS</b>                                                                 |                                 |
| <b>Current Assets:</b>                                                        |                                 |
| Cash and Cash Equivalents                                                     | \$ 1,329,261                    |
| Due from Other Funds                                                          | 106,745                         |
| Other Accounts Receivable                                                     | 31,215                          |
| Inventories                                                                   | 47,675                          |
| <b>TOTAL CURRENT ASSETS</b>                                                   | <b><u>\$ 1,514,896</u></b>      |
| <b>Noncurrent Assets:</b>                                                     |                                 |
| Furniture and Equipment (net)                                                 | \$ 24,023                       |
| <b>TOTAL NONCURRENT ASSETS</b>                                                | <b><u>\$ 24,023</u></b>         |
| <b>TOTAL ASSETS</b>                                                           | <b><u>\$ 1,538,919</u></b>      |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>                                         |                                 |
| Deferred Outflows Related to Pensions                                         | \$ 556,406                      |
| Deferred Outflows Related to OPEB                                             | 28,222                          |
| <b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>                                   | <b><u>\$ 584,628</u></b>        |
| <b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>                        | <b><u>\$ 2,123,547</u></b>      |
| <b>LIABILITIES</b>                                                            |                                 |
| <b>Current Liabilities:</b>                                                   |                                 |
| Due To Other Funds                                                            | \$ 367,793                      |
| Unearned Revenues                                                             | 77,233                          |
| <b>TOTAL CURRENT LIABILITIES</b>                                              | <b><u>\$ 445,026</u></b>        |
| <b>Noncurrent Liabilities:</b>                                                |                                 |
| Net Pension Liability                                                         | \$ 3,186,360                    |
| Net OPEB Liability                                                            | 131,640                         |
| <b>TOTAL NONCURRENT LIABILITIES</b>                                           | <b><u>\$ 3,318,000</u></b>      |
| <b>TOTAL LIABILITIES</b>                                                      | <b><u>\$ 3,763,026</u></b>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                          |                                 |
| Deferred Inflows Related to Pensions                                          | \$ 81,630                       |
| Deferred Inflows Related to OPEB                                              | 32,760                          |
| <b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>                                    | <b><u>\$ 114,390</u></b>        |
| <b>NET POSITION</b>                                                           |                                 |
| Net Investment in Capital Assets                                              | \$ 24,023                       |
| Unrestricted (Deficit)                                                        | (1,777,892)                     |
| <b>TOTAL NET POSITION (Deficit)</b>                                           | <b><u>\$ (1,753,869)</u></b>    |
| <b>TOTAL LIABILITIES, DEFERRED INFLOWS OF<br/>RESOURCES, AND NET POSITION</b> | <b><u>\$ 2,123,547</u></b>      |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                |                              |
|------------------------------------------------|------------------------------|
|                                                | <b><u>FOOD SERVICES</u></b>  |
| <b><u>OPERATING REVENUES</u></b>               |                              |
| Food Service Revenue                           | \$ 1,196,678                 |
| <b>Total Operating Revenues</b>                | <b><u>\$ 1,196,678</u></b>   |
| <b><u>OPERATING EXPENSES</u></b>               |                              |
| Personnel Services - Salaries                  | \$ 1,008,283                 |
| Personnel Services - Employee Benefits         | 352,798                      |
| Purchased Property Services                    | 9,711                        |
| Other Purchased Services                       | 117                          |
| Supplies                                       | 1,306,944                    |
| Depreciation                                   | 11,064                       |
| Other Objects                                  | 31,930                       |
| <b>Total Operating Expenses</b>                | <b><u>\$ 2,720,847</u></b>   |
| <b>OPERATING INCOME/(LOSS)</b>                 | <b><u>\$ (1,524,169)</u></b> |
| <b><u>NONOPERATING REVENUES (EXPENSES)</u></b> |                              |
| Earnings on Investments                        | \$ 4,921                     |
| State Sources                                  | 403,991                      |
| Federal Sources                                | 1,329,514                    |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b><u>\$ 1,738,426</u></b>   |
| <b>CHANGE IN NET POSITION</b>                  | <b><u>\$ 214,257</u></b>     |
| NET POSITION - JULY 1, 2022 (Deficit)          | <u>(1,968,126)</u>           |
| <b>NET POSITION - JUNE 30, 2023 (Deficit)</b>  | <b><u>\$ (1,753,869)</u></b> |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                                                                                     | <b><u>FOOD<br/>SERVICES</u></b> |
|---------------------------------------------------------------------------------------------------------------------|---------------------------------|
| <b><u>CASH FLOWS FROM OPERATING ACTIVITIES</u></b>                                                                  |                                 |
| Cash Received from Users                                                                                            | \$ 1,181,708                    |
| Cash Payments to Employees for Services                                                                             | (1,344,445)                     |
| Cash Payments to Suppliers for Goods and Services                                                                   | (1,150,006)                     |
| <b>Net Cash (Used for) Operating Activities</b>                                                                     | <b><u>\$ (1,312,743)</u></b>    |
| <b><u>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</u></b>                                                          |                                 |
| Purchase of Equipment                                                                                               | \$ (1,513)                      |
| <b>Net Cash (Used for) Capital Financing Activities</b>                                                             | <b><u>\$ (1,513)</u></b>        |
| <b><u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u></b>                                                      |                                 |
| State Sources                                                                                                       | \$ 407,463                      |
| Federal Sources                                                                                                     | 1,301,927                       |
| <b>Net Cash Provided by Non-Capital Financing Activities</b>                                                        | <b><u>\$ 1,709,390</u></b>      |
| <b><u>CASH FLOWS FROM INVESTING ACTIVITIES</u></b>                                                                  |                                 |
| Earnings on Investments                                                                                             | \$ 4,921                        |
| <b>Net Cash Provided by Investing Activities</b>                                                                    | <b><u>\$ 4,921</u></b>          |
| <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>                                                         | <b>\$ 400,055</b>               |
| CASH AND CASH EQUIVALENTS - JULY 1, 2022                                                                            | 929,206                         |
| <b>CASH AND CASH EQUIVALENTS - JUNE 30, 2023</b>                                                                    | <b><u>\$ 1,329,261</u></b>      |
| <b><u>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH<br/>PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u></b> |                                 |
| Operating Income (Loss)                                                                                             | <b>\$ (1,524,169)</b>           |
| <b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS)<br/>TO NET CASH (USED FOR) OPERATING ACTIVITIES:</b>            |                                 |
| Depreciation                                                                                                        | 11,064                          |
| Other Adjustments - Donated Commodities                                                                             | 194,853                         |
| (Increase) Decrease in Accounts Receivable                                                                          | (18,049)                        |
| (Increase) Decrease in Inventories                                                                                  | 3,843                           |
| (Increase) Decrease in Deferred Outflows of Resources                                                               | 850                             |
| Increase (Decrease) in Accrued Salaries and Benefits                                                                | (11,136)                        |
| Increase (Decrease) in Advances from Other Funds                                                                    | 192,222                         |
| Increase (Decrease) in Deferred Inflows of Resources                                                                | (399,900)                       |
| Increase (Decrease) in Net Pension Liability                                                                        | 270,930                         |
| Increase (Decrease) in Net OPEB Liability                                                                           | (36,330)                        |
| Increase (Decrease) in Unearned Revenue                                                                             | 3,079                           |
| <b>Total Adjustments</b>                                                                                            | <b><u>\$ 211,426</u></b>        |
| <b>NET CASH (USED FOR) OPERATING ACTIVITIES</b>                                                                     | <b><u>\$ (1,312,743)</u></b>    |
| <b>NONCASH NONCAPITAL FINANCING ACTIVITIES:</b>                                                                     |                                 |
| During the year, the District received \$194,853 of food commodities from the U.S. Department of Agriculture.       |                                 |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**FIDUCIARY FUNDS**  
**JUNE 30, 2023**

|                                           |                                     | <b><u>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</u></b> |
|-------------------------------------------|-------------------------------------|------------------------------------------------------------|
|                                           | <b>ASSETS</b>                       |                                                            |
| Cash and Cash Equivalents                 |                                     | \$ 204,081                                                 |
| <b>TOTAL ASSETS</b>                       |                                     | <b><u>\$ 204,081</u></b>                                   |
|                                           |                                     |                                                            |
|                                           | <b>LIABILITIES AND NET POSITION</b> |                                                            |
| <b>LIABILITIES</b>                        |                                     |                                                            |
| Other Current Liabilities                 |                                     | \$ -                                                       |
| <b>TOTAL LIABILITIES</b>                  |                                     | <b><u>\$ -</u></b>                                         |
| <b>NET POSITION</b>                       |                                     |                                                            |
| Restricted                                |                                     | \$ 204,081                                                 |
| <b>TOTAL NET POSITION</b>                 |                                     | <b><u>\$ 204,081</u></b>                                   |
| <b>TOTAL LIABILITIES AND NET POSITION</b> |                                     | <b><u>\$ 204,081</u></b>                                   |

The accompanying notes are an integral part of these financial statements



**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                         | <b><u>STUDENT<br/>ACTIVITY<br/>CUSTODIAL<br/>FUNDS</u></b> |
|-----------------------------------------|------------------------------------------------------------|
| <b>ADDITIONS</b>                        |                                                            |
| Student Club Organization Receipts      | \$      504,600                                            |
| <b>DEDUCTIONS</b>                       |                                                            |
| Student Club Organization Disbursements | <u>(472,933)</u>                                           |
| <b>CHANGE IN NET POSITION</b>           | <b>\$      31,667</b>                                      |
| NET POSITION - JULY 1, 2022             | <u>172,414</u>                                             |
| <b>NET POSITION - JUNE 30, 2023</b>     | <b><u>\$      204,081</u></b>                              |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**REPORTING ENTITY**

The Norwin School District was established under the authority of an act of the state legislature that designated a school board as the governing body. This district serves the surrounding municipalities that include the Township of North Huntingdon, and the Boroughs of Irwin and North Irwin. The School District operates under a locally elected nine-member Board form of government and provides educational services as mandated by the Commonwealth of Pennsylvania and selected federal agencies. The Board of Education has complete authority over the operations and administration of the school district's activities.

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure the financial statements are not misleading. The primary government of the Norwin School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. Generally accepted accounting principles defines component units as legally separate entities that are included in the School District's reporting entity because of the significance of their operating or financial relationships with the School District. Based on the application of these criteria, the Norwin School District has no component units.

The School District is associated with two jointly governed organizations (Note 12) and one public entity risk pool (Note 13). These organizations are:

- Jointly Governed Organizations:
  - Central Westmoreland Career and Technology Center
  - Westmoreland Intermediate Unit #7
- Public Entity Risk Pool:
  - Westmoreland County Public School Healthcare Consortium

The financial statements of the Norwin School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The most significant of the School District's accounting policies are as follows:

**FINANCIAL STATEMENT PRESENTATION**

**GOVERNMENT-WIDE FINANCIAL STATEMENTS** – The statement of net position (Exhibit A) and the statement of activities (Exhibit B) display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the School District that are governmental and those that are considered business-type activities.

The government-wide statements are prepared using the economic resources measurement focus. That 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. Governmental fund financial statements therefore include reconciliations (Exhibit D and F) with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FINANCIAL STATEMENT PRESENTATION (Continued)**

The government-wide statement of activities (Exhibit B) presents a comparison between direct expenses and program revenues for the District's business-type activities (food service operations) and for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, and grants, subsidies and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which the business-type activity or government function is self-financing or draws from the general revenues of the School District.

**FUND FINANCIAL STATEMENTS** – Fund financial statements report detailed information about the School District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Major funds represent the School District's most important funds and are determined based on percentages of assets, liabilities, revenues, and expenditures/expenses. For the Norwin School District, the General Fund is always considered a major fund. Each major fund is presented in a separate column. Non-major funds are segregated and presented in a single column. Fiduciary funds are reported by fund type.

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS**

The basis of accounting determines when transactions are recorded in the financial records and reported in the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Government funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (revenues and other financing sources) and uses (expenditures and other financing uses) of current financial resources.

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities. The fair value of donated commodities used during the year is reported in the operating statements as an expense with a like amount reported as part of federal source revenue.

Fiduciary funds are reported using the economic resources measurement focus.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BASIS OF ACCOUNTING AND MEASUREMENT FOCUS (Continued)**

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

Revenue resulting from non-exchange transactions, in which the School District receives value without directly giving equal value in return, includes property taxes, grants and contributions. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and contributions are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be 'available' before it can be recognized.

The management of the Norwin School District has determined that the revenues most susceptible to accrual (measurable and available) at June 30, 2023 under the modified accrual basis are **1)** real estate taxes collected by the District within 60 days following the close of the fiscal year, **2)** certain Act 511 taxes collected by the District for the month of June, **3)** federal and state subsidies earned in the fiscal year 2022-2023, and **4)** other miscellaneous revenues earned in fiscal year 2022-2023 but received subsequent to June 30, 2023. On the governmental fund financial statements, receivables that will not be collected within the 'available' period have been reported as 'deferred inflows of resources'.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The primary expenditures deemed susceptible to accrual at June 30, 2023, are those for which the Board of Education's intention was to expense these items as budgeted for the 2022-2023 official budget, and for which the District has incurred an obligation, but has not paid as of June 30, 2023.

Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds but are included as part of expenses in the government-wide statement of activities.

**FUND ACCOUNTING**

The School District uses funds to report on its financial position and the results of its operations during the year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are classified into three categories: governmental, proprietary, and fiduciary. Fund categories are defined as follows:

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND ACCOUNTING (Continued)**

**Governmental Funds** – Governmental funds focus on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

**MAJOR GOVERNMENTAL FUNDS:**

**GENERAL FUND** - The general fund is used to account for all financial resources not required to be accounted for in some other fund. The general fund balance is available for any purpose provided it is expended according to the Commonwealth of Pennsylvania Public School Code.

**CAPITAL PROJECT FUND** - The capital project fund accounts for financial resources used for the acquisition, construction, or improvement of capital facilities and other assets financed through the issuance of general obligation bonds.

**Proprietary Funds** - used to account for activities similar to those found in the private sector, where the determination of net income is necessary and useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies within the school district (internal service funds). The School District's major and sole enterprise fund is its Food Service Fund that accounts for the financial transactions related to the food service operations of the District.

**Fiduciary Funds** – Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and custodial funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Custodial funds report fiduciary activities that are not held in a Trust or equivalent arrangement that meets specific criteria. The District's Custodial Fund is comprised of the various student organization activity accounts administered by the District on behalf of the various student organizations.

**BUDGETS**

On June 6, 2022, the Norwin School District adopted its fiscal year June 30, 2023 annual budget for the General Fund totaling \$82,656,313, in accordance with the provisions of the Pennsylvania School Code. The budget is prepared utilizing the modified accrual method of accounting. The original and adjusted budgetary amounts are reflected in these financial statements (Exhibit G). Actual expenses exceeded budgeted expenses during 2022-2023. All annual appropriations of the general fund lapse at fiscal year-end.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**BUDGETS (Continued)**

The School District uses the following procedures in establishing this budgetary data:

- a. Prior to May of the preceding fiscal year, the school district prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the revenues and other sources of funds used to finance these expenditures.
- b. At least 20 days prior to the date set for budget adoption, the budget is made available for public inspection.
- c. A meeting of the Board of Education is then held for the purpose of adopting the proposed budget. The meeting may only be held after 10 days of public notification.
- d. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board of Education.
- e. The budget must be filed with the Commonwealth of Pennsylvania, Department of Education by July 15 of the fiscal year or within 30 days of adoption.
- f. Budgetary transfers are permitted after the first 90 days of the school district's fiscal year.

**CASH AND CASH EQUIVALENTS**

Cash and cash equivalents include amounts in demand deposit accounts and any other highly liquid, short-term investments, with original maturity terms of less than three months.

**INVESTMENTS**

Under Section 440.1 of the Pennsylvania Public School Code of 1949, as amended, and PA Act 10 of 2016, Norwin School District is permitted to invest funds consistent with sound business practices in the following types of investments:

- I. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth of Pennsylvania, or (c) of any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
- II. Deposits in savings accounts, time deposits and share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral, as provided by law, is pledged by the depository.
- III. U.S. government obligations, short-term commercial paper issued by a public corporation, and banker's acceptances.

Investments of the Norwin School District include deposits pooled for investment purposes with the Pennsylvania School District Liquid Asset Fund (PSDLAF), and the Pennsylvania Local Government Investment Trust (PLGIT). Investments are reported at amortized cost which approximates fair value.

There were no deposit and investment transactions during the year that were in violation of state statutes.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as 'due from/to other funds' on the governmental funds balance sheet. For the purposes of the government-wide statement of net position, governmental interfund receivables and payables have been eliminated. Amounts due between governmental activities and business-type activities, if any, are presented as off-setting internal balances on the statement of activities.

**INVENTORIES**

Inventories on the government-wide statement of net position (Exhibit A) and the proprietary fund statement of net position (Exhibit H) are recorded at fair value on a first-in first-out basis. This inventory consists of donated commodities from the U.S. Department of Agriculture as part of the food service program. The School District does not inventory the cost of such items as books and supplies, but rather records these items as expenditures in the governmental funds and an expense in the government-wide statement of activities at the time of purchase.

**CAPITAL ASSETS AND DEPRECIATION**

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets are reported in the governmental activities' column of the government-wide statement of net position. Capital assets purchased by governmental activity type funds, used by the proprietary fund, are reported in the government-wide statement of net position as governmental activity capital assets.

All capital assets are recorded at cost (or estimated historical cost). Donated fixed assets are recorded at fair value at the time of receipt. The School District maintains a capitalization threshold of \$2,500. The School District does not have any infrastructure. The intangible right-to-use assets are initially measured at an amount equal to the present value of future lease payments. The intangible right-to-use assets are amortized on a straight-line basis over the life of the related lease. Routine repair and maintenance costs that do not add to the value of the asset or extend its useful life are charged as an expense in the government-wide statement of activities. All reported capital assets, except land and construction in progress, are depreciated using the straight-line method over the following useful lives:

| <b><u>CATEGORY</u></b>     | <b><u>ESTIMATED<br/>LIVES</u></b> |
|----------------------------|-----------------------------------|
| Site Improvements          | 15-20 years                       |
| Buildings and Improvements | 20-50 years                       |
| Furniture and Equipment    | 5-20 years                        |
| Vehicles                   | 5-20 years                        |
| Right-To-Use Assets        | 5 years                           |

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets purchased by governmental funds are recorded as expenditures in the fund financial statements (Exhibit E). The results of capitalizing fixed assets net of depreciation on the government-wide statement of net position and statement of activities, as opposed to recording these same assets as an expenditure in the fund financial statements (Exhibit E), is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**LONG-TERM DEBT FINANCING COSTS**

Bond issuance costs are recorded as expenditures in the governmental fund financial statements in the year paid. The School District paid \$210,244 in bond issuance costs during the 2022-2023 fiscal year related to General Obligation Bonds, Series of 2023.

**COMPENSATED ABSENCES**

The School District reports compensated absences in accordance with the provisions of generally accepted accounting standards. Members of the Norwin Education Association (NEA), and Act 93 personnel, are entitled to retirement severance pay of \$60 per day at retirement, up to 265 days for the NEA only, for unused sick leave. Contributions for severance pay will be made by the District directly to the employee's 403(b) plan. In addition, Act 93 personnel are also entitled to unused vacation days paid at their current daily rate of pay upon retirement. Members of the Norwin Educational Support Professionals are entitled to \$40 per day at retirement up to a maximum of 205 days. Members of the Service Employees International Union are entitled to \$5 per hour at retirement up to a maximum of 1,500 hours. Members of the AFSCME Local #1474 are entitled to \$50 per day at retirement up to a maximum of 200 days. Sick leave benefits are accrued as a liability at the time individuals become eligible for retirement in accordance with the terms of the District's collective bargaining agreements. The entire compensated absences liability of \$1,631,955 is shown as a non-current liability in the government-wide statement of net position. For governmental fund financial statements, compensated absences are recorded as expenditures when paid rather than accrued when earned as the likelihood of payment in the immediate fiscal year with available expendable resources is not assured.

**PENSIONS**

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on pension activity is included in Note 10.

**OTHER POSTEMPLOYMENT BENEFITS**

For the purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS), and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investment assets are reported at fair value. More information on other postemployment benefits activity is included in Note 11.

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all similar obligations of the proprietary fund, if any, are reported again on the proprietary fund financial statement of net position (Exhibit H). In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources.



**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS (Continued)**

However, the non-current portion of compensated absences and retiree health benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, liabilities that mature or come due for payment during the fiscal year are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements when due. The District's General Fund is typically used to liquidate long-term liability obligations.

The results of recognizing these long-term obligations as liabilities on the government-wide statement of net position and statement of activities, as opposed to recording these same obligations as an expenditure in the fund financial statements (Exhibit E) only when paid, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F).

**UNEARNED REVENUE**

Unearned revenue arises when the District receives resources before it has legal claim to them. This occurs when grant monies are received prior to the incurrence of qualifying expenses. In subsequent periods, when both revenue recognition criteria are met, or when the School District has legal claim to the resources, the unearned revenue liability is removed, and revenue is recognized.

**DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

In addition to assets, the financial statements will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. The School District has three items that qualify for reporting in this category. They are deferred interest on refunding of bonds and deferred outflows related to the School District's pension and OPEB plans, reported on the governmental funds statement of net position (Exhibit A).

In addition to liabilities, the financial statements will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until then. The School District has three items that qualify for reporting in this category. They are delinquent real estate taxes reported on the governmental funds balance sheet (Exhibit C), and deferred inflows related to the School District's pension and OPEB plans, reported on the governmental funds statement of net position (Exhibit A).

**NET POSITION**

Net position is classified into three categories according to external donor or legal restrictions or availability of assets to satisfy District obligations. Net position is classified as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of debt that is attributable to the acquisition, construction and improvement of the capital assets, plus deferred outflows of resources less deferred inflows of resources related to those assets.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**NET POSITION (Continued)**

- Restricted Net Position – This component of net position consists of restricted assets reduced by liabilities and deferred inflows related to those assets. The District's capital project fund balance of \$7,546,778 represents restricted net position for capital purposes as of June 30, 2023.
- Unrestricted – Consists of net position that does not meet the definition of 'restricted' or 'net investment in capital assets'. As of June 30, 2023, the District maintained a deficit unrestricted net position of \$89,537,931.

When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the School District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources.

**FUND EQUITY**

In the Balance Sheet – Governmental Funds (Exhibit C), fund balances are reported in specific categories to make the nature and extent of the constraints placed on any entity's fund balance more transparent in accordance with GASB No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory and prepaid expenses) or are required to be maintained intact. The non-spendable fund balance of \$1,018,157 represents prepaid expenses as of June 30, 2023.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and high levels of government), through constitutional provisions, or by enabling legislation. The District's capital project fund balance of \$7,546,778 is restricted for capital and debt service purposes.
- Committed fund balance – amounts constrained to specific purposes by the School District itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the School District takes the same highest-level action to remove or change the constraint.
- Assigned fund balance – amounts the School District intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority. The District's assigned fund balance as of June 30, 2023 consists of **1)** \$3,100,000 for long-term capital improvements, **2)** \$3,000,000 for funding COVID-19 related expenditures and to address budget shortfalls due to the pandemic, and **3)** \$10,753 for compensatory education (special needs) purposes.
- Unassigned fund balance – amounts that are available for any purpose.

The School District establishes (and modifies or rescinds) fund balance commitments by passage of an ordinance or resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. The Director of Business Affairs has authority to assign fund balance.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**FUND EQUITY (Continued)**

When expenditures/expenses are incurred for purposes for which unrestricted (committed, assigned, and unassigned) resources are available, and amounts in any of these unrestricted classifications could be used, it is the District's general policy to spend the committed resources first, followed by assigned amounts and then unassigned amounts.

Act 48 of 2003 prohibits school districts from increasing real property taxes beyond the annual index increase permitted by law, unless the school district has adopted a budget for such school year that includes an estimated ending unassigned fund balance which is not more than a specified percentage of the district's total budgeted expenditures. For the Norwin School District, estimated ending unassigned fund balance must not exceed 8% of total budgeted expenditures.

**ESTIMATES**

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

**OPERATING REVENUES AND EXPENSES**

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the Norwin School District, these revenues are food service charges for lunch and breakfast service. Operating expenses are the necessary costs incurred to provide the aforementioned food service. Non-operating revenues of the District's food service proprietary fund are **1)** investment earnings and **2)** state and federal subsidies, including donated commodities, received from the U.S. Department of Agriculture. The District did not have non-operating expenses during the fiscal year.

**ADOPTION OF GASB PRONOUNCEMENTS**

The requirements of the following GASB Statements were adopted for the School District's 2022-2023 financial statements. Except where noted, the adoption of these pronouncements did not have a significant impact on Norwin School District's financial statements.

- **GASB issued Statement No. 91**, *'Conduit Debt Obligations'*.
- **GASB issued Statement No. 94**, *'Public-Private and Public-Public Partnerships and Availability Payment Arrangements'*.
- **GASB issued Statement No. 96**, *'Subscription-Based Information Technology Arrangements'*.

**PENDING GASB PRONOUNCEMENTS**

- **GASB issued Statement No 99**, *'Omnibus 2022'*. The provisions of this Statement related to financial guarantees and the classification and reporting of derivative instruments are effective for the School's June 30, 2024 financial statements.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**PENDING GASB PRONOUNCEMENTS (Continued)**

- **GASB issued Statement No 100**, *'Accounting Changes and Error Correction'*. The provisions of this Statement are effective for the School's June 30, 2024 financial statements.
- **GASB issued Statement No 101**, *'Compensated Absences'*. The provisions of this Statement are effective for the School's June 30, 2025 financial statements.

The effects of implementing these Statements on the School's financial statements have not yet been determined.

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS**

**CASH DEPOSITS**

The following represents the bank balance and carrying value for the Norwin School District's cash and cash equivalents at June 30, 2023:

|                      | <b><u>Bank Balance</u></b> | <b><u>Carrying Value</u></b> |
|----------------------|----------------------------|------------------------------|
| General Fund         | \$ 5,356,485               | \$ 4,051,197                 |
| Capital Project Fund | 2,000,551                  | 537,505                      |
| Enterprise Fund      | 1,334,891                  | 1,329,261                    |
| Fiduciary Fund       | 222,603                    | 204,081                      |
|                      | <b><u>\$ 8,914,530</u></b> | <b><u>\$ 6,122,044</u></b>   |

The difference between the bank balance and carrying value represents year-end reconciling items such as deposits in transit and outstanding checks, and petty cash. The Federal Deposit Insurance Corporation (FDIC) coverage threshold for government accounts is \$250,000 per official custodian. This coverage includes checking and savings accounts, money market deposits accounts, and certificates of deposit.

**Custodial Credit Risk:**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's investment policy complies with Section 440.1 of the Public School Code of 1949 with the primary objectives being safety, liquidity and yield. As of June 30, 2023, \$8,664,530 of the School District's bank balance total is exposed to custodial credit risk as this amount represents uninsured deposits collateralized with securities held by the pledging financial institution or by its trust department or agent, but not in the School District's name. The District's investment policy requires a written safe keeping agreement and/or Act 72 agreement with each financial institution acting as depository. In accordance with Act Number 72-1971 Session of the Commonwealth of Pennsylvania, the aforementioned deposits, in excess of \$250,000, are collateralized by securities pledged to a pooled public funds account with the Federal Reserve System.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 2 - CASH DEPOSITS AND INVESTMENTS (Continued)**

**INVESTMENTS**

The following is a summary of the Norwin School District's investments as of June 30, 2023:

|        | <b><u>Value<br/>at 6/30/23</u></b> | <b><u>S&amp;P<br/>Rating</u></b> |
|--------|------------------------------------|----------------------------------|
| PSDLAF | \$ 12,048,749                      | AAAm                             |
| PLGIT  | 9,263,607                          | AAAm                             |
|        | <b><u>\$ 21,312,356</u></b>        |                                  |

Investments held in external investment pools such as PSDLAF and PLGIT are not subject to the provisions of fair value measurements as they are recorded at amortized cost and/or cost.

The purpose of the Pennsylvania School District Liquid Asset Fund (PSDLAF) and the Pennsylvania Local Government Investment Trust (PLGIT) is to enable governmental units to pool their available funds for investments authorized under the Intergovernmental Cooperation Act of 1972. The funds operate in a manner consistent with the SEC's Rule 2(a) 7 of the Investment Company Act of 1940. The funds use amortized cost to report net position to compute share prices. These funds maintain net asset values of \$1 per share. Accordingly, the fair value of the position in these funds is the same as the value of these shares.

**Custodial Credit Risk:**

For an investment, custodial credit risk is the risk that in the event of the counterparty, the School District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District's investments in PSDLAF and PLGIT are not exposed to custodial credit risk because their existence is not evidenced by securities that exist in physical or book entry form.

**NOTE 3 - PROPERTY TAXES**

The Norwin School District levies property taxes on July 1 of each fiscal year. The tax millage assessment for the 2022-2023 fiscal year for the School District's Westmoreland and Allegheny County properties was 85.80 (84.6 mills for school tax levy and 1.2 mills for library tax levy) and 12.81 mills respectively, which represents \$85.80 and \$12.81 of revenue for every \$1,000 of assessed property value. Taxpayers are entitled to a 2% discount if taxes are paid prior to October 1st. Collections beginning December 1st are assessed a 10% penalty. Unpaid taxes are submitted to the Westmoreland County Tax Claim Bureau for collection. Tax collectors are required under Act 169 of the Commonwealth of Pennsylvania to submit a reconciliation of their tax duplicate to the District by January 15<sup>th</sup> of the year following levy.

Taxes receivable as shown in the governmental funds balance sheet include delinquent property taxes of \$1,433,294. The School District does not consider any of the delinquent real estate taxes receivable as uncollectible since the Westmoreland County Tax Claim Bureau places a lien against the real estate for unpaid taxes plus penalty and interest. For purposes of the governmental fund financial statements, the above property taxes receivable, although measurable, do not meet the available criteria to finance current fiscal year operations. Accordingly, this amount is equally off set as a credit to deferred inflows of resources in the fund financial statements.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 3 - PROPERTY TAXES (Continued)**

The effect of recognizing property tax revenue when taxes are levied, as opposed to when they are received using the 'measurable and available' criteria under the modified accrual basis of accounting, is reflected in the required reconciliations of fund balance to net position (Exhibit D) and the changes in fund balances to the changes in net position (Exhibit F). Taxes receivable are comprised of the following at June 30, 2023:

|                                            |                            |
|--------------------------------------------|----------------------------|
| Delinquent Property Taxes                  | \$ 1,433,294               |
| Delinquent Property Taxes - 60 Days        | 380,492                    |
| Act 511 Taxes - June                       | 109,510                    |
| Governmental Funds (Exhibit C)             | <b>\$ 1,923,296</b>        |
| Earned Income Taxes (Estimated Delinquent) | 2,819,047                  |
| Governmental Activities (Exhibit A)        | <b><u>\$ 4,742,343</u></b> |

**NOTE 4 – DUE FROM OTHER GOVERNMENTS**

The amount of 'due from other governments', as reflected on the government-wide statement of net position, is comprised of the following:

|                                              |                                    |
|----------------------------------------------|------------------------------------|
|                                              | <b>Governmental<br/>Activities</b> |
| Commonwealth of Pennsylvania:                |                                    |
| State Subsidies                              | \$ 3,455,856                       |
| PURTA                                        | 38,801                             |
| Federal Grants/Subsidies                     | 884,052                            |
| IDEA Funds Passed-Through Intermediate Units | 438,542                            |
|                                              | <b><u>\$ 4,817,251</u></b>         |

**NOTE 5 – INTER-FUND RECEIVABLES/PAYABLES/TRANSFERS**

Inter-fund receivables and payables as reflected on the governmental funds balance sheet (Exhibit C), proprietary fund statement of net position (Exhibit H), are as follows:

|                 |                          |                          |
|-----------------|--------------------------|--------------------------|
|                 | <b>Receivable</b>        | <b>Payable</b>           |
| General Fund    | \$ 367,793               | \$ 106,745               |
| Enterprise Fund | 106,745                  | 367,793                  |
|                 | <b><u>\$ 474,538</u></b> | <b><u>\$ 474,538</u></b> |

As of June 30, 2023, the Enterprise (food service) Fund owed the General Fund a net amount of \$261,048 for reimbursement of operating costs.

**NOTE 6 - UNEARNED REVENUES**

Unearned revenues totaling \$77,233 on the statement of net position, represent pre-paid student account balances of the food service (business-type activities) program.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 7 – INTER-FUND TRANSFERS**

Inter-fund transfers made during the 2022-2023 fiscal year were as follows:

|                      | <b><u>TRANSFERS IN</u></b> | <b><u>TRANSFERS OUT</u></b> |
|----------------------|----------------------------|-----------------------------|
| General Fund         | \$ -                       | \$ 400,000                  |
| Capital Project Fund | 400,000                    | -                           |
|                      | <b><u>\$ 400,000</u></b>   | <b><u>\$ 400,000</u></b>    |

Transfers to the Capital Project from the General Fund were for future capital expenses.

**NOTE 8 - CAPITAL ASSETS**

A summary of the governmental and business-type fixed asset activity for the 2022-2023 fiscal year was as follows:

|                                                        | <b><u>Balance<br/>7/1/2022</u></b> | <b><u>Additions</u></b>      | <b><u>Deductions</u></b> | <b><u>Balance<br/>6/30/2023</u></b> |
|--------------------------------------------------------|------------------------------------|------------------------------|--------------------------|-------------------------------------|
| <b>Governmental Activities:</b>                        |                                    |                              |                          |                                     |
| <b>Capital Assets, not being depreciated</b>           |                                    |                              |                          |                                     |
| Land                                                   | \$ 491,815                         | \$ -                         | \$ -                     | \$ 491,815                          |
| <b>Total Capital Assets,<br/>not being depreciated</b> | <b><u>\$ 491,815</u></b>           | <b><u>\$ -</u></b>           | <b><u>\$ -</u></b>       | <b><u>\$ 491,815</u></b>            |
| <b>Capital Assets, being depreciated</b>               |                                    |                              |                          |                                     |
| Site Improvements                                      | \$ 5,897,554                       | \$ -                         | \$ -                     | \$ 5,897,554                        |
| Building and Improvements                              | 142,494,713                        | 7,402,393                    | -                        | 149,897,105                         |
| Furniture and Equipment                                | 10,059,270                         | 1,030,771                    | -                        | 11,090,041                          |
| Right-To-Use Assets                                    | -                                  | 471,709                      | -                        | 471,709                             |
| <b>Total Capital Assets,<br/>being depreciated</b>     | <b><u>\$ 158,451,537</u></b>       | <b><u>\$ 8,904,873</u></b>   | <b><u>\$ -</u></b>       | <b><u>\$ 167,356,409</u></b>        |
| <b>Less: Accumulated depreciation</b>                  |                                    |                              |                          |                                     |
| Site Improvements                                      | \$ (4,766,854)                     | \$ (211,725)                 | \$ -                     | \$ (4,978,579)                      |
| Building and Improvements                              | (55,609,691)                       | (3,098,123)                  | -                        | (58,707,814)                        |
| Furniture and Equipment                                | (7,274,796)                        | (955,764)                    | -                        | (8,230,560)                         |
| Right-To-Use Assets                                    | -                                  | (94,342)                     | -                        | (94,342)                            |
| <b>Total Accumulated Depreciation</b>                  | <b><u>\$ (67,651,341)</u></b>      | <b><u>\$ (4,359,954)</u></b> | <b><u>\$ -</u></b>       | <b><u>\$ (72,011,295)</u></b>       |
| <b>Governmental Activities<br/>Capital Assets, Net</b> | <b><u>\$ 91,292,011</u></b>        | <b><u>\$ 4,544,919</u></b>   | <b><u>\$ -</u></b>       | <b><u>\$ 95,836,929</u></b>         |

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 8 - CAPITAL ASSETS (Continued)**

|                                          | <u>Balance</u><br><u>7/1/2022</u> | <u>Additions</u>         | <u>Deductions</u>  | <u>Balance</u><br><u>6/30/2023</u> |
|------------------------------------------|-----------------------------------|--------------------------|--------------------|------------------------------------|
| <b>Business-Type Activities:</b>         |                                   |                          |                    |                                    |
| <b>Capital Assets, being depreciated</b> |                                   |                          |                    |                                    |
| Furniture and Equipment                  | \$ 1,132,725                      | \$ 1,513                 | \$ -               | \$ 1,134,238                       |
| Less: Accumulated                        |                                   |                          |                    |                                    |
| Depreciation                             | (1,099,151)                       | (11,064)                 | -                  | (1,110,215)                        |
| <b>Business-Type Activities</b>          |                                   |                          |                    |                                    |
| <b>Capital Assets, Net</b>               | <u><u>\$ 33,574</u></u>           | <u><u>\$ (9,551)</u></u> | <u><u>\$ -</u></u> | <u><u>\$ 24,023</u></u>            |

Depreciation expense was charged to governmental functions as follows:

|                                               |                            |
|-----------------------------------------------|----------------------------|
| Instruction                                   | \$ 3,190,840               |
| Instructional Student Support                 | 408,407                    |
| Administrative and Financial Support Services | 383,774                    |
| Operation and Maintenance of Plant Services   | 275,176                    |
| Student Transportation                        | 1,394                      |
| Student Activities/Community Services         | 100,363                    |
|                                               | <u><u>\$ 4,359,954</u></u> |

**NOTE 9 - LONG-TERM LIABILITIES**

**GENERAL OBLIGATION BONDS - SERIES OF 2017**

In May of 2017, the Norwin School District issued General Obligation Bonds, Series of 2017 in the amount of \$24,025,000 for the purpose of **1)** currently refunding a portion of the School District's General Obligation Bonds, Series A of 2007 currently outstanding in the aggregate principal amount of \$23,890,000, and **2)** to pay all costs and expenses of issuing and insuring the 2017 Bonds. The bonds were issued in denominations of \$5,000 with interest payable on May 15 and November 15 each year through maturity. Interest rates range between 3.0% and 4% with the bonds maturing on November 15, 2034. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.

**GENERAL OBLIGATION BONDS - SERIES A OF 2017**

In November of 2017, the Norwin School District issued General Obligation Bonds, Series A of 2017 in the amount of \$20,775,000 for the purpose of **1)** currently refunding all of the School District's General Obligation Bonds, Series A of 2007 currently outstanding in the aggregate principal amount of \$20,275,000, and **2)** to pay all costs and expenses of issuing and insuring the 2017 Bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between 2% and 3% with the bonds maturing on September 1, 2032. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.



**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS - SERIES OF 2019**

In July of 2019, the Norwin School District issued General Obligation Bonds, Series of 2019 in the amount of \$6,500,000 for the purpose of **1)** currently refunding all of the School District's General Obligation Bonds, Series A of 2011 currently outstanding in the aggregate principal amount of \$6,395,000, and **2)** to pay all costs and expenses of issuing and insuring the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between 2% and 2.65% with the bonds maturing on September 1, 2029. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.

**GENERAL OBLIGATION BONDS - SERIES OF 2020**

In November of 2019, the Norwin School District issued General Obligation Bonds, Series of 2020 in the amount of \$9,560,000 for the purpose of providing funds **1)** for various capital improvements to the School District facilities and **2)** to pay all costs and expenses of issuing and insuring the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity. Interest rates range between 2.0% and 3% with the bonds maturing on September 1, 2039. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.

**GENERAL OBLIGATION BONDS - SERIES A OF 2020**

In October of 2020, the Norwin School District issued General Obligation Bonds, Series A of 2020 in the amount of \$9,995,000 for the purpose of **1)** currently refunding a portion of the School District's General Obligation Bonds, Series of 2015 currently outstanding in the aggregate principal amount of \$9,675,000, and **2)** to pay all costs and expenses of issuing and insuring the 2020 Bonds. The bonds were issued in denominations of \$5,000 with interest payable on May 15 and November 15 each year through maturity. Interest rates range between 2% and 5% with the bonds maturing on November 15, 2037. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.

**GENERAL OBLIGATION BONDS - SERIES OF 2021**

In May of 2021, the Norwin School District issued General Obligation Bonds, Series of 2021 in the amount of \$9,315,000 for the purpose of **1)** currently refunding all of the School District's General Obligation Bonds, Series of 2016 currently outstanding in the aggregate principal amount of \$8,040,000, **2)** currently refunding all of the School District's General Obligation Bonds, Series A of 2016 currently outstanding in the aggregate principal amount of \$1,395,000, and **3)** to pay all costs and expenses of issuing and insuring the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on May 15 and November 15 each year through maturity. Interest rates range between 2% and 5% with the bonds maturing on November 15, 2037. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

**GENERAL OBLIGATION BONDS - SERIES A OF 2021**

In June of 2021, the Norwin School District issued General Obligation Bonds, Series A of 2021 in the amount of \$15,230,000 for the purpose of **1)** currently refunding all of the School District's General Obligation Bonds, Series of 2011 currently outstanding in the aggregate principal amount of \$17,490,000, and **2)** to pay all costs and expenses of issuing and insuring the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on April 1 and October 1 each year through maturity at an interest rate of 5%. The Bonds mature on April 1, 2028. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.

**GENERAL OBLIGATION BONDS - SERIES OF 2023**

In March of 2023, the Norwin School District issued General Obligation Bonds, Series of 2023 in the amount of \$9,700,000 for the purpose of **1)** various capital improvements to Norwin High School and other various capital improvements to the School District's facilities, and **2)** to pay all costs and expenses of issuing and insuring the Bonds. The bonds were issued in denominations of \$5,000 with interest payable on March 1 and September 1 each year through maturity at an interest rate of 4%. The Bonds mature on September 1, 2042. The bonds provide for early redemption options for the school district as more fully described in the detailed Official Statement.

**DEFAULT PROVISIONS – GENERAL OBLIGATION BONDS**

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 Local Government Unit Debt 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 Westmoreland County. The Act provides any judgement 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 described.

A summary of the Norwin School District's general obligation bonds outstanding at June 30, 2023 is as follows:

| <b>Year End<br/>June 30,</b> | <b>2017<br/>Principal</b>   | <b>2017A<br/>Principal</b>  | <b>2019<br/>Principal</b>  | <b>2020<br/>Principal</b>  | <b>2020A<br/>Principal</b> |
|------------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|
| 2024                         | \$ 1,475,000                | \$ 15,000                   | \$ 5,000                   | \$ 5,000                   | \$ 65,000                  |
| 2025                         | 1,525,000                   | 15,000                      | 5,000                      | 5,000                      | 65,000                     |
| 2026                         | 1,570,000                   | 15,000                      | 5,000                      | 5,000                      | 65,000                     |
| 2027                         | 1,615,000                   | 20,000                      | 5,000                      | 5,000                      | 70,000                     |
| 2028                         | 90,000                      | 1,590,000                   | 85,000                     | 5,000                      | 155,000                    |
| 2029-2033                    | 510,000                     | 19,040,000                  | 6,380,000                  | 25,000                     | 835,000                    |
| 2034-2038                    | 11,410,000                  | -                           | -                          | 1,830,000                  | 8,720,000                  |
| 2039-2043                    | -                           | -                           | -                          | 7,670,000                  | -                          |
|                              | <b><u>\$ 18,195,000</u></b> | <b><u>\$ 20,695,000</u></b> | <b><u>\$ 6,485,000</u></b> | <b><u>\$ 9,550,000</u></b> | <b><u>\$ 9,975,000</u></b> |

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

| <b>Year End<br/>June 30,</b> | <b>2021<br/>Principal</b> | <b>2021A<br/>Principal</b> | <b>2023<br/>Principal</b> | <b>Total<br/>Interest</b> | <b>Total</b>          |
|------------------------------|---------------------------|----------------------------|---------------------------|---------------------------|-----------------------|
| 2024                         | \$ 175,000                | \$ 2,090,000               | \$ 5,000                  | \$ 2,990,912              | \$ 6,825,912          |
| 2025                         | 185,000                   | 2,195,000                  | 5,000                     | 2,842,420                 | 6,842,420             |
| 2026                         | 190,000                   | 2,305,000                  | 5,000                     | 2,672,852                 | 6,832,852             |
| 2027                         | 200,000                   | 2,420,000                  | 5,000                     | 2,495,878                 | 6,835,878             |
| 2028                         | 140,000                   | 2,545,000                  | 5,000                     | 2,311,646                 | 6,926,646             |
| 2029-2033                    | 440,000                   | -                          | 25,000                    | 8,784,869                 | 36,039,869            |
| 2034-2038                    | 7,815,000                 | -                          | 25,000                    | 4,629,975                 | 34,429,975            |
| 2039-2043                    | -                         | -                          | 9,625,000                 | 1,291,651                 | 18,586,651            |
|                              | <b>\$ 9,145,000</b>       | <b>\$ 11,555,000</b>       | <b>\$ 9,700,000</b>       | <b>\$ 28,020,203</b>      | <b>\$ 123,320,203</b> |

In connection with the School District's prior year refundings of certain General Obligation Bond Issues, the District recognized \$1,777,420 of 'deferred interest' which is being amortized over the life of the new bond issue. The remaining amount of 'deferred interest on refunding' totaling \$954,042 is reflected as a component of 'deferred outflows of resources' on the government-wide statement of net position. Amortization expense for the year ended June 30, 2023 was \$76,980. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

In connection with the School District's various general obligation bond issues, the District paid approximately \$5,597,658 in bond discounts. These costs are being amortized in a straight-line basis over the life of the bond issue. The unamortized amount of bond discount totaling \$2,087,186 is reflected as a component of 'Bonds Payable – Long Term Portion (Net)' on the government-wide statement of net position. Amortization expense for the year ended June 30, 2023 was \$249,016. This amount was charged to the 'Interest on Long-Term Debt' expense category in the statement of activities.

The School District's various general obligation bond issues were issued at premiums totaling \$5,059,993. These premiums are being accreted as a component of interest expense on a straight-line basis over the life of the bond issue. The un-accreted amount of bond premiums totaling \$3,181,170 is reflected as a component of 'Bonds Payable – Long-Term Portion (Net)', on the government-wide statement of net position. Premium accretion for the year ended June 30, 2023 was \$526,626. This amount was credited to the 'Interest on Long-Term Debt' expense category in the statement of activities.

**FINANCED PURCHASE AGREEMENT (DIRECT BORROWINGS)**

On June 15, 2023, the Norwin School District entered into a Financed Purchase Agreement with Apple, Inc., in the amount of \$341,040 to be used for the purchase of Apple iPads for educational use. The terms of the financed purchase agreement call for three (3) annual payments of \$116,007.12 commencing on July 15, 2023 at an interest rate of 1.8979% scheduled to mature July 15, 2025.

**DEFAULT PROVISIONS – FINANCED PURCHASE AGREEMENT (DIRECT BORROWINGS)**

In the event of default of the financed purchase agreements by and between the School District and Apple, Inc., all commitments and obligations of Apple, Inc. will become immediately due and payable. Apple, Inc. may require the School District to redeliver any or all equipment. In addition, Apple, Inc. shall have all rights and remedies provided within the financed purchase agreements or available at law, in equity, or otherwise.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

A summary of the Norwin School District's financed purchase agreement outstanding at June 30, 2023 is as follows:

| <b>YEAR END<br/>JUNE 30,</b> | <b>PRINCIPAL</b>  | <b>INTEREST</b> | <b>TOTAL</b>      |
|------------------------------|-------------------|-----------------|-------------------|
| 2024                         | \$ 115,468        | \$ 539          | \$ 116,007        |
| 2025                         | 111,726           | 4,281           | 116,007           |
| 2026                         | 113,846           | 2,161           | 116,007           |
|                              | <b>\$ 341,040</b> | <b>\$ 6,981</b> | <b>\$ 348,021</b> |

**LEASE AGREEMENT**

In July of 2022, the Norwin School District entered into a financing lease agreement for copier equipment with Comdoc. The terms of the lease call for 60 monthly payments of \$8,476. The lease agreement qualifies as other than short-term lease under GASB 87 and, therefore, will be recorded at present value of the future minimum lease payments as of the date of the inception. For purposes of discounting future payments, the School District determined an interest rate of 3.0% to be an appropriate discount rate. An initial lease liability will be recorded in the amount of \$471,709.

**DEFAULT PROVISIONS – LEASE AGREEMENT**

Upon the occurrence of an event of default, lessor may do any or all of the following: **1)** require immediate payment of the remaining payments under this agreement, plus, at option of lessor, an amount equal to the residual value of the equipment, **2)** use any remedies available under the UCC, **3)** require payment of attorney's fees and court costs if default is turned over for collection, and **4)** in the event that equipment is repossessed, the lessee would be required to pay the associated costs of repossession.

A summary of the Norwin School District's lease outstanding at June 30, 2023 is as follows:

| <b>YEAR END<br/>JUNE 30,</b> | <b>PRINCIPAL</b>  | <b>INTEREST</b>  | <b>TOTAL</b>      |
|------------------------------|-------------------|------------------|-------------------|
| 2024                         | \$ 91,475         | \$ 10,237        | \$ 101,712        |
| 2025                         | 94,257            | 7,455            | 101,712           |
| 2026                         | 97,124            | 4,588            | 101,712           |
| 2027                         | 100,078           | 1,634            | 101,712           |
|                              | <b>\$ 382,935</b> | <b>\$ 23,914</b> | <b>\$ 406,849</b> |

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 9 - LONG-TERM LIABILITIES (Continued)**

The following represents the changes in the District's long-term liabilities during the 2022-2023 fiscal year:

|                                       | <b>Balance<br/>6/30/2022</b> | <b>Additions</b>     | <b>Reductions</b>   | <b>Balance<br/>6/30/2023</b> | <b>Due Within<br/>One Year</b> |
|---------------------------------------|------------------------------|----------------------|---------------------|------------------------------|--------------------------------|
| <b>Governmental Activities</b>        |                              |                      |                     |                              |                                |
| General Obligation Bonds              | \$ 89,045,000                | \$ 9,700,000         | \$ 3,445,000        | \$ 95,300,000                | \$ 3,835,000                   |
| Direct Borrowings:                    |                              |                      |                     |                              |                                |
| Financed Purchase Agreement           | 455,864                      | 341,040              | 455,864             | 341,040                      | 115,468                        |
| Lease Agreement                       | -                            | 471,709              | 88,774              | 382,935                      | 91,475                         |
| Compensated Absences                  | 1,606,626                    | 25,329               | -                   | 1,631,955                    | -                              |
| Net Pension Liability                 | 94,265,570                   | 8,760,070            | -                   | 103,025,640                  | -                              |
| Net OPEB Liability                    | 17,450,804                   | -                    | 2,182,200           | 15,268,604                   | -                              |
| <b>Total Governmental Activities</b>  | <b>\$ 202,823,864</b>        | <b>\$ 19,298,148</b> | <b>\$ 6,171,838</b> | <b>\$ 215,950,174</b>        | <b>\$ 4,041,943</b>            |
| <b>Business-Type Activities</b>       |                              |                      |                     |                              |                                |
| Net Pension Liability                 | \$ 2,915,430                 | \$ 270,930           | \$ -                | \$ 3,186,360                 | \$ -                           |
| Net OPEB Liability                    | 167,970                      | -                    | 36,330              | 131,640                      | -                              |
| <b>Total Business-Type Activities</b> | <b>\$ 3,083,400</b>          | <b>\$ 270,930</b>    | <b>\$ 36,330</b>    | <b>\$ 3,318,000</b>          | <b>\$ -</b>                    |

**NOTE 10 - PENSION PLAN**

**PSERS**

The Norwin School District participates in the Public School Employees' Retirement System (PSERS). PSERS is a component unit of the Commonwealth of Pennsylvania. A brief description of the plan, and summary of the plan's provisions, are as follows:

**Plan Description**

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

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**Benefits Provided**

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age.

Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

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

Benefits are generally between 1% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**Contributions**

**Member Contributions:**

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

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

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

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**Contributions (Continued)**

**Employer Contributions:**

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31%\* 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 \$13,423,876 for the year ended June 30, 2023.

\*The defined contribution rate of 0.20% is an estimated rate. It is recommended employers use the actual defined contributions made to the PSERS defined contribution plan. This may impact contributions made to the pension plan.

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

At June 30, 2023, the School District reported a liability of \$106,212,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023 the School District's proportion was .2389% which was an increase of .0022% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the School District recognized pension expense of \$7,311,617. At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                 | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience               | \$ 48,000                                        | \$ 919,000                                      |
| Changes in assumptions                                          | 3,172,000                                        | -                                               |
| Net difference between projected and actual investment earnings | -                                                | 1,802,000                                       |
| Changes in proportion                                           | 1,903,000                                        | -                                               |
| Contributions subsequent to the measurement date                | 13,423,876                                       | -                                               |
|                                                                 | <b><u>\$ 18,546,876</u></b>                      | <b><u>\$ 2,721,000</u></b>                      |

The \$13,423,876 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ended June 30, 2023.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:



**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

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

| Measurement<br>Date<br>Year ended<br>June 30, | Reporting<br>Date<br>Year ended<br>June 30, | Amortization<br>Amount |
|-----------------------------------------------|---------------------------------------------|------------------------|
| 2023                                          | 2024                                        | \$ 1,275,000           |
| 2024                                          | 2025                                        | 1,125,000              |
| 2025                                          | 2026                                        | (2,514,000)            |
| 2026                                          | 2027                                        | 2,516,000              |

**Changes in Actuarial Assumptions**

The Total Pension Liability as of June 30, 2022, was determined by rolling forward the System's Total Pension Liability as of the June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date – June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00%, includes inflation at 2.75%
- 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, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00% respectively.
  - Mortality rates – Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**Changes in Actuarial Assumptions (Continued)**

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.

| <b><u>Asset Class</u></b> | <b><u>Target<br/>Allocation</u></b> | <b><u>Long-Term<br/>Expected Real<br/>Rate of Return</u></b> |
|---------------------------|-------------------------------------|--------------------------------------------------------------|
| Global public equity      | 28.0%                               | 5.30%                                                        |
| Private equity            | 12.0%                               | 8.00%                                                        |
| Fixed Income              | 33.0%                               | 2.30%                                                        |
| Commodities               | 9.0%                                | 2.30%                                                        |
| Infrastructure/MLP's      | 9.0%                                | 5.40%                                                        |
| Real estate               | 11.0%                               | 4.60%                                                        |
| Absolute return           | 6.0%                                | 3.50%                                                        |
| Cash                      | 3.0%                                | 0.50%                                                        |
| Leverage                  | -11.0%                              | 0.50%                                                        |
|                           | <u>100%</u>                         |                                                              |

The above table 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, 2022.

**Discount Rate**

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

**Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate**

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

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 10 – PENSION PLAN (Continued)**

**Sensitivity of the School District's proportionate share of the net pension liability to changes in the discount rate (Continued)**

|                                                                    | <b>1%<br/>Decrease<br/>6.00%</b> | <b>Current<br/>Discount<br/>Rate<br/>7.00%</b> | <b>1%<br/>Increase<br/>8.00%</b> |
|--------------------------------------------------------------------|----------------------------------|------------------------------------------------|----------------------------------|
| School District's proportionate share of the net pension liability | <u>\$ 137,378,000</u>            | <u>\$ 106,212,000</u>                          | <u>\$ 79,935,000</u>             |

**Pension plan fiduciary net position**

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

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM**

**General Information about the Health Insurance Premium Assistance Program**

PSERS provides Premium Assistance, which is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002, under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022, there were no assumed future benefit increases to participating eligible retirees.

**Premium Assistance Eligibility Criteria**

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

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

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

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

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Plan Description**

Norwin School District employees participate in the PSERS – Health Insurance Premium Assistance program, which is a governmental cost sharing, multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public-school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

**Benefits Provided**

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

**Employer Contributions**

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% 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 \$291,739 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$4,388,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. 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, 2023, the District's proportion was 0.2384%, which is an increase of .0021% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, Norwin School District recognized OPEB expense of \$115,025. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

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

|                                                                 | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|-----------------------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience               | \$ 40,000                                        | \$ 24,000                                       |
| Changes in assumptions                                          | 487,000                                          | 1,036,000                                       |
| Net difference between projected and actual investment earnings | 12,000                                           | -                                               |
| Changes in proportion                                           | 110,000                                          | 32,000                                          |
| Contributions subsequent to the measurement date                | 291,739                                          | -                                               |
|                                                                 | <b><u>\$ 940,739</u></b>                         | <b><u>\$ 1,092,000</u></b>                      |

The \$291,739 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 for the measurement year ended June 30, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b><u>Measurement<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Reporting<br/>Date<br/>Year ended<br/>June 30,</u></b> | <b><u>Amortization<br/>Amount</u></b> |
|----------------------------------------------------------------|--------------------------------------------------------------|---------------------------------------|
| 2023                                                           | 2024                                                         | \$ (107,000)                          |
| 2024                                                           | 2025                                                         | (59,000)                              |
| 2025                                                           | 2026                                                         | (78,000)                              |
| 2026                                                           | 2027                                                         | (90,000)                              |
| 2027                                                           | 2028                                                         | (109,000)                             |
| Thereafter                                                     | Thereafter                                                   | -                                     |

**Actuarial Assumptions**

The Total OPEB Liability as of June 30, 2022, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial Cost Method – Entry Age Normal – level % of pay.
- Investment Return – 4.09% based on the S&P 20 Year Municipal Bond Rate.
- Salary Increases – 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.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Actuarial Assumptions (Continued)**

- Mortality rates were based 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, 2021 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

| <u>OPEB - Asset Class</u> | <u>Target<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|---------------------------|------------------------------|-------------------------------------------------------|
| Cash                      | 100.0%                       | 0.5%                                                  |
|                           | 100.0%                       |                                                       |

The above table 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, 2022.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**PSERS – HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (Continued)**

**Discount Rate**

The discount rate used to measure the Total OPEB Liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2022, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year and 582 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the net OPEB liability for June 30, 2022, calculated using current Healthcare cost trends as well as what the District net OPEB liability would be if its health cost trends were 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rate:

|                    | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|--------------------|------------------------|------------------------------------|------------------------|
| Net OPEB Liability | <u>\$ 4,388,000</u>    | <u>\$ 4,388,000</u>                | <u>\$ 4,389,000</u>    |

**Sensitivity of the 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 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

|                    | <b>1%<br/>Decrease<br/>3.09%</b> | <b>Current Discount<br/>Rate<br/>4.09%</b> | <b>1%<br/>Increase<br/>5.09%</b> |
|--------------------|----------------------------------|--------------------------------------------|----------------------------------|
| Net OPEB Liability | <u>\$ 4,963,000</u>              | <u>\$ 4,388,000</u>                        | <u>\$ 3,908,000</u>              |

**OPEB plan fiduciary net position**

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

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN**

**Plan Description**

The Norwin School District provides for post-employment health care benefits to all eligible employees per the terms of the District's collective bargaining agreements. Eligibility requirements for District personnel are as follows:

- Education Association (Teachers) – For participants who retire by the end of the 2016-2017 through the 2026-2027 school years, the District shall provide medical coverage under the District's group hospitalization plan for a five (5) year period, or until Medicare eligible. To be eligible for these benefits, the retiring employee must have a minimum of ten (10) years' service with the District. The eligible retiree will pay all employee co-payments, all annual increases in the premium amount, and the reimbursable amount provided by PSERS, provided the retiree qualifies for the PSERS reimbursement.
- Administrative – For employees who retire by the end of the 2016-2017 through the 2025-2026 school years, the District shall provide medical coverage under the District's group hospitalization plan for a five (5) year period, or until Medicare eligible. To be eligible for these benefits, the retiring employee must have a minimum of five (5) years' service with the District. The eligible retiree will pay all employee co-payments, all annual increases in the premium amount, and the reimbursable amount provided by PSERS, provided the retiree qualifies for the PSERS reimbursement.
- Maintenance and Secretarial Personnel – For any member of the bargaining unit who retires with 15 years of service with the District and are at least 62 years of age at retirement, the District will provide individual healthcare coverage for up to three (3) years, or until age 65. The eligible retiree will pay all employee co-payments, all annual increases in the premium amount, and the reimbursable amount provided by PSERS, provided the retiree qualifies for the PSERS reimbursement.

The single-employer retiree benefit plan ("the Plan") was established by the authority of the collective bargaining agreements between the Norwin School District Board of Education and the various labor unions representing District employees. The plan is unfunded and does not issue a publicly available financial report. These benefits are accounted for in accordance with GASB Statement No. 75, Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions.

**Funding Policy**

The contribution requirements of plan members and the School District are negotiated between the District and the union representatives and may be amended by the Norwin Board of Education. The plan is funded on a pay-as-you-go basis, i.e. premiums are paid to fund the health care benefits provided to current retirees. There are no assets that have been segregated and restricted to provide for retiree medical benefits. During the 2022-2023 fiscal year, the Norwin School District paid \$148,525 for retiree health and life insurance benefits.



**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Participant Data and Total OPEB Liability**

The July 1, 2021 actuarial valuation reflected the following participant data and corresponding total OPEB liability:

|                  | <b><u>PARTICIPANT<br/>DATA</u></b> | <b><u>TOTAL OPEB<br/>LIABILITY</u></b> |
|------------------|------------------------------------|----------------------------------------|
| Active employees | 370                                | \$ 10,432,521                          |
| Retirees         | 17                                 | 579,723                                |
| <b>Total</b>     | <b><u>387</u></b>                  | <b><u>\$ 11,012,244</u></b>            |

**OPEB Liability, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

The District's total OPEB liability of \$11,012,244 was measured as of July 1, 2022, and was determined by an actuarial valuation performed as of July 1, 2021. As the District's OPEB Plan is unfunded, the total OPEB liability is equal to the net OPEB liability:

|                                                    |                             |
|----------------------------------------------------|-----------------------------|
| Balance at June 30, 2022                           | \$ 12,019,774               |
| Changes for the year:                              |                             |
| Service cost                                       | 607,900                     |
| Interest                                           | 259,627                     |
| Changes of benefit terms                           | -                           |
| Differences between expected and actual experience | -                           |
| Changes in assumptions or other inputs *           | (1,566,252)                 |
| Benefit payments                                   | (308,805)                   |
| Net Changes                                        | <u>(1,007,530)</u>          |
| <b>Balance at June 30, 2023</b>                    | <b><u>\$ 11,012,244</u></b> |

For the year ended June 30, 2023, Norwin School District recognized OPEB expense of \$804,359. At June 30, 2023, the District report deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                                   | <b><u>Deferred Outflows<br/>of Resources</u></b> | <b><u>Deferred Inflows<br/>of Resources</u></b> |
|---------------------------------------------------|--------------------------------------------------|-------------------------------------------------|
| Difference between expected and actual experience | \$ 1,528,462                                     | \$ -                                            |
| Changes in assumptions                            | 1,319,419                                        | 1,522,781                                       |
| Contributions subsequent to the measurement date  | 361,859                                          | -                                               |
|                                                   | <b><u>\$ 3,209,740</u></b>                       | <b><u>\$ 1,522,781</u></b>                      |

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

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

The \$361,859 amount reported as deferred outflows of resources resulting from the District's benefit payments subsequent to the measurement date will be recognized as a reduction in the next year's total OPEB liability.

The amount reported as deferred inflows/outflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <b>Measurement<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Reporting<br/>Date<br/>Year ended<br/>June 30,</b> | <b>Amortization<br/>Amount</b> |
|---------------------------------------------------------|-------------------------------------------------------|--------------------------------|
| 2023                                                    | 2024                                                  | \$ 150,166                     |
| 2024                                                    | 2025                                                  | 150,166                        |
| 2025                                                    | 2026                                                  | 150,166                        |
| 2026                                                    | 2027                                                  | 150,166                        |
| 2027                                                    | 2028                                                  | 150,166                        |
| Thereafter                                              | Thereafter                                            | 574,270                        |

**Sensitivity of the Total OPEB liability to Changes in the Discount Rate**

The following presents the Total OPEB liability to the district, as well as the Total OPEB Liability using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current discount rate:

|                      | <b>1%<br/>Decrease<br/>2.54%</b> | <b>Current<br/>Discount<br/>Rate<br/>3.54%</b> | <b>1%<br/>Increase<br/>4.54%</b> |
|----------------------|----------------------------------|------------------------------------------------|----------------------------------|
| Total OPEB Liability | <u>\$ 12,124,209</u>             | <u>\$ 11,012,244</u>                           | <u>\$ 10,002,259</u>             |

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

The following presents the Total OPEB Liability of the District, as well as the Total OPEB Liability using healthcare cost trends that 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

|                      | <b>1%<br/>Decrease</b> | <b>Current<br/>Trend<br/>Rates</b> | <b>1%<br/>Increase</b> |
|----------------------|------------------------|------------------------------------|------------------------|
| Total OPEB Liability | <u>\$ 9,836,582</u>    | <u>\$ 11,012,244</u>               | <u>\$ 12,366,532</u>   |

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 11 - POSTEMPLOYMENT BENEFITS OTHER THAN PENSION (Continued)**

**DISTRICT- POST-RETIREMENT HEALTHCARE BENEFIT PLAN (Continued)**

**Actuarial Assumptions and Other Inputs to Calculate the Total OPEB Liability**

- Cost Method – Entry Age Normal as a Level Percentage of Pay.
- Mortality – Pri.H-2012 Total Dataset Mortality Table projected using Scale MP-2021.
- Discount Rate – 3.54% based on the Bond Buyers 20-Bond Index.
- Inflation Rate – 3%
- Salary Increases – 2.5%
- Healthcare Trend – 2022-2023 fiscal year 7.00% decreasing on a graduated basis to 4.5% for fiscal years 2031-2032 and later.
- Percent Married – Actual spouse information was utilized for current retirees. For the active population, it was assumed that 50% of Teachers and Administrators will have a covered spouse at retirement. It was assumed that 0% of Custodians and Secretaries will have a covered spouse at retirement since they are only eligible for Single coverage. Females are assumed to be three years younger than males.
- Participation – It is assumed that 100% of eligible retirees will participate in the retiree medical program.
- Aging Factors – Varying scale from 3.61% at age 55 to 4.00% at age 64.
- Withdrawal Rates – Rates vary by attained age.
- Retirement Rates – Varying scale from 10% at age 55 to 100% at age 65.
- Disability – None assumed.

**NOTE 12 – JOINTLY GOVERNED ORGANIZATIONS**

**CENTRAL WESTMORELAND CAREER AND TECHNOLOGY CENTER**

The Norwin School District, in conjunction with nine other School Districts, funds the operating and capital budget of the Central Westmoreland Career and Technology Center. The Technology Center is designed to teach students trade related professions. Each district's share of tuition is based on the percentage of the district's enrollment to the total enrollment at the Forbes Road Career & Technology Center. The School District paid \$1,849,278 to the Career and Technology Center during the 2022-2023 fiscal year. This includes a prior year reconciliation payment of \$191,622. A representative from each district's school board sits on the board of the Technology Center. Financial information can be obtained by contacting the Technology Center's business office at 240 Arona Road, New Stanton, Pa. 15672.

**WESTMORELAND INTERMEDIATE UNIT #7**

The Norwin School District participates with 16 other School Districts and 3 Vocational-Technical schools located in Westmoreland County in the Westmoreland County Intermediate Unit #7. The Intermediate Unit was established in 1971 by Act 102 of the Commonwealth of Pennsylvania to function as a regional educational service agency for 17 school districts, as well as nonpublic schools and other institutions, located within Westmoreland County. The Intermediate Unit provides services relative to curriculum development, continuing education, educational planning, instructional materials, pupil personnel, state and federal agency liaison and managerial oversight. The School District, through a deduction from their Basic Education subsidy, paid the Intermediate Unit a \$21,292 operating contribution for the 2022-2023 year, and \$141,755 in Transportation Recovery. Financial information can be obtained by contacting the Intermediate Unit's business office at 102 Equity Drive, Greensburg, Pa. 15601.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2023**

**NOTE 13 - RISK AND UNCERTAINTIES**

**GENERAL INSURANCE**

The Norwin School District is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets, errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

**HEALTH INSURANCE**

The Norwin School District is one of twenty members of the Westmoreland County Public School Healthcare Consortium, a public entity risk pool designed to administer health and medical insurance risks on a pooled basis. The school district pays an annual premium (\$7,392,341 for 2022-2023) in monthly installments to the Consortium for its medical and dental insurance coverage, which is subject to an annual settlement based on claims experience. Of the annual premium amount, the School District's share for retirees was calculated to be \$148,525 for the 2022-2023 fiscal year. As the Consortium is self-insured, rates are established with the objective of satisfying estimated claims and other costs, as well as maintaining working capital requirements.

Participating school districts are permitted to withdraw from the Consortium under terms specified in the agreement. Withdrawing participants are entitled to, or responsible for, a proportionate share of the Consortium's net position, as determined on the fiscal year-end date after withdrawal. As of June 30, 2023, the District's share of the Consortium's undesignated fund balance was a deficit \$818,523.

**STATE AND FEDERAL SUBSIDIES**

The Norwin School District's state and federally funded programs are subject to program compliance audits by various governmental agencies. The audit scopes of these program compliance audits are different than the scope of financial audits performed by an outside, independent certified public accounting firm. The District is potentially liable for any expenditure disallowed by the results of these program compliance audits. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

**LEGAL MATTERS**

The Norwin School District, in the normal course of operations, is party to various legal matters normally associated with school districts such as real estate tax assessment appeals, personnel wage and benefits, student education and athletics, construction projects, and other miscellaneous legal matters. The District is not aware of any current claims, litigation or assessments against the District that would adversely impact the financial position of the District as of the date of this report.

**NOTE 14 – SUBSEQUENT EVENTS**

Management has determined that there are no events, subsequent to June 30, 2023 through the March 18, 2024 date of the 'Independent Auditor's Report', which is the date the financial statements were available to be issued, that require additional disclosure in the financial statements.

***SUPPLEMENTARY***  
***INFORMATION***

**NORWIN SCHOOL DISTRICT**  
**SCHEDULE OF GENERAL FUND REVENUES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                            | <b><u>FINAL<br/>BUDGET</u></b> | <b><u>ACTUAL</u></b>        | <b><u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</u></b> |
|--------------------------------------------|--------------------------------|-----------------------------|--------------------------------------------------------------------------|
| <b><u>LOCAL SOURCES</u></b>                |                                |                             |                                                                          |
| Real Estate                                | \$ 35,135,626                  | \$ 35,299,737               | \$ 164,111                                                               |
| Interim Real Estate                        | -                              | 45,277                      | 45,277                                                                   |
| Public Utility Tax                         | 40,450                         | 38,802                      | (1,648)                                                                  |
| Payments in lieu of Taxes                  | 10,150                         | 10,366                      | 216                                                                      |
| Per Capita Section 679                     | 180,500                        | 192,624                     | 12,124                                                                   |
| Occupational Privledge Tax                 | 135,300                        | 154,867                     | 19,567                                                                   |
| Wage Taxes                                 | 6,075,000                      | 6,745,269                   | 670,269                                                                  |
| RE Transfer Tax                            | 724,400                        | 697,165                     | (27,235)                                                                 |
| Delinquent Taxes                           | 1,261,900                      | 874,074                     | (387,826)                                                                |
| Interest                                   | 50,000                         | 774,441                     | 724,441                                                                  |
| Admissions/Student Activity                | 155,000                        | 249,262                     | 94,262                                                                   |
| Federal Funds-Pass thru                    | 930,000                        | 1,080,542                   | 150,542                                                                  |
| Rentals                                    | 75,000                         | 42,759                      | (32,241)                                                                 |
| Contributions & Donations                  | 10,000                         | 23,786                      | 13,786                                                                   |
| Tuition                                    | -                              | 22,407                      | 22,407                                                                   |
| Other Revenues                             | 88,000                         | 212,752                     | 124,752                                                                  |
| <b>TOTAL REVENUES FROM LOCAL SOURCES</b>   | <b><u>\$ 44,871,326</u></b>    | <b><u>\$ 46,464,130</u></b> | <b><u>\$ 1,592,804</u></b>                                               |
| <b><u>STATE SOURCES</u></b>                |                                |                             |                                                                          |
| Basic Subsidy                              | \$ 16,900,000                  | \$ 17,488,990               | \$ 588,990                                                               |
| Tuition for children (Section 1305/1306)   | 75,000                         | 66,578                      | (8,422)                                                                  |
| Special Education                          | 2,990,000                      | 3,148,521                   | 158,521                                                                  |
| Transportation                             | 1,326,000                      | 1,294,303                   | (31,697)                                                                 |
| Rental Payments                            | 1,019,619                      | 992,708                     | (26,911)                                                                 |
| Nurse Services                             | 98,000                         | 96,496                      | (1,504)                                                                  |
| State Property Tax                         | 1,199,448                      | 1,199,448                   | -                                                                        |
| School Mental Health & Safety              | -                              | 174,935                     | 174,935                                                                  |
| Ready to Learn Block Grant                 | 671,460                        | 671,460                     | -                                                                        |
| Social Security                            | 1,400,000                      | 1,493,399                   | 93,399                                                                   |
| Retirement                                 | 6,600,000                      | 7,458,689                   | 858,689                                                                  |
| Other Technology Grants                    | 100,000                        | 100,000                     | -                                                                        |
| <b>TOTAL REVENUES FROM STATE SOURCES</b>   | <b><u>\$ 32,379,527</u></b>    | <b><u>\$ 34,185,527</u></b> | <b><u>\$ 1,806,000</u></b>                                               |
| <b><u>FEDERAL SOURCES</u></b>              |                                |                             |                                                                          |
| JROTC                                      | \$ 74,000                      | \$ 79,636                   | \$ 5,636                                                                 |
| Title I                                    | 434,000                        | 448,350                     | 14,350                                                                   |
| Title II                                   | 90,000                         | 86,283                      | (3,717)                                                                  |
| Title IV                                   | 30,000                         | 55,960                      | 25,960                                                                   |
| ESSERS II                                  | 363,700                        | 364,230                     | 530                                                                      |
| ARP ESSER                                  | 1,345,834                      | 1,390,571                   | 44,737                                                                   |
| Medical                                    | 220,000                        | 295,932                     | 75,932                                                                   |
| Title XIX                                  | 17,000                         | 18,596                      | 1,596                                                                    |
| <b>TOTAL REVENUES FROM FEDERAL SOURCES</b> | <b><u>\$ 2,574,534</u></b>     | <b><u>\$ 2,739,558</u></b>  | <b><u>\$ 165,024</u></b>                                                 |
| <b><u>OTHER FINANCING SOURCES</u></b>      |                                |                             |                                                                          |
| Sale of Fixed Assets                       | \$ -                           | \$ 25,350                   | \$ 25,350                                                                |
| <b>TOTAL OTHER FINANCING SOURCES</b>       | <b><u>\$ -</u></b>             | <b><u>\$ 25,350</u></b>     | <b><u>\$ 25,350</u></b>                                                  |
| <b>TOTAL REVENUES</b>                      | <b><u>\$ 79,825,387</u></b>    | <b><u>\$ 83,414,565</u></b> | <b><u>\$ 3,589,178</u></b>                                               |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF GENERAL FUND EXPENDITURES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

| <b><u>INSTRUCTION</u></b>                  | <b><u>FINAL<br/>BUDGET</u></b> | <b><u>ACTUAL</u></b> | <b><u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</u></b> |
|--------------------------------------------|--------------------------------|----------------------|--------------------------------------------------------------------------|
| <b>Regular Programs</b>                    |                                |                      |                                                                          |
| Personnel Services - Salaries              | \$ 21,615,580                  | \$ 22,139,623        | \$ (524,043)                                                             |
| Personnel Services - Employee Benefits     | 13,092,076                     | 13,491,958           | (399,882)                                                                |
| Purchased Professional/Tech Services       | 478,075                        | 476,480              | 1,595                                                                    |
| Purchased Property Services                | 143,146                        | 49,332               | 93,814                                                                   |
| Other Purchased Services                   | 1,276,015                      | 1,276,799            | (784)                                                                    |
| Supplies                                   | 1,942,840                      | 2,156,158            | (213,318)                                                                |
| Property                                   | 18,005                         | 15,343               | 2,662                                                                    |
| Other Objects                              | 6,975                          | 7,203                | (228)                                                                    |
| <b>Total Regular Programs</b>              | <b>\$ 38,572,712</b>           | <b>\$ 39,612,897</b> | <b>\$ (1,040,185)</b>                                                    |
| <b>Special Programs</b>                    |                                |                      |                                                                          |
| Personnel Services - Salaries              | \$ 4,746,309                   | \$ 5,249,120         | \$ (502,811)                                                             |
| Personnel Services - Employee Benefits     | 2,851,411                      | 2,929,660            | (78,249)                                                                 |
| Purchased Professional/Tech Services       | 266,097                        | 336,086              | (69,989)                                                                 |
| Other Purchased Services                   | 1,642,030                      | 1,648,693            | (6,663)                                                                  |
| Supplies                                   | 82,616                         | 84,706               | (2,090)                                                                  |
| Other Objects                              | 1,940                          | 1,940                | -                                                                        |
| <b>Total Special Programs</b>              | <b>\$ 9,590,403</b>            | <b>\$ 10,250,205</b> | <b>\$ (659,802)</b>                                                      |
| <b>Vocational Education Programs</b>       |                                |                      |                                                                          |
| Other Purchased Services                   | \$ 828,528                     | \$ 957,781           | \$ (129,253)                                                             |
| <b>Total Vocational Education Programs</b> | <b>\$ 828,528</b>              | <b>\$ 957,781</b>    | <b>\$ (129,253)</b>                                                      |
| <b>Other Instructional Programs</b>        |                                |                      |                                                                          |
| Personal Services - Salaries               | \$ 83,255                      | \$ 83,252            | \$ 3                                                                     |
| Personal Services - Employee Benefits      | 35,539                         | 35,529               | 10                                                                       |
| Purchased Professional/Tech Services       | 16,296                         | 16,296               | -                                                                        |
| Supplies                                   | 14,011                         | 14,011               | -                                                                        |
| <b>Total Other Instructional Programs</b>  | <b>\$ 149,101</b>              | <b>\$ 149,088</b>    | <b>\$ 13</b>                                                             |
| <b>Non Public-School Programs</b>          |                                |                      |                                                                          |
| Purchased Professional Services            | \$ 20,278                      | \$ 20,278            | \$ -                                                                     |
| Supplies                                   | 1,028                          | 1,028                | -                                                                        |
| <b>Total Non-Public School Programs</b>    | <b>\$ 21,306</b>               | <b>\$ 21,306</b>     | <b>\$ -</b>                                                              |
| <b>TOTAL INSTRUCTION</b>                   | <b>\$ 49,162,050</b>           | <b>\$ 50,991,277</b> | <b>\$ (1,829,227)</b>                                                    |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF GENERAL FUND EXPENDITURES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                           | <b><u>FINAL<br/>BUDGET</u></b> | <b><u>ACTUAL</u></b>       | <b><u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</u></b> |
|-------------------------------------------|--------------------------------|----------------------------|--------------------------------------------------------------------------|
| <b><u>SUPPORT SERVICES</u></b>            |                                |                            |                                                                          |
| <b>Pupil Personnel</b>                    |                                |                            |                                                                          |
| Personal Services - Salaries              | \$ 1,740,144                   | \$ 1,761,700               | \$ (21,556)                                                              |
| Personal Services - Employee Benefits     | 1,003,628                      | 975,263                    | 28,365                                                                   |
| Purchased Professional/Technical Services | 152,632                        | 271,702                    | (119,070)                                                                |
| Other Purchased Services                  | 1,100                          | 492                        | 608                                                                      |
| Supplies                                  | 27,400                         | 36,227                     | (8,827)                                                                  |
| Other Objects                             | 1,621                          | 450                        | 1,171                                                                    |
| <b>Total Pupil Personnel</b>              | <b><u>\$ 2,926,525</u></b>     | <b><u>\$ 3,045,834</u></b> | <b><u>\$ (119,309)</u></b>                                               |
| <b>Instructional Staff</b>                |                                |                            |                                                                          |
| Personal Services - Salaries              | \$ 956,972                     | \$ 992,666                 | \$ (35,694)                                                              |
| Personal Services - Employee Benefits     | 669,433                        | 651,264                    | 18,169                                                                   |
| Purchased Professional/Technical Services | 52,750                         | 18,592                     | 34,158                                                                   |
| Other Purchased Services                  | 9,200                          | 3,339                      | 5,861                                                                    |
| Supplies                                  | 77,512                         | 68,073                     | 9,439                                                                    |
| Other Objects                             | 380                            | 380                        | -                                                                        |
| <b>Total Instructional Staff</b>          | <b><u>\$ 1,766,247</u></b>     | <b><u>\$ 1,734,314</u></b> | <b><u>\$ 31,933</u></b>                                                  |
| <b>Administration</b>                     |                                |                            |                                                                          |
| Personnel Services - Salaries             | \$ 2,565,578                   | \$ 2,568,675               | \$ (3,097)                                                               |
| Personnel Services - Employee Benefits    | 1,436,117                      | 1,413,269                  | 22,848                                                                   |
| Purchased Professional/Tech Services      | 284,500                        | 251,619                    | 32,881                                                                   |
| Purchased Property Services               | 3,500                          | 1,237                      | 2,263                                                                    |
| Other Purchased Services                  | 43,860                         | 35,867                     | 7,993                                                                    |
| Supplies                                  | 81,595                         | 70,272                     | 11,323                                                                   |
| Other Objects                             | 53,978                         | 69,726                     | (15,748)                                                                 |
| <b>Total Administration</b>               | <b><u>\$ 4,469,128</u></b>     | <b><u>\$ 4,410,665</u></b> | <b><u>\$ 58,463</u></b>                                                  |
| <b>Pupil Health</b>                       |                                |                            |                                                                          |
| Personal Services - Salaries              | \$ 805,074                     | \$ 761,879                 | \$ 43,195                                                                |
| Personal Services - Employee Benefits     | 504,882                        | 451,070                    | 53,812                                                                   |
| Purchased Professional/Technical Services | 200,200                        | 205,766                    | (5,566)                                                                  |
| Other Purchased Services                  | 1,100                          | 610                        | 490                                                                      |
| Supplies                                  | 16,170                         | 12,041                     | 4,129                                                                    |
| <b>Total Pupil Health</b>                 | <b><u>\$ 1,527,426</u></b>     | <b><u>\$ 1,431,366</u></b> | <b><u>\$ 96,060</u></b>                                                  |

The accompanying notes are an integral part of these financial statements



**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF GENERAL FUND EXPENDITURES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                              | <b><u>FINAL<br/>BUDGET</u></b> | <b><u>ACTUAL</u></b>        | <b><u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</u></b> |
|--------------------------------------------------------------|--------------------------------|-----------------------------|--------------------------------------------------------------------------|
| <b>SUPPORT SERVICES (Continued)</b>                          |                                |                             |                                                                          |
| <b>Business</b>                                              |                                |                             |                                                                          |
| Personnel Services - Salaries                                | \$ 331,319                     | \$ 268,978                  | \$ 62,341                                                                |
| Personnel Services - Employee Benefits                       | 226,661                        | 166,130                     | 60,531                                                                   |
| Purchased Professional/Tech Services                         | 20,450                         | 39,150                      | (18,700)                                                                 |
| Purchased Property Services                                  | 16,729                         | 1,913                       | 14,816                                                                   |
| Other Purchased Services                                     | 21,750                         | 22,655                      | (905)                                                                    |
| Supplies                                                     | 71,067                         | 60,397                      | 10,670                                                                   |
| Other Objects                                                | 8,320                          | 8,363                       | (43)                                                                     |
| <b>Total Business</b>                                        | <b><u>\$ 696,296</u></b>       | <b><u>\$ 567,586</u></b>    | <b><u>\$ 128,710</u></b>                                                 |
| <b>Operation &amp; Maintenance of Plant Services</b>         |                                |                             |                                                                          |
| Personnel Services - Salaries                                | \$ 2,551,377                   | \$ 2,369,164                | \$ 182,213                                                               |
| Personnel Services - Employee Benefits                       | 1,785,849                      | 1,679,070                   | 106,779                                                                  |
| Purchased Professional/Technical Services                    | 28,500                         | 15,344                      | 13,156                                                                   |
| Purchased Property Services                                  | 478,575                        | 539,116                     | (60,541)                                                                 |
| Other Purchased Services                                     | 366,200                        | 356,848                     | 9,352                                                                    |
| Supplies                                                     | 1,275,620                      | 1,322,964                   | (47,344)                                                                 |
| Property                                                     | 16,380                         | 16,380                      | -                                                                        |
| Other Objects                                                | 150                            | 564                         | (414)                                                                    |
| <b>Total Operation and Maintenance of<br/>Plant Services</b> | <b><u>\$ 6,502,651</u></b>     | <b><u>\$ 6,299,450</u></b>  | <b><u>\$ 203,201</u></b>                                                 |
| <b>Student Transportation</b>                                |                                |                             |                                                                          |
| Personal Services - Salaries                                 | \$ 12,000                      | \$ 12,000                   | \$ -                                                                     |
| Personal Services - Employee Benefits                        | 5,221                          | 5,195                       | 26                                                                       |
| Other Purchased Services                                     | 4,227,841                      | 4,380,279                   | (152,438)                                                                |
| <b>Total Student Transportation</b>                          | <b><u>\$ 4,245,062</u></b>     | <b><u>\$ 4,397,474</u></b>  | <b><u>\$ (152,412)</u></b>                                               |
| <b>Support Services - Central</b>                            |                                |                             |                                                                          |
| Personnel Services - Salaries                                | \$ 473,184                     | \$ 466,504                  | \$ 6,680                                                                 |
| Personnel Services - Employee Benefits                       | 330,244                        | 300,978                     | 29,266                                                                   |
| Purchased Professional/Technical Services                    | 720,740                        | 718,980                     | 1,760                                                                    |
| Purchased Property Services                                  | 5,710                          | 3,492                       | 2,218                                                                    |
| Other Purchased Services                                     | 25,000                         | 28,880                      | (3,880)                                                                  |
| Supplies                                                     | 413,325                        | 406,577                     | 6,748                                                                    |
| Other Objects                                                | 500                            | 1,067                       | (567)                                                                    |
| <b>Total Support Services - Central</b>                      | <b><u>\$ 1,968,703</u></b>     | <b><u>\$ 1,926,478</u></b>  | <b><u>\$ 42,225</u></b>                                                  |
| <b>Other Support Services</b>                                |                                |                             |                                                                          |
| Other Purchased Services                                     | \$ 21,300                      | \$ 21,292                   | \$ 8                                                                     |
| <b>Total Other Support Services</b>                          | <b><u>\$ 21,300</u></b>        | <b><u>\$ 21,292</u></b>     | <b><u>\$ 8</u></b>                                                       |
| <b>TOTAL SUPPORT SERVICES</b>                                | <b><u>\$ 24,123,338</u></b>    | <b><u>\$ 23,834,459</u></b> | <b><u>\$ 288,879</u></b>                                                 |

The accompanying notes are an integral part of these financial statements

**NORWIN SCHOOL DISTRICT**  
**STATEMENT OF GENERAL FUND EXPENDITURES - FINAL BUDGET AND ACTUAL**  
**FOR THE YEAR ENDED JUNE 30, 2023**

|                                                          | <b><u>FINAL<br/>BUDGET</u></b> | <b><u>ACTUAL</u></b>        | <b><u>VARIANCE WITH<br/>FINAL BUDGET<br/>POSITIVE<br/>(NEGATIVE)</u></b> |
|----------------------------------------------------------|--------------------------------|-----------------------------|--------------------------------------------------------------------------|
| <b><u>OPERATION OF NON-INSTRUCTIONAL SERVICES</u></b>    |                                |                             |                                                                          |
| <b>Student Activities</b>                                |                                |                             |                                                                          |
| Personal Services - Salaries                             | \$ 857,601                     | \$ 849,471                  | \$ 8,130                                                                 |
| Personal Services - Employee Benefits                    | 400,628                        | 376,882                     | 23,746                                                                   |
| Purchased Professional/Technical Services                | 80,500                         | 89,250                      | (8,750)                                                                  |
| Purchased Property Services                              | 21,900                         | 27,942                      | (6,042)                                                                  |
| Other Purchased Services                                 | 168,250                        | 188,974                     | (20,724)                                                                 |
| Supplies                                                 | 166,050                        | 140,732                     | 25,318                                                                   |
| Other Objects                                            | 32,000                         | 26,054                      | 5,946                                                                    |
| <b>Total Student Activities</b>                          | <b><u>\$ 1,726,929</u></b>     | <b><u>\$ 1,699,305</u></b>  | <b><u>\$ 27,624</u></b>                                                  |
| <b>Community Services</b>                                |                                |                             |                                                                          |
| Personal Services - Salaries                             | \$ 43,217                      | \$ 14,615                   | \$ 28,602                                                                |
| Personal Services - Employee Benefits                    | 18,803                         | 4,769                       | 14,034                                                                   |
| Purchased Professional/Technical Services                | -                              | 650                         | (650)                                                                    |
| Other Purchased Services                                 | 507,000                        | 505,639                     | 1,361                                                                    |
| Supplies                                                 | 2,700                          | 741                         | 1,959                                                                    |
| Other Objects                                            | 2,032                          | 2,032                       | -                                                                        |
| <b>Total Community Services</b>                          | <b><u>\$ 573,752</u></b>       | <b><u>\$ 528,446</u></b>    | <b><u>\$ 45,306</u></b>                                                  |
| <b>TOTAL OPERATION OF NON-INSTRUCTIONAL<br/>SERVICES</b> | <b><u>\$ 2,300,681</u></b>     | <b><u>\$ 2,227,751</u></b>  | <b><u>\$ 72,930</u></b>                                                  |
| <b><u>OTHER FINANCING USES</u></b>                       |                                |                             |                                                                          |
| <b>Debt Service</b>                                      |                                |                             |                                                                          |
| Other Objects                                            | \$ 2,777,049                   | \$ 2,782,306                | \$ (5,257)                                                               |
| Other Financing Uses                                     | 3,893,195                      | 3,989,639                   | (96,444)                                                                 |
| <b>Total Debt Service</b>                                | <b><u>\$ 6,670,244</u></b>     | <b><u>\$ 6,771,945</u></b>  | <b><u>\$ (101,701)</u></b>                                               |
| <b>Interfund Transfers</b>                               |                                |                             |                                                                          |
| Other Financing Uses                                     | \$ 400,000                     | \$ 400,000                  | \$ -                                                                     |
| <b>Total Interfund Transfers</b>                         | <b><u>\$ 400,000</u></b>       | <b><u>\$ 400,000</u></b>    | <b><u>\$ -</u></b>                                                       |
| <b>TOTAL EXPENDITURES</b>                                | <b><u>\$ 82,656,313</u></b>    | <b><u>\$ 84,225,432</u></b> | <b><u>\$ (1,569,119)</u></b>                                             |

The accompanying notes are an integral part of these financial statements

***REQUIRED***

***SUPPLEMENTARY***

***INFORMATION***

**NORWIN SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                         | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> | <b><u>2016</u></b> | <b><u>2015</u></b> | <b><u>2014</u></b> | <b><u>2013</u></b> |
|-------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net pension liability                                                    | 0.2389%            | 0.2367%            | 0.2326%            | 0.2313%            | 0.2336%            | 0.2336%            | 0.2372%            | 0.2312%            | 0.2241%            | 0.2199%            |
| District's proportionate share of the net pension liability                                           | \$ 106,212,000     | \$ 97,181,000      | \$ 114,530,000     | \$ 108,208,000     | \$ 112,140,000     | \$ 115,371,000     | \$ 117,549,000     | \$ 100,145,000     | \$ 88,701,000      | \$ 90,011,900      |
| District's covered payroll                                                                            | \$ 35,054,164      | \$ 33,491,115      | \$ 32,605,900      | \$ 31,905,476      | \$ 31,459,608      | \$ 31,095,696      | \$ 30,718,935      | \$ 29,747,024      | \$ 28,598,497      | \$ 28,225,944      |
| District's proportionate share of the net pension liability<br>as a percentage of its covered payroll | 302.99%            | 290.17%            | 351.26%            | 339.15%            | 356.46%            | 371.02%            | 382.66%            | 336.66%            | 310.16%            | 318.90%            |
| Plan fiduciary net position as a percentage of<br>the total pension liability                         | 61.34%             | 63.67%             | 54.32%             | 55.66%             | 54.00%             | 51.84%             | 50.14%             | 54.36%             | 57.24%             | 54.49%             |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year.

**NORWIN SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED CONTRIBUTIONS**  
**DEFINED BENEFIT PENSION PLAN**  
**JUNE 30,**

|                                                                     | <u>2023</u>         | <u>2022</u>         | <u>2021</u>         | <u>2020</u>         | <u>2019</u>         | <u>2018</u>        | <u>2017</u>        | <u>2016</u>        | <u>2015</u>        | <u>2014</u>        |
|---------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Contractually Required Contributions                                | \$ 13,423,876       | \$ 11,914,739       | \$ 11,252,173       | \$ 11,042,116       | \$ 10,370,757       | \$ 9,903,639       | \$ 9,212,882       | \$ 7,807,125       | \$ 6,363,037       | \$ 4,853,060       |
| Contribution in relation to the contractually required contribution | <u>(13,423,876)</u> | <u>(11,914,739)</u> | <u>(11,252,173)</u> | <u>(11,042,116)</u> | <u>(10,370,757)</u> | <u>(9,903,639)</u> | <u>(9,212,882)</u> | <u>(7,807,125)</u> | <u>(6,363,037)</u> | <u>(4,853,060)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>         | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        | <u>\$ -</u>        |
| District's covered payroll                                          | \$ 37,410,371       | \$ 35,054,164       | \$ 33,491,115       | \$ 32,605,900       | \$ 31,888,336       | \$ 31,459,608      | \$ 31,095,696      | \$ 30,718,935      | \$ 29,747,024      | \$ 28,598,497      |
| Contributions as a percentage of covered payroll                    | 35.88%              | 33.99%              | 33.60%              | 33.87%              | 32.52%              | 31.48%             | 29.63%             | 25.41%             | 21.39%             | 16.97%             |

Note: Beginning in 2018 with the implementation of GASB 75, contributions as reported above reflect the pension portion of the contribution only. The premium assistance (OPEB) portion of the contribution is reflected on a separate RSI schedule. Prior year contributions reflect both the pension and premium assistance amounts combined.

**NORWIN SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY**  
**PSERS PLAN**  
**JUNE 30,**

| <b>As of the measurement date of June 30,</b>                                                      | <b><u>2022</u></b> | <b><u>2021</u></b> | <b><u>2020</u></b> | <b><u>2019</u></b> | <b><u>2018</u></b> | <b><u>2017</u></b> |
|----------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| District's proportion of the net OPEB liability                                                    | 0.2384%            | 0.2363%            | 0.2323%            | 0.2313%            | 0.2336%            | 0.2336%            |
| District's proportionate share of the net OPEB liability                                           | \$ 4,388,000       | \$ 5,599,000       | \$ 5,019,000       | \$ 4,919,000       | \$ 4,870,000       | \$ 4,759,000       |
| District's covered payroll                                                                         | \$ 35,054,164      | \$ 33,491,115      | \$ 32,605,900      | \$ 31,905,476      | \$ 31,459,608      | \$ 31,095,696      |
| District's proportionate share of the net OPEB liability<br>as a percentage of its covered payroll | 12.52%             | 16.72%             | 15.39%             | 15.42%             | 15.48%             | 15.30%             |
| Plan fiduciary net position as a percentage of<br>the total OPEB liability                         | 6.86%              | 5.30%              | 5.69%              | 5.56%              | 5.56%              | 5.73%              |

The amounts presented for each fiscal year were determined as of the measurement date, which is June 30 of the preceding fiscal year.

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**NORWIN SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF SCHOOL DISTRICT'S CONTRACTUALLY REQUIRED OPEB CONTRIBUTIONS**  
**PSERS PLAN**  
**JUNE 30,**

|                                                                     | <u>2023</u>      | <u>2022</u>      | <u>2021</u>      | <u>2020</u>      | <u>2019</u>      | <u>2018</u>      | <u>2017</u>      |
|---------------------------------------------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Contractually Required Contributions                                | \$ 291,739       | \$ 279,197       | \$ 273,873       | \$ 277,290       | \$ 264,041       | \$ 258,980       | \$ 246,996       |
| Contribution in relation to the contractually required contribution | <u>(291,739)</u> | <u>(279,197)</u> | <u>(273,873)</u> | <u>(277,290)</u> | <u>(264,041)</u> | <u>(258,980)</u> | <u>(246,996)</u> |
| Contribution deficiency (excess)                                    | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      | <u>\$ -</u>      |
| District's covered payroll                                          | \$ 37,410,371    | \$ 35,054,164    | \$ 33,491,115    | \$ 32,605,900    | \$ 31,905,476    | \$ 31,459,608    | \$ 31,095,696    |
| Contributions as a percentage of covered payroll                    | 0.78%            | 0.80%            | 0.82%            | 0.85%            | 0.83%            | 0.82%            | 0.79%            |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.

**NORWIN SCHOOL DISTRICT**  
**REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**DISTRICT POST-RETIREMENT HEALTHCARE PLAN**  
**JUNE 30,**

|                                                                         | <b><u>2023</u></b>          | <b><u>2022</u></b>          | <b><u>2021</u></b>         | <b><u>2020</u></b>         | <b><u>2019</u></b>         | <b><u>2018</u></b>         |
|-------------------------------------------------------------------------|-----------------------------|-----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| Service cost                                                            | \$ 607,900                  | \$ 335,487                  | \$ 308,254                 | \$ 399,196                 | \$ 389,121                 | \$ 469,777                 |
| Interest                                                                | 259,627                     | 216,970                     | 324,910                    | 347,206                    | 327,206                    | 285,169                    |
| Changes of Benefit Terms                                                | -                           | 786,567                     | -                          | -                          | -                          | -                          |
| Difference between expected and actual experience                       | -                           | 1,267,931                   | -                          | 63,343                     | -                          | 658,692                    |
| Changes of assumptions or other inputs                                  | (1,566,252)                 | 94,253                      | 554,680                    | 125,074                    | (102,604)                  | 1,171,939                  |
| Benefit payments                                                        | (308,805)                   | (499,072)                   | (653,362)                  | (623,406)                  | (781,813)                  | (574,971)                  |
| <b>Net Change in Total OPEB Liability</b>                               | <b>\$ (1,007,530)</b>       | <b>\$ 2,202,136</b>         | <b>\$ 534,482</b>          | <b>\$ 311,413</b>          | <b>\$ (168,090)</b>        | <b>\$ 2,010,606</b>        |
| <b>Total OPEB Liability - Beginning of Year</b>                         | <b><u>12,019,774</u></b>    | <b><u>9,817,638</u></b>     | <b><u>9,283,156</u></b>    | <b><u>8,971,743</u></b>    | <b><u>9,139,833</u></b>    | <b><u>7,129,227</u></b>    |
| <b>Total OPEB Liability - End of Year</b>                               | <b><u>\$ 11,012,244</u></b> | <b><u>\$ 12,019,774</u></b> | <b><u>\$ 9,817,638</u></b> | <b><u>\$ 9,283,156</u></b> | <b><u>\$ 8,971,743</u></b> | <b><u>\$ 9,139,833</u></b> |
| <br>Covered-employee payroll                                            | <br>\$ 28,201,413           | <br>\$ 27,513,574           | <br>\$ 26,741,988          | <br>\$ 26,089,744          | <br>\$ 23,157,225          | <br>\$ 22,592,415          |
| <br>Total OPEB liability as a percentage of<br>covered-employee payroll | <br>39.05%                  | <br>43.69%                  | <br>36.71%                 | <br>35.58%                 | <br>38.74%                 | <br>40.46%                 |

This schedule is intended to illustrate information for a ten (10) year period. Information for that ten year period will be presented as information becomes available.



**NORWIN SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**NOTE 1 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR PSERS PENSION BENEFITS**

**Changes in Benefit Terms**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2022**

None

**Changes in Assumptions used in the Measurement of PSERS' Total Pension Liability Beginning June 30, 2021**

- Investment return went from 7.25% including inflation at 2.75% to 7.00% including inflation at 2.50%
- Salary growth rate decreased from 5.00% to 4.50%
- Real growth rate and merit or seniority increases (components for salary growth), decreased from 2.75% and 2.25% to 2.50% and 2.00% respectively
- Mortality rates previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**

**Changes in Benefit Terms**

None

**NORWIN SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**NOTE 2 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE PSERS POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (OPEB)**  
(Continued)

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2022**

- Investment return went from 2.18% S&P 20 Year Municipal Bond Rate to 4.09% S&P 20 Year Municipal Bond Rate
- The discount rate decreased from 2.18% to 4.09%

**Changes in Assumptions used in the Measurement of PSERS' Total OPEB Liability Beginning June 30, 2021**

- Investment return went from 2.66% S&P 20 Year Municipal Bond Rate to 2.18% S&P 20 Year Municipal Bond Rate
- Salary growth rate decreased from 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases to 4.50%, comprised of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Mortality rates previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate decreased from 2.66% to 2.18%

**Changes in Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

None

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The following actuarial methods and assumptions were used to determine contribution rates reported in the OPEB required supplementary schedules:

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

**NORWIN SCHOOL DISTRICT**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**JUNE 30, 2023**

**NOTE 3 - FACTORS AND TRENDS USED IN THE ACTUARIAL VALUATION FOR THE RETIREE OPEB SCHOOL PLAN**

**Changes in Benefit Terms**

- None

**Changes in Assumptions**

- Updated the discount rate from 2.16% at 6/30/2022 to 3.54% at 6/30/2023
- Updated the mortality improvement scale to MP-2021

**Actuarial Assumptions used in Calculations of Actuarially Determined Contributions**

The actuarial plan does not disclose actuarial assumptions, if applicable, used in the calculations of Actuarially Determined Contributions.

# **NORWIN SCHOOL DISTRICT**

## ***SUPPLEMENTARY INFORMATION***

***AS REQUIRED BY  
GOVERNMENT AUDITING STANDARDS  
AND UNIFORM GUIDANCE***

**Mark C. Turnley**

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Certified Public Accountant

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

**Management and Board of Education  
Norwin School District**

I 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 Standard* 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 the Norwin School District as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Norwin School District's basic financial statements, and have issued my report thereon dated March 18, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered the Norwin 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 my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Norwin School District's internal control. Accordingly, I do not express an opinion on the effectiveness of the Norwin 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 Norwin School District'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

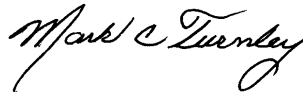
**Management and Board of Education  
Norwin School District**

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Norwin School District's financial statements are free of material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Norwin School District'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 Norwin School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Mark C. Turnley  
Certified Public Accountant

March 18, 2024  
New Brighton, Pennsylvania

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON  
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**To the Board of Education  
Norwin School District**

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM**

**Opinion on Each Major Federal Program**

I have audited Norwin 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 Norwin School District's major federal programs for the year ended June 30, 2023. Norwin School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, Norwin School District complied, in all material aspects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

**Basis for Opinion on Each Major Federal Program**

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

I am required to be independent of Norwin School District and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of Norwin 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 Norwin School District's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

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

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

- Exercise professional judgement 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 Norwin School District's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of Norwin 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 Norwin School District's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

## **Report on Internal Control over Compliance**

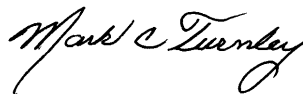
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 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.



My consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 my audit I did not identify any deficiencies in internal control over compliance that I 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.

My 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 my testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink, reading "Mark C. Turnley". The signature is written in a cursive, flowing style.

Mark C. Turnley  
Certified Public Accountant

March 18, 2024  
New Brighton, Pennsylvania

**NORWIN SCHOOL DISTRICT**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

| FEDERAL GRANTOR/PROJECT TITLE                                                          | FUNDING SOURCE | ASSISTANCE LISTING NUMBER | PASS-THROUGH GRANTOR NUMBER | GRANT PERIOD BEGINNING / ENDING DATE | PROGRAM AWARD AMOUNT | 2022-2023 PASSED THROUGH TO SUBRECIPIENTS | TOTAL RECEIVED THIS PERIOD | ACCRUED (UNEARNED) REVENUE JULY 1 | REVENUE RECOGNIZED  | EXPENDITURES        | ACCRUED (UNEARNED) REVENUE JUNE 30 |
|----------------------------------------------------------------------------------------|----------------|---------------------------|-----------------------------|--------------------------------------|----------------------|-------------------------------------------|----------------------------|-----------------------------------|---------------------|---------------------|------------------------------------|
| <b>U.S. DEPARTMENT OF EDUCATION:</b>                                                   |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Education:</b>                                     |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Title I                                                                                | Indirect       | 84.010                    | 13-230307                   | 7/1/22-9/30/23                       | \$ 430,530           | \$ -                                      | \$ 369,034                 | \$ -                              | \$ 425,529          | \$ 425,529          | \$ 56,495                          |
| Title I                                                                                | Indirect       | 84.010                    | 13-220307                   | 7/1/21-9/30/22                       | 434,254              | -                                         | 117,999                    | 95,177                            | 22,822              | 22,822              | -                                  |
| Title II - Improving Teacher Quality                                                   | Indirect       | 84.367                    | 20-230307                   | 7/1/22-9/30/23                       | 85,816               | -                                         | 72,471                     | -                                 | 85,816              | 85,816              | 13,345                             |
| Title II - Improving Teacher Quality                                                   | Indirect       | 84.367                    | 20-220307                   | 7/1/21-9/30/22                       | 90,256               | -                                         | 36,677                     | 36,210                            | 467                 | 467                 | -                                  |
| Title IV - Student Support and Academic Enrichment                                     | Indirect       | 84.424                    | 144-220307                  | 7/1/22-9/30/23                       | 34,246               | -                                         | 9,321                      | -                                 | 34,246              | 34,246              | 24,925                             |
| Title IV - Student Support and Academic Enrichment                                     | Indirect       | 84.424                    | 144-220307                  | 7/1/21-9/30/22                       | 30,457               | -                                         | 22,353                     | 640                               | 21,713              | 21,713              | -                                  |
| COVID-19 - ESSER II Fund Local                                                         | Indirect       | 84.425D                   | 200-210307                  | 3/13/20-9/30/23                      | 1,496,437            | -                                         | 243,606                    | (85,823) (2)                      | 364,230             | 364,230             | (1) 34,801                         |
| COVID-19 - ARP ESSER III Fund Local                                                    | Indirect       | 84.425U                   | 223-210307                  | 3/13/20-9/30/24                      | 3,026,859            | -                                         | 990,608                    | 171,912 (3)                       | 1,265,526           | 1,265,526           | (1) 446,830                        |
| COVID-19 - ARP ESSER 7% (Learning Loss)                                                | Indirect       | 84.425U                   | 225-210307                  | 3/13/20-9/30/24                      | 168,039              | -                                         | 149,708                    | 58,884                            | 90,824              | 90,824              | (1) -                              |
| COVID-19 - ARP ESSER 7% (Summer School)                                                | Indirect       | 84.425U                   | 225-210307                  | 3/13/20-9/30/24                      | 33,608               | -                                         | 29,942                     | (3,666)                           | 33,608              | 33,608              | (1) -                              |
| COVID-19 - ARP ESSER 7% (After School)                                                 | Indirect       | 84.425U                   | 225-210307                  | 3/13/20-9/30/24                      | 33,608               | -                                         | 29,942                     | 614                               | 614                 | 614                 | (1) -                              |
| <b>Total passed through Pa. Department of Education</b>                                |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 2,071,661</b>        | <b>\$ 302,662</b>                 | <b>\$ 2,345,395</b> | <b>\$ 2,345,395</b> | <b>\$ 576,396</b>                  |
| <b>Passed through Westmoreland Intermediate Unit (Special Education Cluster):</b>      |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| IDEA                                                                                   | Indirect       | 84.027                    | 062-23-0007                 | 7/1/22-6/30/23                       | \$ 955,267           | \$ -                                      | \$ 509,192                 | \$ -                              | \$ 947,734          | \$ 947,734          | \$ 438,542                         |
| IDEA                                                                                   | Indirect       | 84.027                    | 062-22-0007                 | 7/1/21-6/30/22                       | 930,850              | -                                         | 504,812                    | 504,812                           | -                   | -                   | -                                  |
| IDEA 619                                                                               | Indirect       | 84.027                    | 062-23-0007                 | 7/1/22-6/30/23                       | 7,533                | -                                         | 7,533                      | -                                 | 7,533               | 7,533               | -                                  |
| COVID-19 - ARP IDEA                                                                    | Indirect       | 84.027X                   | 062-22-0007                 | 7/1/21-9/30/23                       | 191,503              | -                                         | 191,503                    | 66,228                            | 125,275             | 125,275             | -                                  |
| <b>Total passed through Westmoreland Intermediate Unit (Special Education Cluster)</b> |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 1,213,040</b>        | <b>\$ 571,040</b>                 | <b>\$ 1,080,542</b> | <b>\$ 1,080,542</b> | <b>\$ 438,542</b>                  |
| <b>Total Special Education Cluster</b>                                                 |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 1,213,040</b>        | <b>\$ 571,040</b>                 | <b>\$ 1,080,542</b> | <b>\$ 1,080,542</b> | <b>\$ 438,542</b>                  |
| <b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>                                              |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 3,284,701</b>        | <b>\$ 873,702</b>                 | <b>\$ 3,425,937</b> | <b>\$ 3,425,937</b> | <b>\$ 1,014,938</b>                |
| <b>U.S. DEPARTMENT OF AGRICULTURE:</b>                                                 |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Education (Child Nutrition Cluster):</b>           |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| National School Lunch Program                                                          | Indirect       | 10.555                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 802,725                 | \$ -                              | \$ 802,725          | \$ 802,725          | \$ -                               |
| Lunch Program                                                                          | Indirect       | 10.555                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 95,867                     | 95,867                            | -                   | -                   | -                                  |
| Breakfast Program                                                                      | Indirect       | 10.553                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | -                                         | 197,352                    | -                                 | 197,352             | 197,352             | -                                  |
| Breakfast Program                                                                      | Indirect       | 10.553                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 19,579                     | 19,579                            | -                   | -                   | -                                  |
| Supply Chain Assistance                                                                | Indirect       | 10.555                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | -                                         | 133,956                    | -                                 | 133,956             | 133,956             | -                                  |
| <b>Total passed through Pa. Department of Education (Child Nutrition Cluster)</b>      |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 1,249,479</b>        | <b>\$ 115,446</b>                 | <b>\$ 1,134,033</b> | <b>\$ 1,134,033</b> | <b>\$ -</b>                        |
| <b>Passed through Pa. Department of Agriculture (Child Nutrition Cluster):</b>         |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| National School Lunch Program                                                          | Indirect       | 10.555                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 194,853                 | * \$ -                            | \$ 194,853          | \$ 194,853          | \$ -                               |
| <b>Total passed through Pa. Department of Agriculture (Child Nutrition Cluster)</b>    |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 194,853</b>          | <b>\$ -</b>                       | <b>\$ 194,853</b>   | <b>\$ 194,853</b>   | <b>\$ -</b>                        |
| <b>Total Child Nutrition Cluster</b>                                                   |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 1,444,332</b>        | <b>\$ 115,446</b>                 | <b>\$ 1,328,886</b> | <b>\$ 1,328,886</b> | <b>\$ -</b>                        |
| <b>Passed through Pa. Department of Education:</b>                                     |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| P-EBT Local Admin Funds                                                                | Indirect       | 10.649                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 628                     | \$ -                              | \$ 628              | \$ 628              | \$ -                               |
| <b>Total passed through Pa. Department of Education</b>                                |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 628</b>              | <b>\$ -</b>                       | <b>\$ 628</b>       | <b>\$ 628</b>       | <b>\$ -</b>                        |
| <b>TOTAL DEPARTMENT OF AGRICULTURE</b>                                                 |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 1,444,960</b>        | <b>\$ 115,446</b>                 | <b>\$ 1,329,514</b> | <b>\$ 1,329,514</b> | <b>\$ -</b>                        |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES:</b>                                   |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| <b>Passed through Pa. Department of Human Services:</b>                                |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Title 19                                                                               | Indirect       | 93.778                    | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 6,871                   | \$ -                              | \$ 18,595           | \$ 18,595           | \$ 11,724                          |
| Title 19                                                                               | Indirect       | 93.778                    | N/A                         | 7/1/21-6/30/22                       | N/A                  | -                                         | 10,031                     | 10,031                            | -                   | -                   | -                                  |
| <b>Total passed through Pa. Department of Human Services</b>                           |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 16,902</b>           | <b>\$ 10,031</b>                  | <b>\$ 18,595</b>    | <b>\$ 18,595</b>    | <b>\$ 11,724</b>                   |
| <b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>                              |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 16,902</b>           | <b>\$ 10,031</b>                  | <b>\$ 18,595</b>    | <b>\$ 18,595</b>    | <b>\$ 11,724</b>                   |
| <b>U.S. DEPARTMENT OF DEFENSE:</b>                                                     |                |                           |                             |                                      |                      |                                           |                            |                                   |                     |                     |                                    |
| Department of Army ROTC                                                                | Direct         | N/A                       | N/A                         | 7/1/22-6/30/23                       | N/A                  | \$ -                                      | \$ 79,636                  | \$ -                              | \$ 79,636           | \$ 79,636           | \$ -                               |
| <b>TOTAL U.S. DEPARTMENT OF DEFENSE</b>                                                |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 79,636</b>           | <b>\$ -</b>                       | <b>\$ 79,636</b>    | <b>\$ 79,636</b>    | <b>\$ -</b>                        |
| <b>TOTAL FEDERAL ASSISTANCE</b>                                                        |                |                           |                             |                                      |                      | <b>\$ -</b>                               | <b>\$ 4,826,199</b>        | <b># \$ 999,179</b>               | <b>\$ 4,853,682</b> | <b>\$ 4,853,682</b> | <b>\$ 1,026,662</b>                |

**# Reconciliation with federal subsidy confirmation:**

|                                         |                     |
|-----------------------------------------|---------------------|
| Per above                               | \$ 4,826,199        |
| School Lunch/Breakfast matching subsidy | 215,332             |
| IDEA                                    | (1,213,040)         |
| Title 19                                | (16,902)            |
| Donated commodities                     | (194,853)           |
| JROTC                                   | (79,636)            |
| ACCESS                                  | 214,882             |
| Per confirmation                        | <u>\$ 3,751,982</u> |

- \* Total USDA Commodity Received  
(1) Denotes Major Program  
(2) Prior year unearned revenue was increased by \$21,188 to reflect updated ESSER II expenditures for the 21-22 fiscal year.  
(3) Prior year accrued revenue was increased by \$51,818 to reflect updated ARP ESSER III expenditures for the 21-22 fiscal year.

**NORWIN SCHOOL DISTRICT**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2023**

**NOTE 1 – BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the 'Schedule') includes the federal grant activity administered by the Norwin School District for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (*Uniform Grant Guidance – UGG*). Because the Schedule presents only a selected portion of the operations of the School District, it is not intended to and does not present the financial position or changes in net position of the Norwin School District.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**BASIS OF ACCOUNTING**

Expenditures reported on the Schedule are presented using the accrual method of accounting. Under this method, grant revenue is recognized to the extent expenditures are incurred. Expenditures are recognized when the liability for the expenditure is incurred rather than when the disbursement is actually made.

The federal expenditures are recognized, as applicable, under the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or limited to reimbursement.

**NOTE 3 - RELATIONSHIP TO FINANCIAL STATEMENTS**

Federal financial award revenues are included in the financial statements as 'local source' and 'federal source' revenues.

**NOTE 4 – RECEIVABLES AND UNEARNED REVENUE**

Federal grants receivable are included as part of 'due from other governments' in Exhibit A and Exhibit C as referenced in Note 4 to the Financial Statements. Unearned federal grant revenue, if any, is included as part of 'unearned revenue' in Exhibit A and Exhibit C and is referenced in Note 6 to the Financial Statements.

**NOTE 5 - NON-CASH ASSISTANCE**

The Norwin School District received donated commodities from the Department of Agriculture in connection with its food service program. The amount of non-cash assistance expended in the accompanying schedule of expenditures of federal awards reflects the fair market value of the commodities used during the 2022-2023 fiscal year.

**NOTE 6 – INDIRECT COST RATE**

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

**NORWIN SCHOOL DISTRICT**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2023**

**Section I – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_yes    X no
- Significant deficiency(ies) identified? \_\_\_yes    X no

Noncompliance material to financial statements noted? \_\_\_yes    X no

**Federal Awards**

Internal control over major programs:

- Material weakness(es) identified? \_\_\_yes    X no
- Significant deficiency(ies) identified? \_\_\_yes    X no

Type of auditor’s report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in  
accordance with 2 CFR 200.516(a)? \_\_\_yes    X no

Identification of major programs:

| <u>Assistance Listing Number(s)</u> | <u>Name of Federal Program or Cluster</u> |
|-------------------------------------|-------------------------------------------|
| 84.425D                             | COVID-19 – ESSER II Fund Local            |
| 84.425U                             | COVID-19 – ARP ESSER III Fund Local       |
| 84.425U                             | COVID-19 – ARP ESSER 7% - Learning Loss   |
| 84.425U                             | COVID-19 – ARP ESSER 7% - Summer School   |
| 84.425U                             | COVID-19 – ARP ESSER 7% - After School    |

The dollar threshold for distinguishing type A and type B programs:

|                |                          |
|----------------|--------------------------|
| Type A Program | \$750,000 - \$25,000,000 |
| Type B Program | Less than \$750,000      |

Auditee qualified as low-risk auditee? X yes    \_\_\_no

**Section II – Financial Statement Findings**

Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards.

None

**Section III – Federal Award Findings and Questioned Costs**

Findings and questioned costs related to Federal Awards which are required to be reported in accordance with the Uniform Guidance 2 CFR 200.516(a):

None

**NORWIN SCHOOL DISTRICT**  
**STATUS OF PRIOR AUDIT FINDINGS**  
**FOR THE YEAR ENDING JUNE 30, 2023**

The audit report of the Norwin School District for the year ended June 30, 2022, dated March 13, 2023, contained no findings.

**APPENDIX E**  
**SPECIMEN MUNICIPAL BOND INSURANCE POLICY**