

NEW ISSUE - BOOK ENTRY ONLY

RATING: Moody's: "Aa2"
(See "RATING" herein)

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including interest in the form of original issue discount, if any, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022. Under the laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See "TAX MATTERS" herein.

\$25,000,000*

**WARWICK SCHOOL DISTRICT
(Lancaster County, Pennsylvania)
General Obligation Bonds, Series of 2025**

Bonds Dated: Date of delivery

Principal Due: February 15, as shown on inside cover

Denomination: Integral multiples of \$5,000

Interest Payable: February 15 and August 15

First Interest Payment: August 15, 2025

Form: DTC Book-Entry Only

Legal Investment for Fiduciaries in Pennsylvania: The Bonds are a legal investment for fiduciaries in the Commonwealth of Pennsylvania under the Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508 as amended and supplemented.

General: The General Obligation Bonds, Series of 2025 (the "Bonds" or "2025 Bonds") in the aggregate principal amount of \$25,000,000* are being issued by the Warwick School District (the "School District"), a public school district located in Lancaster County, Pennsylvania. The Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC"). Purchases of the Bonds can be made only under the book-entry system of DTC, and purchasers will not receive certificates representing their interests in the Bonds. While 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 Fulton Bank, National Association, as 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 "**BOOK-ENTRY ONLY SYSTEM**" herein. Interest on the Bonds is payable initially on August 15, 2025, and thereafter, semiannually on February 15 and August 15 of each year.

Security: The Bonds are payable from the tax and other general revenues of the School District. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from funds deposited by the School District in the respective sinking funds established under the Resolution adopted by the School District on August 15, 2023, authorizing and securing the Bonds, or from any other of its legally available revenue or funds, the principal of every Bond and the interest thereon at the dates and 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 taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District, within limitations provided by law (see "**SECURITY AND SOURCES OF PAYMENT FOR THE BONDS**", APPENDIX A - "**TAXING POWERS AND LIMITS**" and "**PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS**" - "**Taxpayer Relief Act (Act 1)**" herein).

Redemption: The Bonds are subject to optional redemption prior to their stated maturity dates, as described herein.

Proceeds of the Bonds will be used to: (1) finance various capital projects of the School District; and (2) pay the related costs, including the costs of issuing the Bonds.

The Bonds are offered for delivery when, as and if issued by the School District and received by the Underwriter, subject to the approving legal opinion of Saxton & Stump, LLC, Lancaster, Pennsylvania, as Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain legal matters will be passed upon by Saxton & Stump, LLC, Lancaster, Pennsylvania, as Solicitor for the School District, and for the Underwriter by its limited scope underwriter's counsel, McNees Wallace & Nurick LLC, Lancaster, Pennsylvania. It is expected that the Bonds will be available for delivery through the facilities of DTC, on or about March ___, 2025.

RAYMOND JAMES®

*Preliminary, subject to change.

This Preliminary Official Statement and the information herein are subject to completion or amendment. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction. The School District deems this Preliminary Official Statement to be final for the purposes of the Securities and Exchange Commission Rule 15c2-12(b)(1) except for certain information on the cover hereof and certain pages herein which have been omitted in accordance with such Rule and which will be supplied in the final Official Statement.

\$25,000,000*
WARWICK SCHOOL DISTRICT
(Lancaster County, Pennsylvania)
General Obligation Bonds, Series of 2025

Bonds Dated: Date of delivery
Principal Due: February 15, as shown on inside cover
Denomination: Integral multiples of \$5,000

Interest Payable: February 15 and August 15
First Interest Payment: August 15, 2025
Form: DTC Book-entry Only

BOND MATURITY SCHEDULE

(February 15)	Principal	Interest			CUSIP
<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>Price</u>	<u>Numbers</u> ⁽¹⁾

⁽¹⁾The 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 Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

*Preliminary, subject to change.

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriters to give any information or to make any representation, other than that given or made in this Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the School District or the Underwriters. This 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 by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Official Statement has been approved by the School District and, while the information set forth in this Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters or, as to information obtained from other sources, by the School District. The information and expressions of opinion set forth in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under this Official Statement shall, under any circumstances, create any implication that the affairs of the School District have remained unchanged since the date of this Official Statement.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER'S MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AND NOTES AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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

THE UNDERWRITERS HAVE PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS OFFICIAL STATEMENT. THE UNDERWRITERS HAVE REVIEWED THE INFORMATION IN THIS OFFICIAL STATEMENT PURSUANT TO ITS RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS, BUT THE UNDERWRITERS DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

TABLE OF CONTENTS

SUMMARY PAGE	1
BOARD OF SCHOOL DIRECTORS	2
INTRODUCTION	3
PURPOSE OF THE ISSUE	3
SOURCES AND USES OF FUNDS	3
DESCRIPTION OF THE BONDS	4
Payment of Principal and Interest	4
Transfer, Exchange and Registration of Certificated Bonds	4
REDEMPTION OF BONDS	5
Mandatory Sinking Fund Redemptions	5
Optional Redemption	5
Notice of Redemption	5
Manner of Redemption	5
BOOK-ENTRY ONLY SYSTEM	6
SECURITY AND SOURCES OF PAYMENT FOR THE BONDS	7
General Obligation Pledge	7
Actions in the Event of Default on the Bonds	7
Sinking Fund	7
Commonwealth Enforcement of Debt Service Payments	8
Pennsylvania Budget Adoption Impasses	8
Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse)	9
BONDHOLDER CONSIDERATIONS	9
Cybersecurity	9
Climate Change	10
Risk of Audit by Internal Revenue Service	10
CONTINUING DISCLOSURE UNDERTAKING	10
NO LITIGATION	11
TAX MATTERS	11
Federal	11
Pennsylvania	11
Other Jurisdictions	11
Other	12
LEGAL OPINIONS	12
RATING	12
UNDERWRITING	12
PAYING AGENT	12
CERTAIN OTHER MATTERS	13

APPENDIX A - SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

DESCRIPTION OF THE SCHOOL DISTRICT A-1
Introduction A-1
School Facilities..... A-1
Pupil Enrollment..... A-1
SCHOOL DISTRICT FINANCES A-1
Financial Reporting A-1
Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act) A-2
Summary and Discussion of Financial Results A-3
TAXING POWERS AND LIMITS A-4
In General..... A-4
PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS..... A-4
Taxpayer Relief Act (Act 1) A-4
Status of the Bonds Under the Taxpayer Relief Act (Act 1)..... A-5
Limitations on School District Fund Balance A-5
TAX REVENUES OF THE SCHOOL DISTRICT..... A-6
Tax Levies A-6
Real Estate Tax Collection Record A-6
Trends in Market and Assessed Valuations A-7
Ten Most Valuable Taxable Parcels in the School District..... A-7
COMMONWEALTH AID TO SCHOOL DISTRICTS..... A-8
Lack of Commonwealth Appropriations for Debt Service Reimbursement..... A-8
DEBT STATEMENT AND DEBT LIMITS..... A-9
FUTURE FINANCING..... A-10
BORROWING CAPACITY A-10
LABOR RELATIONS..... A-10
Employees and Labor Contracts A-10
Pension Program..... A-10
Other Post-Employment Benefits (“OPEB”) A-11

APPENDIX B – LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION

APPENDIX C – FORM OF OPINION OF BOND COUNSEL

APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE

APPENDIX E – AUDITED FINANCIAL STATEMENTS

APPENDIX F – BOND AMORTIZATION SCHEDULE

SUMMARY PAGE

This Summary Statement is subject in all respects to more complete information in this Official Statement. No person is authorized to detach this Summary Statement from this Official Statement or otherwise use it without the entire Official Statement. A full review of the entire Official Statement should be made by potential Bond purchasers.

Issuer	Warwick School District, Lancaster County, Pennsylvania (the “School District”).
Bonds	The General Obligation Bonds, Series of 2025 in the principal amount of \$25,000,000* (the “Bonds”), dated as of the date of delivery, maturing on February 15, ____ through February 15, ____. Interest on the Bonds shall be payable semiannually on February 15 and August 15. See “ DESCRIPTION OF THE BONDS ” herein.
Optional Redemption	The Bonds stated to mature on or after February 15, ____, are subject to redemption prior to maturity at the option of the School District in whole or, from time to time, in part, in any order of maturities as the School District shall select, on any date or dates on or after February 15, ____, at a price equal to 100% of the principal amount of the Bonds to be redeemed plus accrued interest thereon to the date fixed for such optional redemption.
Form	Book-Entry Only.
Application of Proceeds	Proceeds of the Bonds will be used to: (1) finance various capital projects of the School District; and (2) pay the related costs, including the costs of issuing the Bonds.
Security	The Bonds are general obligations of the School District, for the payment of which the School District has pledged its full faith, credit and taxing power.
Rating	Moody’s Investors Services (“Moody’s”) has assigned an underlying rating of “Aa2” to the Bonds, subject to their issuance. (See “ RATING ” herein.)
Continuing Disclosure Undertaking	The School District has agreed to provide, or cause to be provided, in a timely manner, certain information in accordance with the requirements of Rule 15c2-12, as promulgated under the Securities Exchange Act of 1934, as amended and interpreted (the “Rule”). (See “ CONTINUING DISCLOSURE UNDERTAKING ” and “ APPENDIX D – FORM OF CONTINUING DISCLOSURE CERTIFICATE, for the filing deadline, see “Section 3: Time period within which annual information must be filed” ” herein.)

*Preliminary, subject to change.

WARWICK SCHOOL DISTRICT
(Lancaster County, Pennsylvania)
301 W. Orange Street
Lititz, Pennsylvania 17543

BOARD OF SCHOOL DIRECTORS

Emily Zimmerman.....	President
Scott Landis.....	Vice President
Nathan Wertsch.....	Treasurer *
Janice Boyer.....	Secretary *
Mike Brown.....	Member
Jim Koelsch.....	Member
Angie Lingo.....	Member
Amy Martin.....	Member
Reggie Weaver.....	Member
Kirk Wolfe.....	Member
Dan Woolley.....	Member

*Non-voting.

SCHOOL ADMINISTRATION

Dr. Steve Szobocsan.....	Acting Superintendent of Schools
Nathan Wertsch.....	Chief Financial Officer

BOND COUNSEL/SOLICITOR

Saxton & Stump, LLC
Lancaster, Pennsylvania

UNDERWRITER

Raymond James & Associates, Inc.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

McNees Wallace & Nurick LLC
Lancaster, Pennsylvania

PAYING AGENT

Fulton Bank, National Association
Lancaster, Pennsylvania

OFFICIAL STATEMENT

\$25,000,000*

WARWICK SCHOOL DISTRICT

(Lancaster County, Pennsylvania)

General Obligation Bonds, Series of 2025

INTRODUCTION

This Official Statement is furnished by the Warwick School District (the "School District"), a public school district located in Lancaster County, Pennsylvania, in connection with the offering of its General Obligation Bonds, Series of 2025 (the "Bonds" or "2025 Bonds") in the aggregate principal amount of \$25,000,000*, to be dated their date of delivery (the "Delivery Date") when the Bonds are issued and delivered to DTC (described below) or its agent. The Bonds are general obligations of the School District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal of and interest due on the Bonds.

The Bonds are being issued pursuant to, and are secured by, a Resolution adopted by the Board of School Directors of the School District on August 15, 2023 (the "Resolution"), in accordance with the laws of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), including the Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the "Debt Act"). Copies of the Resolution may be obtained from the School District.

The Bonds shall be issued in fully registered form, without certificates or coupons, in the denomination of \$5,000 principal amount and integral multiples thereof. Interest on the Bonds is payable semiannually on February 15 and August 15 of each year, commencing August 15, 2025. Interest on any Bond is payable to the Beneficial Owner as of the applicable Record Date (defined below). The interest on and principal of the Bonds is payable by the School District to Fulton Bank, National Association (the "Paying Agent"), serving as paying agent and sinking fund depository, for transfer to DTC. 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 bond certificates, and beneficial ownership of the Bonds will be evidenced only by electronic book entries. See "**BOOK-ENTRY ONLY SYSTEM**" herein.

The information which follows contains summaries of the Resolution, the Bonds, the Debt Act, Act 1 (herein defined) and other laws, the School District's Budget and its Financial Statements. Such summaries do not purport to be complete, and reference is made to such documents and laws in their entirety, copies of which are on file and available for examination at the offices of the School District.

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

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to: (1) finance various capital projects of the School District; and (2) pay the related costs, including the costs of issuing the Bonds.

SOURCES AND USES OF FUNDS

	<u>Total</u>
<u>Sources of Funds</u>	
Proceeds of the Bonds.....	
Net Original Issue Premium [Discount].....	
Total Sources of Funds.....	
<u>Uses of Funds</u>	
Construction Fund Deposit.....	
Costs of Issuance ⁽¹⁾	
Total Uses of Funds.....	

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

*Preliminary, subject to change.

DESCRIPTION OF THE BONDS

The Bonds will be issued in book-entry form, in denominations of \$5,000 principal amount and integral multiples thereof. The Bonds will bear interest from the Delivery Date at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Official Statement. Interest on the Bonds will be payable initially on August 15, 2025, and thereafter, semiannually on February 15 and August 15 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 partnership 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 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 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 and interest on the Bonds shall be made as described in the following paragraphs.

The principal of any certificated Bonds, when due upon maturity or any earlier mandatory or optional redemption, will be paid to the registered owners of such Bonds, or registered assigns, upon surrender of such Bonds to the Paying Agent at its designated corporate trust office (or to any successor paying agent at its designated office(s)).

Interest on any certificated Bonds will be payable to the registered owner of such a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding, August 15, 2025, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on a 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 last 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 the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such certificated 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 are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Certificated Bonds

Subject to the provisions herein under “BOOK-ENTRY ONLY SYSTEM”, any certificated Bonds are transferable or exchangeable by the registered owners thereof 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 such Bonds in the registration books and shall authenticate and deliver in the name of the transferee or transferees a new fully registered and certificated bond or bonds of authorized denominations of the same, maturity and interest rate for the aggregate principal amount that the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any certificated Bond as the absolute owner thereof (whether such 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.

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

REDEMPTION OF BONDS

Mandatory Sinking Fund Redemptions

In the manner and upon the terms and conditions provided in the Resolution, the following Bond maturities are subject to mandatory redemption in direct order of maturity, pursuant to operation of the Mandatory Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one hundred percent (100%) of the principal amount thereof, together with accrued interest, on February 15th of the following years and in the following principal amounts:

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

Optional Redemption

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

Notice of Redemption

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

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption, addressed to each of the registered owners of any certificated Bonds to be redeemed, at the addresses shown on the registration books kept by the Paying Agent as of the date such Bonds are selected for redemption; 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 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 thereto, except to receive payment of the principal to be redeemed and accrued interest thereon to the date fixed 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 or other escrow agent on the redemption date in sufficient time to effectuate the redemption of Bonds. If, after issuing a notice of redemption, the School District is unable or otherwise fails to deposit with the Paying Agent (or other bank or depository acting as refunding escrow agent) money sufficient to redeem the Bonds called for redemption, such notice may be withdrawn or be of no effect until such money is so deposited.

Manner of Redemption

So long as Cede & Co., nominee of DTC, is the registered owner of the Bonds, however, payment of the redemption price shall be made by Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all of the Bonds in a particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner on 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 certificated Bond, payment of the redemption price shall be made only upon surrender of such Bond in exchange for certificated Bonds of authorized denominations in an aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or on a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal, 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.

If any maturity of the Bonds which is subject to mandatory sinking fund redemption shall be called for optional redemption in part, the School District shall be entitled to designate whether the principal amount redeemed is to be credited against the principal amount of the Bonds

of such maturity required to be called for mandatory sinking fund redemption on any particular future date or dates, or shall be credited against the principal amount of such Bonds to be due and payable at stated maturity, in each case in a whole multiple of \$5,000 principal amount.

BOOK-ENTRY ONLY SYSTEM

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

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the 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 series of the Bonds, each in the aggregate principal amount of such issue, and will be deposited with DTC. If, however, the aggregate principal amount of any issue exceeds \$500 million, one certificate will be issued with respect to each \$500 million of principal amount, and an additional certificate will be issued with respect to any remaining principal amount of such issue.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

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

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

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

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

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

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

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

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

NEITHER THE SCHOOL DISTRICT 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 School District 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 Official Statement.

SECURITY AND SOURCES OF PAYMENT FOR THE BONDS

General Obligation Pledge

The Bonds are general obligations of the School District, payable from its local taxes and other general revenues, including available state subsidies, on a parity basis with each other, and other existing or future general obligation debt of the School District. The taxing powers of the School District are described more fully in **APPENDIX A – TAXING POWERS AND LIMITS**. The School District has covenanted in the Resolution that it will include in its budget for each fiscal year, and will appropriate 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, 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 taxing power.

Actions in the Event of Default on the Bonds

In the event of a failure by 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 remedies specified 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 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% 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.

Sinking Fund

Under the Resolution, the School District has created a "Sinking Fund - General Obligation Bonds, Series of 2025" (the "Sinking Fund Depository") as required by the Debt Act and segregated from all other funds of the School District. The School District shall deposit in the respective Sinking Funds, not later than the date when principal or interest is to become due on the Bonds, an amount sufficient to provide for the payment of interest and principal becoming due on the Bonds.

The Sinking Fund shall be held by the Sinking Fund Depository and invested by the Sinking Fund Depository in such securities as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District but subject

to withdrawal or collection only by the Sinking Fund Depository, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Funds.

The Paying Agent is authorized and directed to pay from the Sinking Fund the principal of and interest on the respective Bonds when due and payable.

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), 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 of the Pennsylvania Department of Education (“PDE”) 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. In addition, 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**” herein.

Pennsylvania Budget Adoption Impasses

The Commonwealth’s fiscal year begins on July 1. 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 Governor approved a five-month stopgap budget for 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. The legislation was sent to the Governor’s desk for approval and on November 23, 2020, the Governor approved the 2020-21 Supplemental Budget, which included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor signed the state’s 2021-2022 fiscal year budget on June 30, 2021. The 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 districts in both urban and rural areas of the Commonwealth. 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 2021-22 budget.

After a week’s delay and intense negotiations, the \$45.2 billion budget for Pennsylvania’s 2022-23 fiscal year was signed by Governor Tom Wolf on July 8, 2022. The 2022-23 enacted budget included \$7,625,124,000 for the basic education funding appropriation and \$225,000,000 to supplement those school districts with a higher at risk student population. The total amount allocated for education included a \$767,820,000 (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 included \$8.4 billion for the basic education funding appropriation. The total amount included a \$796.6 million (10.45%) increase over the 2022-23 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

After a two week delay, a \$47.6 billion budget for the state’s 2024-25 fiscal year was signed by Governor Josh Shapiro on July 11, 2024, which included an increase of \$1.11 billion for K-12 education funding. The total basic education funding appropriation is \$8,157,444,000 which is a 3.62% increase over the 2023-24 enacted fiscal year appropriation. Also, the budget provides for \$100 million increase in additional aid to school districts for special education services.

During a state budget impasse, school districts in the Commonwealth cannot be certain that 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 Public School Code. Act 85 of 2016 was adopted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See “Act 85 of 2016” below.**

Act 85 of 2016 (State Subsidy Intercept During a Budget Impasse)

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

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

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

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

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

The total of all intercept payments under Article XVII-E.4 of Act 85 of 2016 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district subject to an intercept statute or intercept agreement must deliver to PDE, in the format PDE directs, information pertaining to each eligible borrowing within thirty (30) days of receipt of the proceeds of the obligations. The School District intends to submit this information to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

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

BONDHOLDER CONSIDERATIONS

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

Cybersecurity

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

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

Climate Change

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

Risk of Audit by Internal Revenue Service

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

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15c2-12 (the “Rule”) of the United States 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 certain financial information and operating data 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, as set forth in its Continuing Disclosure Certificate substantially in the form attached hereto as Appendix D.

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

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Certificate (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Certificate.

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

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

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “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>.

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

Fiscal Year	Filing Due Date	Filing Date:		
		Audit	Operating Data	Budget
6/30/2024	3/27/2025	12/04/2024	12/04/2024	12/04/2024
6/30/2023	3/27/2024	12/01/2023	12/01/2023	12/01/2023
6/30/2022	3/27/2023	11/22/2022	11/22/2022	11/22/2022
6/30/2021	3/27/2022	11/19/2021	11/19/2021	11/19/2021
6/30/2020	12/27/2020	11/19/2020	11/19/2020	11/19/2020

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

NO LITIGATION

As a condition to the settlement for the Bonds, the School District will deliver a certificate, and the School District’s Solicitor’s opinion will include a paragraph, stating that there is no pending litigation challenging or pertaining to the Bonds.

TAX MATTERS

Federal

Exclusion of Interest From Gross Income. In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Code. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals; however, such interest is taken into account in determining the annual adjusted financial statement income of certain corporations for the purpose of computing the alternative minimum tax imposed on corporations under the Code for tax years beginning after December 31, 2022.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with its covenants contained in the Resolution and the representations in the Tax Compliance Certificate executed by the School District on the date of issuance of the Bonds relating to actions to be taken by the School District after issuance of the Bonds necessary to effect or maintain the exclusion from gross income of interest on the Bonds for federal income tax purposes. These covenants and representations relate to the use and investment of proceeds of the Bonds and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

Other Federal Tax Matters. Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers, including banks, thrift institutions and other financial institutions, subject to Code Section 265, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

The Bonds are **not** designated, as “qualified tax-exempt obligations” for purposes and effected by Section 265 of the Code (relating to expenses and interest relating to tax-exempt income of certain financial institutions).

Bond Counsel is not rendering any opinion as to any federal tax matters other than as described under the caption “Exclusion of Interest from Gross Income” above and expressly stated in the form of Bond Counsel opinion included as APPENDIX C. Purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.

Pennsylvania

In the opinion of Bond Counsel, under the laws of the Commonwealth, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth, as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

Other Jurisdictions

The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

Other

The Inflation Reduction Act, H.R. 5376 (the “IRA”), has been passed by both houses of Congress and signed by the President; as passed, the IRA includes a 15% alternative minimum tax to be imposed on the “adjusted financial statement income”, as defined in the IRA, of certain corporations for tax years beginning after December 31, 2022. If the IRA is enacted as passed, interest on the Bonds will be included in the “adjusted financial statement income” of such corporations for purposes of computing such alternative minimum tax.

LEGAL OPINIONS

The issuance of the Bonds is subject to the approving legal opinion of Saxton & Stump, LLC, in Lancaster, Pennsylvania, as Bond Counsel to the School District, substantially in the form of Appendix C. Certain legal matters will be passed on for the School District by Saxton & Stump, LLC, in Lancaster, Pennsylvania, Solicitor to the School District, and McNeese Wallace & Nurick LLC, in Lancaster, Pennsylvania, will pass upon certain legal matters as limited scope undertaking counsel to the underwriter.

RATING

Moody’s Investors Services (“Moody’s”) has assigned the School District a rating of “Aa2” to this issuance of Bonds. This underlying rating may be changed, suspended or withdrawn as a result in, or unavailability of, information.

The above rating are not recommendations to buy, sell or hold the Bonds, and such rating may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Raymond James & Associates, Inc., Lancaster, Pennsylvania (the “Underwriter”) subject to certain conditions, has purchased the Bonds from the School District at a purchase price of \$_____ (representing the par amount of the Bonds of \$_____, [plus/less] an original issue [premium/discount] of \$_____ less an underwriting discount of \$_____). The Underwriter’s obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriter.

The Underwriter and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, the Underwriter and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). The Underwriter and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. The Underwriter and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. The Underwriter and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

PAYING AGENT

Pursuant to the provisions of the Resolution, as paying agent and sinking fund depository, the Paying Agent has the limited duty of receiving payments from the School District, depositing such payments in a sinking fund and making payments to the owners of the Bonds of the principal of, interest on, and premium, if any, on the Bonds when due, but only to the extent such moneys have been received. As registrar and transfer agent, the Paying Agent has the limited duty of handling the registration and transfer of the Bonds. Accordingly, the Paying Agent performs ministerial duties not involving the exercise of discretion and assumes no fiduciary relationship with respect to the owners of the Bonds.

The Paying Agent may now or in the future have banking relationships with the School District which involve making loans to the School District; these loans may have a security feature which is different from that of the security feature associated with the Bonds. The Paying Agent may also serve as trustee or paying agent and sinking fund depository on other obligations issued by or on behalf of the School District.

CERTAIN OTHER MATTERS

All references to sections or language of the Debt Act, Act 1, the Bonds and the Resolution set forth in this Official Statement are made subject to all the detailed provisions thereof, to which reference is hereby made for further information, and this Official Statement does not purport to be complete statements of any or all such provisions.

All information, estimates and assumptions herein have been obtained from officials of the School District, other governmental bodies, trade and statistical services, and other sources, which we believe to be reliable; but no representations whatsoever are made that such estimates or assumptions are correct or will be realized. So far as any statements herein involve matters of opinion, whether or not expressly so stated, they are intended as such and not representations of fact.

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

WARWICK SCHOOL DISTRICT
Lancaster County, Pennsylvania

By:
President, Board of School Directors

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A

SUMMARIES OF OPERATING DATA REGARDING THE SCHOOL DISTRICT

[THIS PAGE INTENTIONALLY LEFT BLANK]

DESCRIPTION OF THE SCHOOL DISTRICT

Introduction

The Warwick School District (the "School District") is located in the approximately 9 miles north of the City of Lancaster, in the north-central section of Lancaster County and covers 41 square miles, comprised of the Borough of Lititz and the Townships of Elizabeth and Warwick, serving a population of approximately 41,871. Major urban centers are readily accessible as the School District is located approximately 70 miles west of Philadelphia, 25 miles southwest of Reading and 70 miles southwest of Allentown, 25 miles east of York and 30 miles southeast of Harrisburg, the State Capital.

The southern and central areas of the School District are residential in nature with industrial and commercial areas surrounding the Borough of Lititz. The northern area is rural, with many of Lancaster County's most productive farms coming from this area. The Borough of Lititz serves as the business and commercial center of the School District. The community possesses a great deal of natural beauty and is kept in a well-maintained condition with emphasis placed on historical preservation.

The School District became effective July 1, 1964 and merely changed in the jointure type organization to a single operative unit governed by a board of nine School Directors who are citizens of the School District and who are elected to serve four-year terms on a staggered basis. The daily operations and management of the School District are performed by a central administrative staff which is led by the Superintendent and the Chief Financial Officer who are appointed by the Board of School Directors.

School Facilities

<u>School</u>	<u>Year Constructed</u>	<u>Additions/ Alterations</u>	<u>Grades</u>	<u>Rated Pupil Capacity</u>	<u>2024-25 Enrollment</u>
<u>Elementary:</u>					
Lititz.....	2005	---	K-6	722	439
John Beck.....	1936	1955, 1960, 1966, 1973, 1987, 1988, 2003	K-6	725	432
Kissel Hill	1966	1988, 2003	K-6	725	579
Bonfield	1994	2015	K-6	750	446
<u>Secondary:</u>					
Middle School.....	1971	2008	7-8	623	566
Senior High School.....	1956	1964, 1989, 2003	9-12	1,402	1,241
Total School District.....					<u>3,703</u>

Source: School District Officials.

Pupil Enrollment⁽¹⁾

The past, current and projected enrollments within the School District are shown below:

<u>Year</u>	<u>Elementary</u>	<u>Secondary</u>	<u>Total⁽¹⁾</u>
2020-21	1,908	1,927	3,835
2021-22	1,977	1,900	3,877
2022-23	1,942	1,837	3,779
2023-24	1,932	1,870	3,802
2024-25 (Current).....	1,896	1,840	3,736
2025-26 (Projected).....	1,883	1,800	3,683

⁽¹⁾Includes pupil enrollment where students are placed externally.

Source: School District Officials.

SCHOOL DISTRICT FINANCES

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, loans receivable from other funds, and revenues receivable from other governmental units.

The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by State law. The firm of Brown Schultz Sheridan & Fritz, Lancaster, Pennsylvania currently 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, any procedures on the financial statements addressed in that report. Such auditor also has not performed any procedures relating to this official statement.

Budgeting Process in accordance with the Public School Code and Act 1 of 2006 (Taxpayer Relief Act)

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

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

If the adopted preliminary budget includes an increase in the rate of any tax levied, the school district must submit information on the increase to PDE on a uniform form furnished by PDE. Such information must be submitted no later than 85 days prior to the date of the election immediately preceding the school district’s next fiscal year. PDE compares the proposed percentage increase in the rate of any tax with an index established annually (see “**The Taxpayer Relief Act (Act 1)**” herein) and within 10 days of the receipt of the information but not later than 75 days prior to the date of the election immediately preceding the beginning of the school district’s next fiscal year, PDE informs the school district whether the proposed tax rate increase is less than or equal to the index. If PDE determines that the proposed percentage increase in the rate of the tax exceeds the index, PDE notifies the school district that: (1) the proposed tax increase must be reduced to an amount less than or equal to the index; or (2) the proposed tax increase must be approved by the electorate at the election immediately preceding the beginning of the school district’s next fiscal year; or (3) the School District seek approval to utilize one or more 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), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by the Taxpayer Relief Act to rule on the school district’s request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district’s request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election if it so chooses.

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

Simplified Procedures in Certain Cases. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the applicable 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 that the school district comply with the procedures in Section 687 of the School Code for the adoption of its proposed and final budgets. Section 687 of the School Code requires that the school district adopt a proposed budget at least thirty (30) days prior to the adoption of the annual budget; that the proposed budget be made available for public inspection at least twenty (20) days prior to the date set for the adoption of the annual budget; and that action shall not be taken on the annual budget until after ten (10) days public notice. No referendum exceptions are available to a school district adoption such resolution.

Summary and Discussion of Financial Results

The below table presents a summary of the School District’s General Fund Financial Condition for Fiscal Years ending June 30, 2020 through June 30, 2024 and budgeted June 30, 2025. For more complete information, the individual financial statements and the 2024 Budget of the School District are available on the School District’s website or may be reviewed at the School District’s Business Office.

**WARWICK SCHOOL DISTRICT
General Fund Revenues, Expenditures and Fund Balances
(Fiscal Years Ending June 30)**

	ACTUAL					Budgeted
	2020	2021	2022	2023	2024	2025
Revenues						
Local Sources.....	\$53,574,612	\$53,949,178	\$55,572,639	\$57,822,448	\$59,618,332	\$58,967,659
State Sources.....	22,490,695	23,159,464	23,748,332	24,661,386	25,810,818	26,546,153
Federal Sources.....	<u>951,199</u>	<u>1,830,656</u>	<u>2,692,735</u>	<u>1,400,702</u>	<u>4,640,058</u>	<u>772,820</u>
Total Revenues	\$77,016,506	\$78,939,298	\$82,013,706	\$83,884,536	\$90,069,208	\$86,286,632
Expenditures						
Instruction.....	\$40,970,148	\$44,532,021	\$44,905,904	\$47,771,919	\$50,006,642	\$51,772,838
Support Services	18,476,537	18,333,725	20,005,075	20,663,799	21,102,724	22,060,222
Operation of						
Non-Instructional Services.....	1,522,665	1,291,059	1,584,708	1,579,823	1,661,889	1,786,859
Facilities Acquisition, Construction and Improvement Serv.	678,713	674,134	702,544	2,071,366	4,121,668	90,000
Debt Service (P&I)	122,630	122,408	123,669	127,171	1,000	10,000
Refund of prior year revenues.....	79,234	8,022	5,295	50,189	0	0
Community Services.....	0	0	0	23,551	40,933	0
Architectural and engineering serv.	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>195,413</u>	<u>0</u>
Total Expenditures	\$61,849,927	\$64,961,369	\$67,327,195	\$72,287,818	\$77,130,269	\$75,719,919
Other Financing Sources (Uses)						
Interfund Transfers out	(\$14,667,423)	(\$13,832,397)	(\$14,543,503)	(\$11,480,715)	(\$12,441,453)	(\$10,316,713)
Interfund Transfers in	0	0	0	0	0	0
Sale of Capital Assets	0	11,800	5,300	25,000	6,200	0
Budgetary Reserve	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(250,000)</u>
Total Other Financing Sources (Uses)	<u>(\$14,667,423)</u>	<u>(\$13,820,597)</u>	<u>(\$14,538,203)</u>	<u>(\$11,455,715)</u>	<u>(\$12,435,253)</u>	<u>(\$10,566,713)</u>
Excess Expenditures Over (Under) Revenues	\$499,156	\$157,332	\$148,308	\$141,003	\$503,686	\$0
Beginning Fund Balance	<u>\$18,339,162</u>	<u>\$18,838,318</u>	<u>\$18,995,650</u>	<u>\$19,143,958</u>	<u>\$19,284,961</u>	
Prior Period Adjustment	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	
Fund Balance June 30	<u>\$18,838,318</u>	<u>\$18,995,650</u>	<u>\$19,143,958</u>	<u>\$19,284,961</u>	<u>\$19,788,647</u>	

Source: School District Audits and Budget.

TAXING POWERS AND LIMITS

In General

Subject to certain limitations imposed by the Act 1 (more specifically described below), the School District is empowered by the School Code and other statutes to levy the following taxes:

1. An 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 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, a per capita tax, an earned income and net profits 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”)/Tax Equalization Division (“TED”)) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

PENNSYLVANIA ACTS AFFECTING CERTAIN LOCAL TAXING POWERS OF SCHOOL DISTRICTS

Taxpayer Relief Act (Act 1)

The information set forth below is a partial summary of relevant sections of Act 1 and their impact. This summary is not intended to be an exhaustive discussion of the provisions of Act 1 nor intended to provide a legal interpretation of any provision of Act 1. A prospective purchaser of the Bonds should review the full text of Act 1 as a part of any decision to purchase the Bonds.

Under the Taxpayer Relief Act (Act 1), 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, 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 or more 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 (“Act 72”), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 (as in the case of the School District); (a) to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and (b) 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;
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), subject to the limitation that the salary base used for calculating estimated payments is capped at the 2011-12 salary base level, per PDE Referendum Exception Guidelines.”

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, as the case may be. 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.

“Index” is defined in Act 1 as follows:

INDEX

1. Except as set forth in paragraph (2), the average of the percentage increase in the Statewide Average Weekly Wage and the Employment Cost Index.
2. For a school district with a market value/income aid ratio great than 0.400 for the school fiscal year prior to the school fiscal year for which the Index is calculated, the value under paragraph (1) multiplied by the sum of:
 - (i) 0.75; and
 - (ii) the school district’s market value/income aid ratio for the school fiscal year prior to the school fiscal year for which the Index is calculated.

“Statewide Average Weekly Wage” is defined in Act 1 as follows:

STATEWIDE AVERAGE WEEKLY WAGE

That amount determined by the Department of Labor and Industry in the same manner that it determines the average weekly wage under section 404(e)(2) of the Act of December 5, 1936 (2nd Sp. Sess., 1937 P.L. 2897, No. 1), known as the Unemployment Compensation Law, except that it shall be calculated for the preceding calendar year.

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

<u>Fiscal Year</u>	<u>Index %</u>
2024-25	5.3
2023-24	4.1
2022-23	3.4
2021-22	3.5
2020-21	3.1

Source: Pennsylvania Department of Education website.

In accordance with Act 1, a board of school directors may submit, but is not required to submit, a referendum question to the voters in any future municipal election seeking approval to levy or increase the rate of an earned income tax (“EIT”) or impose a personal income tax (“PIT”) for the purpose of funding homestead and farmstead exclusions, but the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable under law. The referendum was not approved by a majority of the voters at the primary election.

Status of the Bonds Under the Taxpayer Relief Act (Act 1)

The debt service payable on the Bonds described in this Official Statement is not eligible for a specific exception to the Index limits of Act 1.

Limitations on School District Fund Balance

Set forth below is a summary of relevant sections of Act 48. This summary is not intended to be an exhaustive discussion of the provisions of Act 48 nor intended to provide a legal interpretation of any provisions of Act 48. A prospective purchaser of the Bonds should review the full text of Act 48 as a part of any decision to purchase the Bonds.

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

Total Budgeted Expenditures:	Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures⁽¹⁾:
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

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

*Applicable to the School District

⁽¹⁾Effective June 30, 2011, Governmental Accounting Standards Statement #54 adopted the term “Unassigned” to refer to general fund balances that would fall within the definition of “Unreserved and Undesignated Fund Balance” in the statute known as Act 48 of 2003.

TAX REVENUES OF THE SCHOOL DISTRICT

Tax Levies

2024-25 Real Estate and Non-Real Estate Tax Rates

Municipality	Real Estate (Mills)			
	School District	Municipal	County	Total
Elizabeth Township	16.5845	0.5000	2.9110	19.9955
Lititz Borough.....	16.5845	3.2500	2.9110	22.7455
Warwick Township.....	16.5845	0.2325	2.9110	19.7280

Municipality	Local Services		Real Estate Transfer		Earned Income	
	Municipal	School	Municipal	School	Municipal	School
Elizabeth Township	\$ 0.00	\$0.00	0.5%	0.5%	0.5%	0.65%
Lititz Borough.....	\$ 52.00	\$0.00	0.5	0.5	0.5	0.65
Warwick Township.....	\$ 52.00	\$0.00	0.5	0.5	0.5	0.65

Source: School District Officials

Real Estate Tax Collection Record

The School District's realty tax collection record for the current and previous five fiscal years ending June 30th, of the years shown below, is as follows:

Fiscal Year	Adjusted Total Levy⁽¹⁾	Current Collections	Current Percent Collected	Total Collections⁽²⁾	Total Percent Collected
2019-20	\$44,700,556	\$43,981,379	98.4%	\$44,428,786	99.4%
2020-21	45,577,201	44,847,149	98.4	45,423,127	99.7
2021-22	46,278,158	45,392,831	98.1	46,131,888	99.7
2022-23	46,651,123	45,692,333	97.9	46,142,164	98.9
2023-24	47,484,289	46,485,665	97.9	46,954,881	98.9

⁽¹⁾Adjusted by the State Property Tax Reduction allocation.

⁽²⁾Includes delinquent real estate collection.

Source: School District Officials.

Trends in Market and Assessed Valuations

The trend in market and assessed valuations of real estate in the School District is shown below:

<u>Tax Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2018-2019	\$2,618,573,227	\$2,757,721,500	105.3%
2019-2020	2,793,398,457	2,820,752,500	101.0%
2020-2021	2,846,048,602	2,866,851,800	100.7%
2021-2022	3,059,961,015	2,911,475,300	95.1%
2022-2023	3,089,720,158	2,935,335,800	95.0%

Source: Pennsylvania State Tax Equalization Board (STEB). Valuations are certified in June of following year.

Ten Most Valuable Taxable Parcels in the School District

The following table represents the ten real estate parcels having the highest assessed values in the School District. These taxpayers represent approximately 8.8% of the School District’s total most recent assessed value.

<u>Taxpayer</u>	<u>Taxable Aggregate Assessed Valuation</u>
Moravian Manors Inc.....	\$59,813,800
Rock Lititz	41,326,200
Luthercare	37,673,000
Johnson & Johnson	33,148,000
Newport Commons	23,937,000
Lititz Multi Family.....	16,990,300
B&F Partners	15,710,000
Lancaster General Hospital.....	14,163,500
Kramer Real Estate LLC.....	10,796,900
Warwick Devco LP.....	7,674,200
Totals	\$261,232,900

Source: County Assessment Office

[Remainder of Page Intentionally Blank]

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

School districts also receive subsidies for special education, pupil transportation, career and technical education and health services, among other things.

Lack of Commonwealth Appropriations for Debt Service Reimbursement

Commonwealth law presently provides that the School District will receive reimbursement from the Commonwealth for a portion of the debt service on some or all of the School District's outstanding bonds after said bonds have received final approval from the Department of Education (see **"DEBT STATEMENT AND DEBT LIMITS"** herein). Commonwealth reimbursement is based on the "Reimbursable Percentage" assigned to the Bonds and the School District's Aid Ratio or CARF, whichever is higher. The School District's CARF is currently higher at 44.14%. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon". In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

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

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, consisting of 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 and its Revenue Bonds, Series of 2019 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenue 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 will be used to provide PlanCon reimbursement to the School District for the current and future 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 Commonwealth 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.

DEBT STATEMENT AND DEBT LIMITS

Residents of the School District are responsible for the following debt within the School District, the municipalities within the School District and the County following the settlement of the Bonds. The School District has never defaulted on the payment of debt service.

<u>DIRECT DEBT</u>	Gross	Project	Effective⁽¹⁾	State	Local
<u>NONELECTORAL DEBT</u>	<u>Outstanding</u>	<u>Reimbursable</u>	<u>Reimbursement</u>	<u>Share</u>	<u>Share</u>
		<u>Percent</u>			
General Obligation Bonds, Series of 2025.....	\$25,000,000	0.00%	0.00%	\$ 0	\$25,000,000
General Obligation Bonds, Series of 2024.....	35,635,000	0.00%	0.00%	0	35,635,000
General Obligation Bonds, Series of 2023.....	9,990,000	0.00%	0.00%	0	9,990,000
General Obligation Note, Series of 2021, (Federally Taxable)(TD Bank, N.A.).....	6,935,000	21.71%	9.58%	664,567	6,270,433
General Obligation Bonds, Series of 2019.....	3,220,000	22.25%	9.82%	316,241	2,903,759
Total Principal of Nonelectoral Debt.....	\$80,780,000			\$980,808	\$79,799,192
<u>LEASE RENTAL DEBT</u>					
Lancaster County Career & Technology Center Authority Guaranteed Lease Revenue Bonds, Series of 2020	\$447,353	87.59%	38.82%	\$173,662	\$273,691
Lancaster County Career & Technology Center Authority Guaranteed Lease Revenue Bonds, Series A of 2017	530,825	95.73%	42.43%	225,216	305,609
Total Principal of Lease Rental Debt	\$978,178				
TOTAL DIRECT DEBT	\$69,483,178			\$398,878	\$579,300
<u>OVERLAPPING DEBT</u>					
Component Municipalities Debt	\$59,914,235				
Lancaster County ⁽²⁾	14,254,080				
Total Principal of Overlapping Debt.....	\$74,168,315				
TOTAL DIRECT AND OVERLAPPING DEBT	\$143,651,493				
<u>DEBT RATIOS OF DIRECT DEBT</u>					
Market Valuation of Real Estate	2.64%				
Assessed Valuation of Real Estate	2.78%				
Per Capita (2020 Population).....	\$1,951				
<u>DEBT RATIOS OF DIRECT DEBT AND OVERLAPPING DEBT</u>					
Market Valuation of Real Estate	5.05%				
Assessed Valuation of Real Estate	5.31%				
Per Capita (2020 Population).....	\$3,725				
<u>FINANCIAL FACTORS OF THE SCHOOL DISTRICT</u>					
Market Value	\$3,089,720,158				
Assessed Value	\$2,935,335,800				
Population (2020)	41,871				

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

⁽²⁾School District’s pro rata 6.70% share of the County’s \$212,785,000 principal amount outstanding.

Source: Department of Community and Economic Development (“DCED”) website.

FUTURE FINANCING

The School District anticipates issuing additional long-term debt to fund its capital improvement plan within the next 2-4 years of approximately \$40 to \$50 million. The School District has the appropriate funds in its 2024-2025 budget to fully pay for these future projects.

**BORROWING CAPACITY
(Under Local Government Unit Debt Act)**

The legal borrowing capacity of the School District is calculated in accordance with the Debt Act, which describes the applicable debt limits for local government units (entities with taxing powers), including school districts and municipalities. Under the Debt Act, the School District may incur electoral debt, which is debt that is approved by a majority of the School District's voters at either a general or special election, in an unlimited amount. Net nonelectoral debt, or debt not approved by the School District's electorate, net of state aid, may not exceed 225% of the School District's "Borrowing Base", as defined in the Debt Act. The Bonds constitute nonelectoral debt under the Debt Act. The Borrowing Base is calculated as the annual arithmetic average of Total Revenues (as defined in the Debt Act), for the three full fiscal years next preceding the date of incurring debt. Combined net nonelectoral debt and net lease rental debt (debt represented by capital leases and similar agreements relating to debt payments), net of approved state aid, incurred on behalf of the School District may not exceed 225% of the School District's Borrowing Base. The Borrowing Base and borrowing capacity of the School District are as follows:

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>
Total General Fund Revenues	\$82,013,706	\$83,538,957	\$90,069,208
<u>Less: Required Deductions</u>			
a. Rental and Sinking Fund Reimbursement	\$812,605	\$795,481	\$942,730
b. Revenues for Self-Liquidating Debt	0	0	0
c. Refunds from Prior Year Expenditures	0	0	0
d. Grant and Gifts for Capital Projects	0	0	0
e. Sale of Equipment and Non-Recurring Items (i.e., insurance recoveries)	0	0	0
Total Deductions	\$812,605	\$795,481	\$942,730
Total Revenues	\$81,201,101	\$82,743,47	\$89,126,478
 Total Net Revenues for Three Years		\$253,071,055	
Borrowing Base - Average Net Revenues for Three-Year Period		\$84,357,018	
 <u>Computation of Borrowing Capacity</u>			
Debt Limitation - 225% OF Borrowing Base		\$189,803,291	
Less: Net Non-Electoral and Lease Rental Debt		81,699,010	
Current Non-Electoral and Lease Rental Borrowing Capacity		\$108,104,281	

LABOR RELATIONS

Employees and Labor Contracts

There are presently 554 full-time and part-time employees of the School District, including 339 teachers, administrators, and other professional employees, and 215 support personnel including secretaries, maintenance staff and aides. The employee count does not include coaches, advisors and athletic game workers.

The current collective bargaining agreement between the School District and its professional employees, represented by the Warwick Education Association, extends until June 30, 2027. Relations between the School District and Association have been good.

Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees' Retirement System ("PSERS"), and a percentage of each eligible employee's salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees who render at least 500 hours of service in the school year can participate in the program.

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

30, 2024, the PSERS Board certified employer rate, to be paid by the School District, is 34.0%. According to Act 120 of 2010 the employer contribution rate is suppressed for future years by using rate caps to keep the rate from rising too high, too fast.

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

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

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period. Both the School District and the Commonwealth are responsible for paying a portion of the employer’s share. School entities are responsible for paying 100% of the employer share of contributions to PSERS. The Commonwealth reimburses the employer for one-half the payment for employees. The School District contributions are made on a quarterly basis and employee contributions are deducted bi-weekly for each paycheck and remitted monthly. Recent School District payments, net of reimbursement, have been as follows:

<u>Fiscal Year</u>	<u>Amount</u>
2020-21	\$5,290,998
2021-22	5,529,648
2022-23	5,741,354
2023-24	5,949,156
2024-25 (Budgeted)	6,173,722

On June 30, 2024, the School District reported a liability of \$99,205,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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 PSERS' one-year reported contributions. This method was changed beginning with the System’s fiscal year ended June 30, 2020. In prior years, the proportion of the PSERS net pension liability was calculated utilizing the School District’s one-year reported covered payroll as it related to PSERS’ total one-year report covered payroll. On June 30, 2023 (measurement date), the School District's proportion was 0.2230%, which was an increase of 0.0032% from its proportion measured as of June 30, 2022.

As of June 30, 2023, the PSERS plan was 61.6% 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 on June 30, 2023. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Official Statement.

Source: School District Audit and PSERS

Other Post-Employment Benefits (“OPEB”)

The School District provides certain health care and life insurance benefits for its retirees (commonly referred to as “other post-employment benefits” or “OPEB”). Effective for the 2008-2009 fiscal year, the District adhered to Governmental Accounting Standards Board Statement No. 45, (“GASB 45”) "Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions," for certain post-employment healthcare benefits and life insurance benefits provided by the District. As of June 2017, GASB 45 has been eliminated and replaced with a new standard, Governmental Accounting Standards Board Statement No. 75 (“GASB 75”). GASB 75 replaces the requirements of GASB 45 and establishes new accounting and financial reporting requirements. The School District funds the PSERS cost sharing, multiple-employer OPEB plan through contractually required contribution rates. No assurances can be given that the District’s future OPEB obligations will not have a material impact on the District’s ability to pay its debts, including the Bonds.

For a full description of the pension and OPEB plans, please refer to Appendix E – Audited Financial Statements.

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX B

LOCAL DEMOGRAPHIC AND STATISTICAL; AND ECONOMIC INFORMATION

[THIS PAGE INTENTIONALLY LEFT BLANK]

DEMOGRAPHIC AND STATISTICAL INFORMATION

Population

	<u>2020</u>	<u>2010</u>
<i>School District</i>	41,871	31,038
Lancaster County.....	543,050	519,445
Pennsylvania	12,794,885	12,702,379

Source: U.S. Bureau of Census.

**Age Composition
(2020 5-year estimates)**

	<u>Percent Under 18</u>	<u>Percent 65 and Over</u>
<i>School District</i>	29.8%	13.3%
Lancaster County.....	23.5	18.0
Pennsylvania	20.7	18.3

Source: U.S. Bureau of Census.

**Income
(2020 5-year estimates)**

	<u>Median Household</u>	<u>Per Capita</u>	<u>Persons in Poverty</u>
Lancaster County.....	69,588	33,568	7.7
Pennsylvania	63,627	35,518	10.9

Source: U.S. Bureau of Census.

**Housing Characteristics
(2020 5-year estimates)**

	<u>Housing Units</u>	<u>% Owner-Occupied</u>	<u>Households</u>	<u>Persons Per Household</u>
Lancaster County.....	218,994	69.7	207,291	2.60
Pennsylvania	5,815,392	69.2	5,147,783	2.44

Source: U.S. Bureau of Census.

Medical facilities

<u>Institution</u>	<u>Location</u>
Ephrata Community Hospital	Ephrata
Lancaster General Hospital	Lancaster
UPMC Pinnacle Lititz	Lititz
Lancaster Behavioral Health Hospital	Lancaster
Lancaster Rehabilitation Hospital	Lancaster

Source: Pennsylvania Department of Health, Bureau of Health Statistics

Transportation

The four-lane by-pass (U.S. Route 222) connects the School District to Lancaster and Reading. Also, the Pennsylvania Turnpike, which passes through the School District in an east-west direction, provides access to Philadelphia, Harrisburg, Pittsburgh and other cities throughout the state. Several other smaller highways connect the School District to surrounding cities and communities.

Public transportation is readily available to residents of the School District. Commuter air transportation for the area is provided by the Lancaster Airport to Philadelphia, Baltimore-Washington, and Harrisburg International Airports. Conrail provides freight service to the County and Amtrak provides passenger service to all major eastern cities on a daily basis. Nationwide bus service is available through Greyhound Bus Lines and National Trailways Bus Service.

Lancaster County's regional setting shows its close proximity to the large metropolitan communities of the East. Today's transportation systems, along with the County's strategic location, make the world's largest markets readily available for the many diverse products of the County.

Utilities

Pennsylvania is a leader among states in implementing a deregulated, competitive electric energy market. As the Commonwealth switches to a deregulated environment, businesses will be allowed to choose their electric suppliers. Companies will shop in an open market for the best price and service. By taking a lead in this effort, Pennsylvania is providing local firms with a competitive advantage that should last for years to come.

PPL Electric Utilities provides Lancaster County with a dependable, competitively-priced supply of electric energy. The utility supplies electricity to 1.2 million customers in Lancaster and 28 other counties in central eastern Pennsylvania. PPL maintains an active presence in economic development, working to attract new businesses to the area and helping existing businesses to expand within Lancaster County.

UGI Utilities is a leader in offering firm and interruptible natural gas transportation service. The utility's distribution system consists of 607 miles of lines within Lancaster County. UGI maintains gas transportation services to more than 700 customers on its system.

Higher Education

Lancaster County has a number of institutions of higher learning including: Elizabethtown College, a privately owned institution in Elizabethtown, which offers an undergraduate liberal arts education; Franklin and Marshall College, a coeducational liberal arts college in Lancaster; Millersville University, a State-owned institution in Millersville; the Lancaster campus of Harrisburg Area Community College; the Lancaster Campus of Penn State; Pennsylvania College of Art and Design, a member of the National Association of Schools of Art & Design; Lancaster Bible College, a four-year Christian career college unaffiliated with any denomination; Thaddeus Stevens College of Technology and the Lancaster General College of Nursing and Health Sciences. In addition, the Lancaster Theological Seminary, and three vocational-technical schools are located within the County.

Tourism

Because of the area's historic sites, the City of Lancaster's architectural charm, the County's rolling, well-kept farmlands, and the large Amish community, Lancaster has become more and more attractive to tourists. Each year some 8 million people visit the area, spending about \$1.2 billion and generating \$2.3 billion in indirect activity.

ECONOMIC INFORMATION

Ten Largest Employers in Lancaster County

Company

Lancaster General Hospital
Mutual Assistance Group
Giant Food Stores LLC
Eurofins Lancaster Laboratories Inc.
County of Lancaster
Lancaster School District
Dart Container Corporation
Nordstrom Inc.
Lancaster General Medical Group
Masonic Villages of the Grand Lodge

Source: Department of Labor a& Industry, Center for Workforce Information and Analysis – Labor & Industry (L & I), 1st Quarter, 2023.

LANCASTER METROPOLITAN STATISTICAL AREA

(Lancaster County)

TOTAL CIVILIAN LABOR FORCE, EMPLOYMENT, UNEMPLOYMENT, AND UNEMPLOYMENT RATE BY PLACE OF RESIDENCE

Time Period	Civilian Labor Force	Employment	Unemployment	Rate (%)	SEASONALLY ADJUSTED			
					Labor Force	Employment	Unemployment	Rate (%)
July 2023	295,700	286,200	9,500	3.2	290,400	282,200	8,200	2.8
June	295,200	285,600	9,500	3.2	290,600	282,000	8,600	3.0
May	291,200	282,700	8,500	2.9	290,700	281,800	8,800	3.0
July 2022	289,900	279,000	10,900	3.8	290,000	279,700	10,300	3.6

Source: Pennsylvania Department of Labor & Industry.

Classification of Employment by Industry

July 2023 NONFARM JOBS - NOT SEASONALLY ADJUSTED

ESTABLISHMENT DATA	Industry Employment				Net Change From:	
	Jul 2023	Jun 2023	May 2023	Jul 2022	Jun 2023	Jul 2022
TOTAL NONFARM	266,800	267,600	266,000	261,000	-800	5,800
TOTAL PRIVATE	249,400	248,900	246,800	244,100	500	5,300
GOODS-PRODUCING	59,400	59,300	58,200	58,700	100	700
Mining, Logging, and Construction	20,800	20,500	19,900	19,800	300	1,000
Manufacturing	38,600	38,800	38,300	38,900	-200	-300
Durable Goods	21,700	21,600	21,300	21,300	100	400
Non-Durable Goods	16,900	17,200	17,000	17,600	-300	-700
Food mfg.	8,800	8,800	8,700	8,800	0	0
SERVICE-PROVIDING	207,400	208,300	207,800	202,300	-900	5,100
PRIVATE SERVICE-PROVIDING	190,000	189,600	188,600	185,400	400	4,600
Trade, Transportation, and Utilities	62,000	62,100	61,900	60,200	-100	1,800
Wholesale Trade	14,200	14,000	13,900	13,800	200	400
Retail Trade	31,000	31,100	30,900	29,900	-100	1,100
General merchandise retailers	3,400	3,300	3,400	3,300	100	100
Transportation, Warehousing, and Utilities	16,800	17,000	17,100	16,500	-200	300
Information	2,700	2,600	2,600	2,600	100	100
Financial Activities	10,400	10,400	10,300	10,300	0	100
Professional and Business Services	26,700	26,700	26,800	27,200	0	-500
Education and Health Services	48,200	47,800	48,600	45,900	400	2,300
Health care and social assistance	41,900	41,600	41,300	40,200	300	1,700
Hospitals	9,800	9,800	9,700	9,300	0	500
Leisure and Hospitality	26,900	26,900	25,600	26,500	0	400
Accommodation and food services	21,000	21,100	20,300	21,000	-100	0
Food services and drinking places	17,500	17,600	17,100	16,900	-100	600
Other Services	13,100	13,100	12,800	12,700	0	400
Government	17,400	18,700	19,200	16,900	-1,300	500
Federal Government	1,300	1,300	1,300	1,200	0	100
State Government	2,100	2,100	2,300	2,100	0	0
Local Government	14,000	15,300	15,600	13,600	-1,300	400
Data benchmarked to March 2022	***Data changes of 100 may be due to rounding***					

Source: Pennsylvania Department of Labor & Industry.

APPENDIX C
FORM OF OPINION OF BOND COUNSEL

SAXTON & STUMP

LAWYERS AND CONSULTANTS

280 Granite Run Drive, Suite 300 • Lancaster, PA 17601
P: (717) 556-1000 • F: (717) 441-3810

DRAFT

**WARWICK SCHOOL DISTRICT
LANCASTER COUNTY, PENNSYLVANIA
\$ _____ GENERAL OBLIGATION BONDS, SERIES OF 2025**

OPINION

We have acted as Bond Counsel in connection with the issuance by the Warwick School District, Lancaster County, Pennsylvania (the “School District”), of the \$ _____ General Obligation Bonds, Series of 2025 dated _____, 2025 (the “Bonds”).

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are issued in accordance and in compliance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996 (53 Pa. Cons. Stat. Chs. 80-82), (“the Act”), without the assent of the electors, and pursuant to a resolution adopted by the Board of School Directors of the School District on August 15, 2023.
2. The Bonds are a valid and binding obligation of the School District.
3. The School District has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund in which it has covenanted to deposit amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable and, to the extent required, to apply such amounts to such purposes.
4. The School District has further covenanted that, subject to statutory restrictions and limitations, it will include in its budget for each fiscal year in which the Bonds are outstanding, and will appropriate in each such fiscal year, the amount of the debt service on the Bonds for such year, that it will duly and punctually pay or cause to be paid, the principal of and interest on the Bonds at the dates and place and in the manner stated on the Bonds; and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power. For purposes of such payments, the School District has covenanted that it will exercise its ad valorem taxing power, within limitations provided by law, upon all taxable property within the School District. The Bonds are additionally secured by the “state aid intercept” provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bonds, in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds and the interest thereon will be free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of certain government obligations, including the Bonds, may be subject to state and local taxation within the Commonwealth of Pennsylvania.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Very truly yours,

SAXTON & STUMP

_____, 2025

APPENDIX D

FORM OF CONTINUING DISCLOSURE CERTIFICATE

DRAFT

WARWICK SCHOOL DISTRICT LANCASTER COUNTY, PENNSYLVANIA

\$ _____ GENERAL OBLIGATION BONDS, SERIES OF 2025
DATED, ISSUED AND DELIVERED _____, 2025

CONTINUING DISCLOSURE AGREEMENT

This agreement (the "Agreement") is executed as one of the closing documents for the \$ _____ General Obligation Bonds, Series of 2025 (the "Bonds") in accordance with the provisions of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934.

The undersigned are officers of the Board of School Directors of Warwick School District (the "School District"), a Pennsylvania governmental unit, and hereby certify on behalf of the School District as follows:

Section 1. Undertaking to file current information with MSRB. The School District agrees, in accordance with the Rule, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") as designated by the Commission in accordance with the Rule, the following annual financial information and operating data commencing with the fiscal year ended June 30, 2025:

a. A copy of its budget and audited financial statements, prepared in accordance with the guidelines adopted by the Governmental Accounting Standard Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of State and Local Government, containing the:

- (i) Combined balance sheet of all fund types and account groups; and
- (ii) Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and expendable trust funds.

b. An update of the following information in the Official Statement for the Bonds dated _____:

(i) tax rates - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(ii) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections, (3) the amount of real estate taxes collected that represented taxes levied in prior years, and (4) the total amount of real estate taxes collected (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iii) the total assessed value and market value of all taxable real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and

(iv) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference).

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

Section 2. Modification of types of information and format of information permitted. The School District reserves the right to modify from time to time the specific types of information provided, the time period within which the information must be filed, the format of the presentation of such information, or any other requirements hereunder, in its sole discretion, so long as such modification or amendment would have been allowed under the Rule at the time of the undertaking. Any such modification will be done in a manner consistent with the Rule at the time of the undertaking, and will not substantially impair the interest of the holders of the Bonds.

Section 3. Time period within which annual information must be filed. The annual information and operating data described above in Section 1 must be provided within 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2025. Such information shall be made available, in addition to the MSRB, to the Paying Agent for the Bonds and to each holder of Bonds who makes request for such information. In the event that no such audited financial statement is available within 270 days of the close of the fiscal year, the School District shall provide an unaudited statement, and shall thereafter provide an audited financial statement for the same period as soon as available. Upon receipt of the audited financial statement, the School District will promptly file it.

Section 4. Notice of failure to comply with annual information updates. The School District agrees to provide or cause to be provided, in a timely manner, to the Paying Agent for the Bonds, and to the MSRB, notice of a failure by the School District to provide the annual financial information described in Section 1 above on or prior to the date set forth in Section 3 above.

Section 5. Event disclosure. The School District agrees to provide or cause to be provided to the MSRB, in a timely manner, not to exceed ten (10) days after occurrence, notice of the occurrence of any of the following events with respect to the Bonds:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;

- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of any credit or liquidity providers, or their failure to perform;
- f. Adverse tax opinions, IRS notices or material events affecting the tax status of the Bonds;
- g. Modifications to rights of holders of the Bonds, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the School District (which is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of any order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District);
- m. Merger, consolidation or acquisition involving the School District, if material; or
- n. Appointment of successor or additional trustee or the change of name of a trustee, if material.
- o. 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
- p. 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.

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

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 6. Termination of reporting obligation. The School District's obligations under this Agreement shall terminate upon the redemption or payment in full of all of the Bonds.

Section 7. Enforcement. The School District agrees that its undertakings pursuant to this Agreement are intended to be for the benefit of the holders of the Bonds (including beneficial owners thereof) and shall be enforceable by the holders of the Bonds or the Paying Agent for the Bonds on behalf of such holders; provided that the holders of the Bonds, or in lieu thereof, the Paying Agent's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the School District's obligations hereunder, and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default, with respect to the Bonds.

Section 8. Amendment; waiver. Notwithstanding any other provision of this Agreement, the School District may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of Bond Counsel, 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.

IN WITNESS WHEREOF, the undersigned officers of the School District, being duly authorized, have executed this certificate in the name of and on behalf of the School District and in our own names and on our own behalf, the day and year of the issuance and delivery of the Bonds set forth above.

Warwick School District

By: _____
(Vice) President

Attest: _____
Secretary

(SEAL)

APPENDIX E
AUDITED FINANCIAL STATEMENTS



YEAR ENDED JUNE 30, 2024



Brown Plus

ACCOUNTANTS + ADVISORS

WARWICK SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS

	Page
Independent auditor's report	1-3
Management's discussion and analysis (unaudited)	4-15
Financial statements:	
Government-wide financial statements:	
Statement of net position (deficit)	16-17
Statement of activities	18-19
Fund financial statements and reconciliations:	
Balance sheet – governmental funds	20
Reconciliation of the governmental funds balance sheet to the statement of net position (deficit)	21
Statement of revenues, expenditures and changes in fund balances – governmental funds	22
Reconciliation of the governmental funds statement of revenues, expenditures and changes in fund balances to the statement of activities	23-24
Statement of net position (deficit) – proprietary funds	25
Statement of revenues, expenses and changes in fund net position (deficit) – proprietary funds	26-27
Statement of cash flows – proprietary funds	28-29
Statement of net position – fiduciary funds	30
Statement of changes in fiduciary net position – fiduciary funds	31
Notes to financial statements	32-69

(continued)

WARWICK SCHOOL DISTRICT

YEAR ENDED JUNE 30, 2024

TABLE OF CONTENTS (CONTINUED)

	Page
Required supplementary information (unaudited):	
Schedule of the District's proportionate share of the net pension liability	70
Schedule of District's pension contributions	71
Schedule of changes in the District's total OPEB liability and related ratios	72
Schedule of the District's proportionate share of the net OPEB (HIPAP) liability	73
Schedule of District's OPEB (HIPAP) contributions	74
Statement of revenues, expenditures and changes in fund balance – budget and actual – general fund	75
Notes to the statement of revenues, expenditures and changes in fund balance – budget and actual – general fund	76
Other supplementary information:	
Schedule of expenditures of federal awards	77-79
Report on internal control over financial reporting and on compliance and other matters based on an audit of financial statements performed in accordance with <i>Government Auditing Standards</i>	80-81
Report on compliance for the major program and report on internal control over compliance in accordance with the Uniform Guidance	82-84
Schedule of findings and questioned costs	85-86
Summary schedule of prior audit findings	87

Independent Auditor's Report

Board of School Directors
Warwick School District
Lititz, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Warwick School District (the District or School District) as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Warwick School District as of June 30, 2024 and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Warwick School District's 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 Warwick 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

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Warwick School District's basic financial statements. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is also not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024 on our consideration of Warwick School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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 Warwick School District's internal control over financial reporting and compliance.



Lancaster, Pennsylvania
October 29, 2024

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS YEAR ENDED JUNE 30, 2024 (Unaudited)

The discussion and analysis of the Warwick School District's (School District or District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

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

Financial Highlights

Key financial highlights for 2024 are as follows:

- The District is required to record its share of the Pennsylvania Public School Employees' Retirement System (PSERS) unfunded net pension liability. The District's portion of this liability totals \$99,205,000 and has been reported on its government-wide financial statements.
- General revenues accounted for \$72,260,151 in revenue or 77.2% of all revenues. Program specific revenues in the form of charges for services and operating grants and contributions accounted for \$21,379,185 or 22.8% of all revenues of \$93,639,336.
- The School District had \$78,625,528 in expenses; only \$21,379,185 of these expenses were offset by program specific charges for services, grants or contributions.
- Among major funds, the General Fund had \$90,069,208 in revenues and \$77,130,269 in expenditures. The District also had \$6,200 in proceeds from the sale of capital assets. In addition, the District transferred \$9,941,453 from the General Fund to the Debt Service Fund and \$2,500,000 from the General Fund to the Capital Reserve Fund.
- As of June 30, 2024, the District's fund balance for the General Fund was \$19,788,647. This is an increase of \$503,686 from the beginning of the year General Fund fund balance of \$19,284,961.

Using this Generally Accepted Accounting Principles (GAAP) Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Warwick School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The statement of net position (deficit) and statement of activities provide information about the activities of the whole School District, presenting an aggregate view of the School District's assets, deferred outflows and inflows and liabilities, regardless of whether they are relevant to the flows and balances of current financial resources. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term, as well as what remains for future spending. The fund statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Warwick School District, the General Fund is by far the most significant fund.

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2024 (Unaudited)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during the 2023-2024 school year?" The statement of net position (deficit) and the statement of activities answer this question. These statements include all assets, deferred outflows, liabilities and deferred inflows using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position (deficit) and changes in net position. The change in net position is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District's property tax base, facility condition, required state mandated educational programs and other factors.

In the statement of net position (deficit) and the statement of activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund, Capital Projects Fund, Capital Reserve Fund and the Debt Service Fund. The only nonmajor fund is the Special Revenue Fund (Shirley Bell Scholarship Fund, Michael Clouser Scholarship Fund, Christopher Mitchell Scholarship Fund, John R. Bonfield Scholarship Fund, National Art Honor Society Scholarship Fund, Meghan Keeney Scholarship Fund, Eric Zimmerman Memorial Fund and the Berlin Airlift Memorial Scholarship Fund).

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end, which are available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net position (deficit) and the statement of activities) and governmental funds is reconciled in the financial statements.

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2024 (Unaudited)

Reporting the School District's Most Significant Funds (continued)

Proprietary Funds

These are the funds that account for the operations of the School District that are financed and operated in a manner similar to those found in the private sector; or where the reporting is on determining net position, changes in net position and where a significant portion of funding is through user charges. When the District charges customers for services it provides – whether to outside customers or to other units in the District – these services are generally reported in the proprietary funds.

The School District as a Whole

Recall that the statement of net position (deficit) provides the perspective of the School District as a whole.

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(Unaudited)

Table 1 provides a summary of the School District's net position at June 30, 2024 and 2023:

	Table 1 2024		
	Governmental activities	Business- type activities	Total
Assets:			
Current assets	\$ 41,828,367	\$ 4,124,928	\$ 45,953,295
Capital and noncurrent assets	147,874,214	519,432	148,393,646
Total assets	189,702,581	4,644,360	194,346,941
Deferred outflows of resources	22,064,901		22,064,901
Total assets and deferred outflows	\$ 211,767,482	\$ 4,644,360	\$ 216,411,842
Liabilities:			
Current liabilities	\$ 25,459,563	\$ 3,320,199	\$ 28,779,762
Long-term liabilities	159,714,244		159,714,244
Total liabilities	185,173,807	3,320,199	188,494,006
Deferred inflows of resources	13,100,950		13,100,950
Net position (deficit):			
Net investment in capital assets	79,603,956	519,432	80,123,388
Restricted	45,840,243		45,840,243
Unrestricted	(111,951,474)	804,729	(111,146,745)
Total net position (deficit)	13,492,725	1,324,161	14,816,886
Total liabilities, deferred inflows and net position (deficit)	\$ 211,767,482	\$ 4,644,360	\$ 216,411,842

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(Unaudited)

	Table 1 2023		
	Governmental activities	Business- type activities	Total
Assets:			
Current assets	\$ 39,735,409	\$ 3,656,266	\$ 43,391,675
Capital assets	88,336,413	506,619	88,843,032
Total assets	128,071,822	4,162,885	132,234,707
Deferred outflows of resources	20,037,040		20,037,040
Total assets and deferred outflows	<u>\$ 148,108,862</u>	<u>\$ 4,162,885</u>	<u>\$ 152,271,747</u>
Liabilities:			
Current liabilities	\$ 18,247,451	\$ 2,837,924	\$ 21,085,375
Long-term liabilities	117,469,973		117,469,973
Total liabilities	<u>135,717,424</u>	<u>2,837,924</u>	<u>138,555,348</u>
Deferred inflows of resources	13,913,321		13,913,321
Net position (deficit):			
Net investment in capital assets	67,929,121	506,619	68,435,740
Restricted	11,738,654		11,738,654
Unrestricted	(81,189,658)	818,342	(80,371,316)
Total net position (deficit)	<u>(1,521,883)</u>	<u>1,324,961</u>	<u>(196,922)</u>
Total liabilities, deferred inflows and net position (deficit)	<u>\$ 148,108,862</u>	<u>\$ 4,162,885</u>	<u>\$ 152,271,747</u>

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (Unaudited)

Table 2 shows the change in net position for the fiscal years ended June 30, 2024 and 2023:

	Table 2 2024		
	Governmental activities	Business- type activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 59,951	\$ 862,907	\$ 922,858
Operating grants and contributions	18,811,142	1,645,185	20,456,327
General revenues:			
Property and earned income taxes	55,593,090		55,593,090
Grants and entitlements	13,387,999		13,387,999
Other	3,124,540	154,522	3,279,062
Total revenues	<u>90,976,722</u>	<u>2,662,614</u>	<u>93,639,336</u>
Program expenses:			
Instruction	49,979,658		49,979,658
Support services	22,286,032		22,286,032
Operation of noninstructional services, extracurricular activities	2,202,413		2,202,413
Community services	40,933		40,933
Interest and fiscal charges	221,254		221,254
Miscellaneous	1,231,824		1,231,824
Food services		2,298,362	2,298,362
Intellectual property		365,052	365,052
Total expenses	<u>75,962,114</u>	<u>2,663,414</u>	<u>78,625,528</u>
Increase in net position	<u>\$ 15,014,608</u>	<u>\$ (800)</u>	<u>\$ 15,013,808</u>

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 YEAR ENDED JUNE 30, 2024
 (Unaudited)

	Table 2 2023		
	Governmental activities	Business- type activities	Total
Revenues:			
Program revenues:			
Charges for services	\$ 44,426	\$ 892,168	\$ 936,594
Operating grants and contributions	14,943,087	1,695,659	16,638,746
General revenues:			
Property and earned income taxes	54,899,899		54,899,899
Grants and entitlements	12,495,997		12,495,997
Other	1,493,563	71,507	1,565,070
	83,876,972	2,659,334	86,536,306
Total revenues			
Program expenses:			
Instruction	46,286,636		46,286,636
Support services	21,175,272		21,175,272
Operation of noninstructional services, extracurricular activities	1,879,925		1,879,925
Community services	50,189		50,189
Interest and fiscal charges	66,153		66,153
Miscellaneous	292,471		292,471
Food services		2,176,777	2,176,777
Intellectual property		361,997	361,997
	69,750,646	2,538,774	72,289,420
Total expenses			
Increase in net position	\$ 14,126,326	\$ 120,560	\$ 14,246,886

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(Unaudited)

Governmental Activities

The statement of activities shows the cost of program services and the charges for services and operating grants and contributions offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

	Table 3	
	Total cost of services 2024	Net cost of services 2024
Instruction	\$ 49,979,658	\$ 38,398,507
Support services	22,286,032	19,139,266
Operation of noninstructional services, extracurricular activities and other	3,475,170	282,326
Interest and fiscal charges	221,254	(729,078)
Total expenses	\$ 75,962,114	\$ 57,091,021

	Table 3	
	Total cost of services 2023	Net cost of services 2023
Instruction	\$ 46,286,636	\$ 35,380,886
Support services	21,175,272	18,176,689
Operation of noninstructional services, extracurricular activities and other	2,222,585	1,934,886
Interest and fiscal charges	66,153	(729,328)
Total expenses	\$ 69,750,646	\$ 54,763,133

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Support services expenses are for services that provide administrative, technical and logistical support to facilitate and enhance instruction.

Operation of noninstructional services include activities pertaining to keeping the school grounds, buildings and equipment in an effective working condition. Extracurricular activities include expenses related to student activities provided by the School District, which are designed to provide opportunities for pupils to participate in school events, public events or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involve the transactions associated with the payment of interest and other charges related to debt of the School District.

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2024 (Unaudited)

The dependence upon property and earned income tax revenues is apparent. Over 61% and 65% of total revenues were derived through property and earned income taxes for the fiscal years 2024 and 2023, respectively. Approximately 77% and 81% of the District's instructional and support services were supported through property and earned income taxes for the 2024 and 2023 fiscal years, respectively. Other noninstructional activities are also supported primarily through taxes and other general revenues for fiscal years 2024 and 2023. The community, as a whole, is the primary support for the Warwick School District.

The School District's Funds

In 2023-24, the results of operations for the General Fund showed an excess of revenues over expenditures and other financing uses of \$503,686 with an ending fund balance of \$19,788,647. This fund balance included the following commitments approved by the Board of Directors: \$4,000,000 for PSERS/healthcare stabilization; \$2,250,000 for future operating deficits; \$4,500,000 for construction and improvements and \$2,500,000 for capital expenditures.

General Fund Budgeting Highlights

The School District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of accounting consistent with the modified accrual basis of accounting except that a budgetary reserve is provided. The most significant budgeted fund is the General Fund.

The School District uses a modified site-based budgeting process. The budgeting systems are designed to tightly control total site budgets, but provide flexibility for site management.

Budget-to-Actual Comparison – Revenues

In 2024, actual General Fund revenues exceeded budgeted revenues by \$6,530,251.

The largest favorable variances were due to higher than anticipated collections of interest earnings, EIT taxes, state basic education funding, medical access and ESSER (federal program) funding.

Budget-to-Actual Comparison – Expenditures

The total General Fund expenditures came in over budget by \$3,896,361, and other financing uses were over budget by \$2,130,204. Notable variances resulted from the following:

- HVAC unit replacement at Kissel Hill Elementary School
- HVAC unit replacement at John Beck Elementary School
- transfer to Capital Reserve Fund.

General Fund Budget Revisions

During the fiscal year, the School Board, in accordance with Department of Education regulations, authorizes revisions to original budget amounts to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. Refer to the statement of revenues, expenditures and changes in fund balances – budget and actual – General Fund showing the District's original and final budgeted amounts compared with actual amounts.

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2024 (Unaudited)

General Fund Budget Revisions

Current Year – Prior Year Comparison – General Fund Revenues

Local revenue increased by \$1,795,884 compared to the prior fiscal year.

State revenues increased by \$1,149,432 compared to the prior fiscal year.

Federal subsidies decreased by \$3,239,356 compared to the prior fiscal year.

Current Year – Prior Year Comparison – General Fund Expenditures

Total 2023-24 General Fund expenditures and other financing uses increased over the prior year by \$5,821,989.

Construction services increased \$3,865,611 due to two HVAC projects. Total wage and salary expenditures increased \$1,910,791 as compared to the prior fiscal year. Retirement contributions accounted for increased expenditures of \$254,911 due to increased wages. Self-insured health insurance costs decreased by \$183,030.

Proprietary Funds

Due to the federal government's declaration and reimbursement of free breakfasts for all students, the District's Food Service Fund had a strong financial year reflecting an increase in net position of \$173,719.

The WarwickWARE Fund's change in net position for the 2023-24 school year was a decrease of \$174,519 compared to a decrease of \$211,313 for the 2022-23 school year. This Fund provides alternative funding to the District through the marketing of its suite of educational software products to other districts.

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
YEAR ENDED JUNE 30, 2024
(Unaudited)

Capital Assets

At the end of the fiscal years 2024 and 2023, the School District had \$107,687,709 and \$88,843,032, respectively, invested in land, buildings, furniture and equipment and vehicles.

Table 4 shows the fiscal year 2024 and 2023 balances:

	Table 4		
	<u>Capital assets (net of depreciation) at June 30, 2024</u>		
	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>
	<u>activities</u>	<u>type</u>	
		<u>activities</u>	
Land	\$ 2,672,598		\$ 2,672,598
Building and improvements	69,714,335		69,714,335
Land improvements	7,355,507		7,355,507
Furniture and equipment	3,082,395	\$ 97,291	3,179,686
Vehicles	78,594		78,594
Construction in progress	24,264,848		24,264,848
Intangible asset, intellectual property		422,141	422,141
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 107,168,277</u>	<u>\$ 519,432</u>	<u>\$ 107,687,709</u>

(See Note 6 for further detail)

	Table 4		
	<u>Capital assets (net of depreciation) at June 30, 2023</u>		
	<u>Governmental</u>	<u>Business-</u>	<u>Total</u>
	<u>activities</u>	<u>type</u>	
		<u>activities</u>	
Land	\$ 2,672,598		\$ 2,672,598
Building and improvements	72,817,908		72,817,908
Land improvements	7,372,334		7,372,334
Furniture and equipment	3,287,175	\$ 112,711	3,399,886
Vehicles	38,312		38,312
Construction in progress	2,148,086		2,148,086
Intangible asset, intellectual property		393,908	393,908
	<u> </u>	<u> </u>	<u> </u>
Totals	<u>\$ 88,336,413</u>	<u>\$ 506,619</u>	<u>\$ 88,843,032</u>

The increase in governmental activities capital assets resulted primarily from the construction of the field house.

WARWICK SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED) YEAR ENDED JUNE 30, 2024 (Unaudited)

Debt Administration

The School District had \$55,780,000 and \$19,610,000 of General Obligation Bonds payable as of June 30, 2024 and 2023, respectively. Bond principal payments paid in 2024 and 2023 were \$9,460,000 and \$9,190,000, respectively. As of June 30, 2024, the current portion due for fiscal year 2024 is \$7,980,000.

See Note 9 for further detail.

Current Financial Issues and Outlook

The School District operates four standing committees (Education, Student Activities, Finance & Legal and Building & Property) comprised of Board members, administration and community volunteers. These committees review and recommend numerous items to the Board for approval including, but not limited to, policy, program, curricula, financial and others.

Externally, the Commonwealth Court declared the Pennsylvania school funding system unconstitutional in 2023. The legislators and government officials continue to negotiate the plan for improvement of the financing of public schools in the Commonwealth of Pennsylvania.

The District has experienced significant local revenue growth in recent years, and the District's outlook presently includes continued residential and commercial expansion. Additionally, the District continues to look at alternative funding options.

In conclusion, the Warwick School District has committed itself to financial excellence for many years. In addition, the School District's system of financial planning, budget development through the committee review structure and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet any challenges of the future.

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 School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information, contact Nathan Wertsch, Chief Financial Officer, at Warwick School District, 301 West Orange Street, Lititz, PA 17543 or via the web at www.warwicksd.org.

WARWICK SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

	Governmental activities	Business-type activities	Total
Current assets:			
Cash and investments	\$ 33,356,816	\$ 3,996,378	\$ 37,353,194
Taxes receivable	2,084,798		2,084,798
Due from other governments	5,166,470		5,166,470
Other receivables	1,220,283		1,220,283
Inventory		128,550	128,550
	41,828,367	4,124,928	45,953,295
Noncurrent assets:			
Cash and investments, restricted	40,705,937		40,705,937
Land	2,672,598		2,672,598
Land improvements (net of accumulated depreciation)	7,355,507		7,355,507
Building and building improvements (net of accumulated depreciation)	69,714,335		69,714,335
Equipment, furniture and fixtures (net of accumulated depreciation)	3,082,395	97,291	3,179,686
Vehicles (net of accumulated depreciation)	78,594		78,594
Construction in progress	24,264,848		24,264,848
Intangible asset, intellectual property (net of accumulated amortization)		422,141	422,141
	147,874,214	519,432	148,393,646
Total noncurrent assets	147,874,214	519,432	148,393,646
Total assets	189,702,581	4,644,360	194,346,941
Deferred outflows of resources:			
Pension	17,552,798		17,552,798
Other postemployment benefits	4,087,438		4,087,438
Other postemployment benefits (HIPAP)	348,000		348,000
Deferred amounts from refunding of debt	76,665		76,665
	22,064,901		22,064,901
Total deferred outflows of resources	22,064,901		22,064,901
Total assets and deferred outflows of resources	\$ 211,767,482	\$ 4,644,360	\$ 216,411,842

See notes to financial statements.

WARWICK SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT)
JUNE 30, 2024

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION (DEFICIT)

	Governmental activities	Business-type activities	Total
Current liabilities:			
Internal balances	\$ (3,137,178)	\$ 3,137,178	\$ -
Accounts payable	9,435,027	83,387	9,518,414
Accrued:			
Salaries and benefits	9,553,700		9,553,700
Payroll withholdings	580,665		580,665
Interest	651,034		651,034
Current portion of:			
Bonds payable	7,980,000		7,980,000
Compensated absences	363,120		363,120
Unearned revenue	33,195	42,115	75,310
Other current liabilities		57,519	57,519
Total current liabilities	25,459,563	3,320,199	28,779,762
Noncurrent liabilities:			
Bonds payable, net	52,924,644		52,924,644
Net pension liability	99,205,000		99,205,000
Compensated absences	298,707		298,707
Other postemployment benefits	3,243,893		3,243,893
Other postemployment benefits (HIPAP)	4,042,000		4,042,000
Total noncurrent liabilities	159,714,244		159,714,244
Total liabilities	185,173,807	3,320,199	188,494,006
Deferred inflows of resources:			
Pension	1,436,000		1,436,000
Other postemployment benefits	11,234,950		11,234,950
Other postemployment benefits (HIPAP)	430,000		430,000
Total deferred inflows of resources	13,100,950		13,100,950
Net position (deficit):			
Net investment in capital assets	79,603,956	519,432	80,123,388
Restricted	45,840,243		45,840,243
Unrestricted	(111,951,474)	804,729	(111,146,745)
Total net position (deficit)	13,492,725	1,324,161	14,816,886
Total liabilities, deferred inflows of resources and net position (deficit)	\$ 211,767,482	\$ 4,644,360	\$ 216,411,842

See notes to financial statements.

WARWICK SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position		Total
		Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	
Governmental activities:						
Instruction	\$ 49,979,658	\$ 14,931	\$ 11,566,220	\$ (38,398,507)		\$(38,398,507)
Support services	22,286,032	45,020	3,101,746	(19,139,266)		(19,139,266)
Student activities	2,202,413		345,136	(1,857,277)		(1,857,277)
Community services	40,933			(40,933)		(40,933)
Other	1,231,824		2,847,708	1,615,884		1,615,884
Debt service	221,254		950,332	729,078		729,078
Total governmental activities	75,962,114	59,951	18,811,142	(57,091,021)		(57,091,021)
Business-type activities:						
Food service	2,298,362	756,369	1,645,185		\$ 103,192	103,192
Intellectual property	365,052	106,538			(258,514)	(258,514)
Total business-type activities	2,663,414	862,907	1,645,185		(155,322)	(155,322)
Total primary government	\$ 78,625,528	\$ 922,858	\$ 20,456,327	(57,091,021)	(155,322)	(57,246,343)

(continued)

WARWICK SCHOOL DISTRICT

STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024

Functions/programs	Expenses	Program revenues		Net (expense) revenue and changes in net position		Total
		Charges for services	Operating grants and contributions	Governmental activities	Business-type activities	
General revenues:						
Taxes:						
Property taxes, etc.				\$ 47,170,691		\$ 47,170,691
Other				8,422,399		8,422,399
Grants, subsidies and contributions not restricted				13,387,999		13,387,999
Investment earnings				3,253,805	\$ 154,522	3,408,327
Loss on disposition of capital assets				(150,271)		(150,271)
Miscellaneous income				21,006		21,006
Total general revenues				72,105,629	154,522	72,260,151
Changes in net position				15,014,608	(800)	15,013,808
Net position (deficit):						
July 1, 2023				(1,521,883)	1,324,961	(196,922)
June 30, 2024				\$ 13,492,725	\$ 1,324,161	\$ 14,816,886

See notes to financial statements.

WARWICK SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS JUNE 30, 2024

	Major funds			Nonmajor fund, Scholarship	Total governmental funds
	General	Capital projects	Capital reserve		
ASSETS					
Cash and investments	\$ 23,248,191	\$ 1,970	\$ 10,074,615	\$ 32,040	\$ 33,356,816
Cash and investments, restricted		40,705,937			40,705,937
Interfund receivable	3,108,082		2,500,000		5,608,082
Taxes receivable, net	2,084,798				2,084,798
Due from other governments	5,166,470				5,166,470
Other receivables	1,220,283				1,220,283
Total assets	<u>\$ 34,827,824</u>	<u>\$ 40,707,907</u>	<u>\$ 12,574,615</u>	<u>\$ 32,040</u>	<u>\$ 88,142,386</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES					
Liabilities:					
Accounts payable	\$ 1,992,748	\$ 7,442,279			\$ 9,435,027
Interfund payable	2,470,904				2,470,904
Accrued:					
Salaries and benefits	9,553,700				9,553,700
Payroll withholdings	580,665				580,665
Unearned revenue	33,195				33,195
Total liabilities	<u>14,631,212</u>	<u>7,442,279</u>			<u>22,073,491</u>
Deferred inflows of resources, deferred real estate taxes	<u>407,965</u>				<u>407,965</u>
Fund balances:					
Nonspendable				\$ 20,000	20,000
Restricted		\$ 33,265,628	\$ 12,574,615		45,840,243
Committed for:					
PSERS rate/healthcare stabilization	4,000,000				4,000,000
Future operating deficits	2,250,000				2,250,000
Construction and improvements	4,500,000				4,500,000
Capital expenditures	2,500,000				2,500,000
Assigned for payment of scholarships				12,040	12,040
Unassigned	6,538,647				6,538,647
Total fund balances	<u>19,788,647</u>	<u>33,265,628</u>	<u>12,574,615</u>	<u>32,040</u>	<u>65,660,930</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 34,827,824</u>	<u>\$ 40,707,907</u>	<u>\$ 12,574,615</u>	<u>\$ 32,040</u>	<u>\$ 88,142,386</u>

See notes to financial statements.

WARWICK SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION (DEFICIT) JUNE 30, 2024

Total fund balances, governmental funds	\$ 65,660,930
Amounts reported for governmental activities in the statement of net position are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is \$203,848,626, and the accumulated depreciation is \$98,004,008.	107,168,277
Certain property taxes receivable will be collected in the subsequent year, but are not available soon enough to pay for the current period's expenditure and, therefore, are deferred in the funds.	407,965
Net pension, net other postemployment benefits and net other postemployment benefits (HIPAP) obligations are not due and payable in the current period and, therefore, are not reported in the funds:	
Net pension liability	(99,205,000)
Net other postemployment benefits liability	(3,243,893)
Net other postemployment benefits (HIPAP) liability	(4,042,000)
Deferred outflows and inflows of resources related to pensions, other postemployment benefits and other postemployment benefits (HIPAP) are applicable to future periods and, therefore, are not reported in the funds:	
Deferred outflows of resources:	
Pensions	17,552,798
Other postemployment benefits	4,087,438
Other postemployment benefits (HIPAP)	348,000
Deferred inflows of resources:	
Pensions	(1,436,000)
Other postemployment benefits	(11,234,950)
Other postemployment benefits (HIPAP)	(430,000)
Long-term liabilities, including bonds and leases payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds.	
Long-term liabilities at year end consist of:	
Bonds payable	(55,780,000)
Unamortized:	
Bond discount	38,594
Bond premium	(5,163,238)
Deferred amounts from refunding of debt	76,665
Accrued interest on bonds payable	(651,034)
Compensated absences	(661,827)
Total net position (deficit), governmental activities	\$ 13,492,725

See notes to financial statements.

WARWICK SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS YEAR ENDED JUNE 30, 2024

	Major funds			Nonmajor fund, Scholarship	Total governmental funds
	General	Capital projects	Capital reserve		
Revenues:					
Sources:					
Local	\$ 59,618,332	\$ 572,515	\$ 468,482	\$ 3,279	\$ 60,662,608
State	25,810,818				25,810,818
Federal	4,640,058				4,640,058
Total revenues	90,069,208	572,515	468,482	3,279	91,113,484
Expenditures:					
Instruction	50,006,642				50,006,642
Support services	21,102,724	524,578			21,627,302
Student activities	1,661,889			4,650	1,666,539
Community services	40,933				40,933
Facility acquisition and improvements	4,121,668	17,442,120	2,112,521		23,676,309
Architectural and engineering services	195,413				195,413
Debt service:					
Principal				\$ 9,460,000	9,460,000
Interest	1,000			481,453	482,453
Total expenditures	77,130,269	17,966,698	2,112,521	9,941,453	107,155,591
Excess (deficiency) of revenues over (under) expenditures	12,938,939	(17,394,183)	(1,644,039)	(9,941,453)	(1,371)
Other financing sources (uses):					
Proceeds from sale of capital assets	6,200				6,200
Proceeds from issuance of long-term debt		50,659,811			50,659,811
Interfund transfer, General Fund to:					
Debt Service Fund	(9,941,453)			9,941,453	-
Capital Reserve Fund	(2,500,000)		2,500,000		-
Total other financing sources (uses)	(12,435,253)	50,659,811	2,500,000	9,941,453	50,666,011
Net change in fund balances	503,686	33,265,628	855,961	-	(1,371)
Fund balances:					
July 1, 2023	19,284,961		11,718,654	33,411	31,037,026
June 30, 2024	\$ 19,788,647	\$ 33,265,628	\$ 12,574,615	\$ -	\$ 65,660,930

See notes to financial statements.

WARWICK SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024

Total net change in fund balances, governmental funds **\$ 34,623,904**

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives as depreciation expense:

Capital outlays	\$ 23,557,177	
Net book value of assets disposed of	(156,471)	
Depreciation expense	<u>(4,568,842)</u>	
		18,831,864

Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues for the governmental funds. Unavailable tax revenue increased by this amount this year. 13,494

The issuance of long-term debt provides current financial resources to governmental funds, but increases long-term liabilities in the statement of net position (deficit):

Bond proceeds	(45,630,000)	
Bond premium	<u>(5,029,811)</u>	
		(50,659,811)

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position (deficit). 9,460,000

In the governmental funds, certain bond related accounts are reported as financing sources and uses. However, in the statement of activities, the cost of these items are allocated over the life of the bond as amortization expense:

Bond discount amortization	(14,472)	
Bond premium amortization	561,045	
Deferred amounts from refunding of debt	<u>232,551</u>	
		779,124

WARWICK SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES (CONTINUED)
YEAR ENDED JUNE 30, 2024

Governmental funds report District pension, other postemployment benefits and other postemployment benefits (HIPAP) contributions as expenditures. However, in the statement of activities, the cost of these benefits earned is reported as expense:

Pensions:

District pension contributions	\$ 11,687,984	
Cost of benefits earned	<u>(9,726,000)</u>	
		\$ 1,961,984

Other postemployment benefits:

District other postemployment benefits contributions	215,598	
Cost of benefits earned	<u>224,929</u>	
		440,527

Other postemployment benefits (HIPAP):

District other postemployment benefits (HIPAP) contributions	227,000	
Cost of benefits earned	<u>(129,000)</u>	
		98,000

In the statement of activities, certain operating expenses (compensated absences and accrued interest expenses) are measured by the amounts incurred during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. This amount represents the differences between the amount incurred versus the amount used for the following items:

Compensated absences		(16,553)
Accrued interest expense		<u>(517,925)</u>

Change in net position (deficit) of governmental activities		<u><u>\$ 15,014,608</u></u>
--	--	------------------------------------

WARWICK SCHOOL DISTRICT

STATEMENT OF NET POSITION (DEFICIT) – PROPRIETARY FUNDS
JUNE 30, 2024

	Major funds		Total
	Food Service	WarwickWARE	
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,907,308	\$ 2,089,070	\$ 3,996,378
Inventory	128,550		128,550
Total current assets	2,035,858	2,089,070	4,124,928
Noncurrent assets:			
Equipment	673,625		673,625
Accumulated depreciation on equipment	(576,334)		(576,334)
Intellectual property		2,102,943	2,102,943
Accumulated amortization on intellectual property		(1,680,802)	(1,680,802)
Total noncurrent assets	97,291	422,141	519,432
Total assets	\$ 2,133,149	\$ 2,511,211	\$ 4,644,360
LIABILITIES AND NET POSITION (DEFICIT)			
Current liabilities:			
Interfund payable	\$ 29,096	\$ 3,108,082	\$ 3,137,178
Accounts payable	83,387		83,387
Unearned revenue	42,115		42,115
Other current liabilities	57,519		57,519
Total current liabilities	212,117	3,108,082	3,320,199
Net position (deficit):			
Net investment in capital assets	97,291	422,141	519,432
Unrestricted	1,823,741	(1,019,012)	804,729
Total net position (deficit)	1,921,032	(596,871)	1,324,161
Total liabilities and net position (deficit)	\$ 2,133,149	\$ 2,511,211	\$ 4,644,360

See notes to financial statements.

WARWICK SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (DEFICIT) – PROPRIETARY FUNDS YEAR ENDED JUNE 30, 2024

	Major funds		Total
	Food Service	WarwickWARE	
Operating revenues:			
Sales:			
Pupils	\$ 515,162		\$ 515,162
Adults	7,806		7,806
A la carte	210,420		210,420
Banquets and miscellaneous	22,981		22,981
Software		\$ 106,538	106,538
	756,369	106,538	862,907
Total operating revenues			
Operating expenses:			
Food	864,745		864,745
Milk	116,711		116,711
Donated commodities	195,673		195,673
Nonfood supplies	36,095		36,095
Payroll	548,984	42,703	591,687
Payroll benefits	271,752	14,979	286,731
Professional services	3,314		3,314
Retirement	183,924	7,260	191,184
Maintenance contracts	13,015		13,015
Disposal services	22,028		22,028
Equipment repairs and maintenance	6,318		6,318
Technical services		13,743	13,743
Telecommunications	1,032		1,032
Travel	888		888
Depreciation/amortization	15,420	286,367	301,787
Uniforms	1,115		1,115
Utilities	15,676		15,676
Equipment rental	1,500		1,500
Other operating expenses	172		172
	2,298,362	365,052	2,663,414
Total operating expenses			
Net loss from operations	(1,541,993)	(258,514)	(1,800,507)

WARWICK SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (DEFICIT) –
PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Major funds		Total
	Food Service	WarwickWARE	
Nonoperating revenue:			
Reimbursements:			
State	\$ 368,435		\$ 368,435
Federal	1,078,499		1,078,499
Value of donated commodities	195,673		195,673
Donated funds	2,578		2,578
Interest	70,527	\$ 83,995	154,522
Total nonoperating revenue	1,715,712	83,995	1,799,707
Change in net position	173,719	(174,519)	(800)
Total net position (deficit):			
July 1, 2023	1,747,313	(422,352)	1,324,961
June 30, 2024	\$ 1,921,032	\$ (596,871)	\$ 1,324,161

See notes to financial statements.

WARWICK SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024

	Major funds		Total
	Food Service	WarwickWARE	
Cash flows from operating activities:			
Cash received from users	\$ 779,858	\$ 106,538	\$ 886,396
Cash payments to:			
Employees for services	(1,022,547)		(1,022,547)
Suppliers for goods and services	(954,797)		(954,797)
Other operating expenses	(65,057)		(65,057)
Net cash provided by (used in) operating activities	<u>(1,262,543)</u>	<u>106,538</u>	<u>(1,156,005)</u>
Cash flows from noncapital financing activities:			
Sources:			
State	368,435		368,435
Federal	1,078,499		1,078,499
Net cash provided by noncapital financing activities	<u>1,446,934</u>		<u>1,446,934</u>
Cash flows from nonoperating activities:			
Interest and investment earnings	70,527	83,995	154,522
Donations	2,578		2,578
Net cash provided by nonoperating activities	<u>73,105</u>	<u>83,995</u>	<u>157,100</u>
Net increase in cash and cash equivalents	<u>257,496</u>	<u>190,533</u>	<u>448,029</u>
Cash and cash equivalents:			
July 1, 2023	<u>1,649,812</u>	<u>1,898,537</u>	<u>3,548,349</u>
June 30, 2024	<u><u>\$ 1,907,308</u></u>	<u><u>\$ 2,089,070</u></u>	<u><u>\$ 3,996,378</u></u>

WARWICK SCHOOL DISTRICT

STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS (CONTINUED)
YEAR ENDED JUNE 30, 2024

	Major funds		
	Food Service	WarwickWARE	Total
Reconciliation of net loss from operations to net cash provided by (used in) operating activities:			
Operating loss	\$ (1,541,993)	\$ (258,514)	\$ (1,800,507)
Adjustments to reconcile operating loss to net cash provided by (used in) operating activities:			
Depreciation/amortization	15,420	286,367	301,787
Donated commodities	195,673		195,673
Changes in operating assets and liabilities:			
Inventory	(20,633)		(20,633)
Accounts payable and due to other funds	65,501	78,685	144,186
Unearned revenue	14,170		14,170
Other current liabilities	9,319		9,319
Net cash provided by (used in) operating activities	\$ (1,262,543)	\$ 106,538	\$ (1,156,005)
Noncash investing and financing activities, capital asset additions/amounts due to other funds		\$ 314,600	

See notes to financial statements.

WARWICK SCHOOL DISTRICT

STATEMENT OF NET POSITION – FIDUCIARY FUNDS
JUNE 30, 2024

	<u>Student activities</u>
ASSETS	
Total assets, cash and cash equivalents, all current	<u><u>\$ 160,629</u></u>
LIABILITIES AND NET POSITION	
Current liabilities, accounts payable	\$ 2,832
Net position, restricted for student groups	<u>157,797</u>
Total liabilities and net position	<u><u>\$ 160,629</u></u>

See notes to financial statements.

WARWICK SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION – FIDUCIARY FUNDS
YEAR ENDED JUNE 30, 2024

	<u>Student activities</u>
Additions	\$ 162,805
Deductions	<u>(150,397)</u>
Change in net position	12,408
Net position:	
July 1, 2023	<u>145,389</u>
June 30, 2024	<u><u>\$ 157,797</u></u>

See notes to financial statements.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies:

The Warwick School District (the District or School District) is a public school district composed of Lititz Borough and Warwick and Elizabeth Townships, Lancaster County, Pennsylvania. The District had a 2023-24 enrollment in grades kindergarten through 12 of approximately 3,800 students. The District operates a high school and middle school in Lititz and four elementary schools: Lititz, Kissel Hill, John Beck and John R. Bonfield. The District is a member of the Lancaster-Lebanon Intermediate Unit #13, which provides special administrative and educational support.

The District is a School District of the Third Class, organized and existing under the laws of the Commonwealth of Pennsylvania. The governing body of the District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the District is carried out by an administrative staff, headed by the superintendent of schools who is appointed by the board. The Board is required to submit an annual budget to the Pennsylvania Department of Education and is prohibited from spending or obligating funds in excess of the maximum amount approved. The Board also has the authority to borrow funds and issue bonded indebtedness. Real estate and other taxes are levied by the Board and collected by representatives of the District. The District also receives funds from the federal, state and local governments.

The financial statements of Warwick School District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles.

Reporting entity:

In evaluating how to define the District for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GASB standards. Based upon the application of this criteria, the District has no component units.

Fund accounting:

The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows and outflows of resources, fund equity, revenues and expenditures or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent. There are three fund types presented in this report as follows:

Governmental funds - These are the funds that account for the District's expendable financial resources and related liabilities (except those accounted for in proprietary funds). The measurement focus is upon determination of changes in financial position.

Major funds:

General Fund – The principal operating fund of the School District used to account for all financial resources except those required to be in another fund.

Capital Projects Fund – Used to account for financial resources related to capital asset acquisitions, construction and improvements.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

Fund accounting:

Major funds:

Capital Reserve Fund – Used to account for the accumulation resources for future capital expenditures.

Debt Service Fund – Used to account for the accumulation of resources for payment of principal and interest on general long-term debt and related costs.

Nonmajor fund:

Special Revenue Fund – Used to account for the proceeds of specific revenue sources that are restricted to expenditures for specified purposes. This fund type includes the Shirley Bell Scholarship Fund, Michael Clouser Scholarship Fund, John R. Bonfield Scholarship Fund, Christopher Mitchell Scholarship Fund and Meghan Keeney Scholarship Fund. All of these scholarship funds are to be used for funding student scholarships. Two funds included with the scholarship funds, the Eric Zimmerman Memorial Fund and the Berlin Airlift Memorial Scholarship Fund, have resources that are legally restricted to the extent that only earnings and not principal may be used for purposes that support the School District's programs. The principal amount for each of these funds is \$10,000. The income portion of the Eric Zimmerman Memorial Fund is to be used for drug and alcohol education. The income portion of the Berlin Airlift Memorial Scholarship Fund is to be used for student transportation costs to Germany.

Proprietary funds – These are the funds that account for the operations of the School District that are financed and operated in a manner similar to those found in the private sector. Both are considered major funds.

Food Service Fund – Used to account for all school cafeteria operations within the District.

WarwickWARE Fund – Used to account for intellectual property (software) developed and marketed by the District.

Fiduciary funds – These are the funds that account for assets held by the School District as a trustee or custodian for individuals, organizations and other government units and are, therefore, not available to support the District's own programs. The funds are not included in the government-wide financial statements. The funds included in this category are:

Custodial funds – These funds are used to account for resources held by the School District in a trustee capacity for high school activities and middle school activities.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

Basis of presentation:

Government-wide financial statements:

The government-wide financial statements (i.e., the statement of net position (deficit) and the statement of activities) report information on all of the non-fiduciary activities of the government and present information about the District as a whole. The statements distinguish between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to outside parties for goods and services.

The statement of activities presents a comparison between expenses, both direct and indirect, and program revenues for both the business-type activities of the District and for each governmental program. 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 recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as general revenues. The comparison of program revenues and expenses identifies the extent to which each program or business segment is self-financing or draws from the general revenues of the District. As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Fund financial statements:

Fund financial statements report detailed information about the governmental funds, proprietary funds and fiduciary funds of the District. The focus of governmental and proprietary fund financial statements is on major funds rather than reporting funds by type. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. Fiduciary funds are reported by fund type. A fund is considered major if it is the primary operating fund of the District or meets the following criteria:

- a. Total assets and deferred outflows, liabilities and deferred inflows, revenues or expenditures/expenses of that individual governmental or enterprise fund are at least 10% of the corresponding element total (assets, liabilities and so forth) for all funds of that category or type (that is, total governmental or total enterprise funds) and
- b. The same element that met the 10% criterion in a. is at least 5% of the corresponding element total for all governmental and enterprise funds combined.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the School District's proprietary funds are food service charges and the sale of software. Operating expenses for the School District's proprietary funds include food production costs, supplies, software licenses, administrative costs and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

Measurement focus and basis of accounting:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. The proprietary fund financial statements and the fiduciary fund financial statements also utilize these methods. Revenues are recognized when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net position (total assets and deferred outflows less total liabilities and deferred inflows) is used as a practical measure of economic resources, and the operating statement includes all transactions and events that increased or decreased net position. Depreciation is charged as expense against current operations, and cost and accumulated depreciation are reported on the statement of net position (deficit). The proprietary fund financial statements record the equivalent cost of donated commodities as revenue and as a cost at the time such commodities are utilized.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. Revenue from federal, state and other grants designated for payment of specific School District expenditures is recognized when the related expenditures are incurred. Unearned revenues arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has a legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized. Deferred revenues also arise when potential revenue does not meet both the measurable and available criteria for recognition in the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, pensions, other postemployment benefits and claims and judgments, are recorded only when payment is due.

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

Cash and cash equivalents:

For the purposes of the statement of cash flows, the District considers all short-term debt securities purchased with a maturity of three months or less to be cash equivalents.

Investments:

Investments are stated at fair value. Fair value of the investments is equal to cost/principal amounts because those are the values at which those investments could be readily redeemed.

Short-term interfund receivables/payables:

During the course of operations, various transactions occur between individual funds. Short-term interfund loans are classified as interfund receivables/payables.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

Real estate taxes:

Property taxes are levied and billed as of July 1 on property values assessed as of the same date. The billings are considered due upon receipt by the taxpayer, with a 2% discount allowed for payments made in July and August. After October 31, a 10% penalty tax is added to the original levy for any unpaid balances. On the first Monday of the following January, remaining outstanding taxes are liened and turned over to the Lancaster County Tax Collection Bureau for collection. The Bureau has the authority to charge additional fines and assessments and to pursue appropriate legal remedies.

Inventory:

The Food Service Fund inventory consists of government donated commodities, which were valued at fair value, and purchased food and paper materials, which were valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2024 are reported as unearned revenue.

Deferred outflows and inflows of resources:

The statement of net position (deficit) reports separate sections for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources are a separate financial statement element and represent consumption of net position or fund balance that applies to future periods, and thus, will not be recognized as an outflow of resources (expense) until then. Deferred inflows of resources are a separate financial statement element and represent the acquisition of net position or fund balance that applies to future periods and will not be recognized as an inflow of resources (revenue) until a future period. The School District has three items that qualify for reporting as a deferred outflow of resources and a deferred inflow of resources. One item relates to the net pension liability, and these deferrals are only reported in the government-wide statement of net position (deficit). Deferred outflows and deferred inflows of resources result from changes in the District's proportionate share of the total pension liability and the pension plan's fiduciary net position, for contributions made to the plan between the measurement date of the net pension liability and the end of the District's fiscal year, for differences between projected and actual experience and for actual pension plan investment earnings in excess of or less than the expected amount included in determining pension expense. The deferred outflows related to the contribution are included in pension expense in the next year, whereas other deferrals are attributed to pension expense over a total of five years, including the current year. The second item relates to the net other postemployment benefits and net other postemployment benefits (HIPAP), and these deferrals are only reported in the government-wide statement of net position (deficit). Deferred outflows and deferred inflows of resources related to other postemployment benefits result from changes in the District's actuarially determined liability. Deferred outflows and deferred inflows of resources related to other postemployment benefits (HIPAP) result from changes in the District's proportionate share of the total other postemployment benefits (HIPAP) liability and the other postemployment benefit (HIPAP) plan's fiduciary net position, for contributions made to the plan between the measurement date of the net other postemployment benefits (HIPAP) liability and the end of the District's fiscal year, for differences between projected and actual experience, and for actual other postemployment benefits (HIPAP) plan investment earnings in excess of or less than the expected amount included in determining the expense. The deferred outflows related to the contribution are included in other postemployment benefits (HIPAP) expense in the next year, whereas other deferrals are attributed to other postemployment benefits (HIPAP) expense over a total of five to seven years, including the current year.

The fourth item, deferred charge on refunding, results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In the fund financial statements, governmental fund types recognize the deferred charge on refunding as an expense during the current year.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

Capital assets and depreciation:

The accounting treatment of property, plant and equipment depends on whether the assets are used in governmental fund operations or proprietary fund operations and whether they are reported in the government-wide or fund financial statements.

Government-wide financial statements:

The government-wide financial statements account for fixed assets as capital assets. Capital assets include property, plant, equipment and infrastructure assets and are defined by the School District as assets with an initial individual cost of more than \$4,000 and an estimated useful life in excess of one year. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable. Donated assets are recorded at acquisition value at the date of donation. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential in an ordinary market transaction at the acquisition date. Estimated historical cost was used to value the majority of the assets acquired prior to June 30, 2002.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

All reported capital assets are depreciated using the straight-line method over the following estimated useful lives:

Buildings	50 years
Building improvements	20 - 30 years
Land improvements	15 - 20 years
Equipment, furniture and fixtures	5 - 15 years
Vehicles	5 - 15 years
Intellectual property	3 years

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over lives ranging from 5 to 15 years.

Fund financial statements:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets used in proprietary fund operations are accounted for the same as in the government-wide financial statements.

Long-term obligations:

In the government-wide financial statements, all long-term debt and other long-term obligations to be repaid from governmental and business-type resources are reported as liabilities in the applicable statement of net position (deficit). Bond premiums and discounts, as well as advanced refunding losses, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

Long-term obligations:

In the fund financial statements, long-term debt for governmental funds is not reported as a liability. The debt proceeds are reported as other financing sources, and payments of principal and interest are reported as expenditures or financing uses. Bond premiums, discounts and issuance costs are recognized as other financing sources and uses during the current period for the fund financial statements.

Pension plan:

For purposes of measuring the net pension liability, net other postemployment benefits (HIPAP), deferred outflows of resources and deferred inflows of resources related to pensions and other postemployment benefits (HIPAP), pension expense and other postemployment benefits (HIPAP) expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS or the System) 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. Investments are reported at fair value.

Substantially all full-time and part-time employees of the District participate in a cost-sharing multiple-employer defined benefit pension plan through PSERS. On the governmental fund financial statements, the District recognizes annual pension expenditures or expenses equal to its contractually required contributions. For the fiscal year ended June 30, 2024, the rate of employer contribution was 34.00%. The 34.00% rate is composed of a contribution rate of 33.09% for pension benefits, 0.64% for healthcare insurance premium assistance and 0.27% for defined contribution costs. The District is required to pay the entire employer contribution rate and is reimbursed by the Commonwealth in an amount equal to the Commonwealth's share as determined by the income aid ratio (as defined in Act 29 of 1994), which is at least one-half of the total employer rate. Such payments are recorded in the General Fund and proprietary funds as state source revenues. In the government-wide financial statements, payments are allocated based on function. The District made all required contributions for the year ended June 30, 2024 and has recognized them as expenditures or expenses.

Other postemployment benefits:

In the government-wide statements, the District recognizes the costs and liabilities associated with postemployment benefits other than pension compensation. The District provides access to retiree healthcare benefits to eligible retired employees and qualified spouses/beneficiaries. The District has estimated the cost of providing these benefits through an actuarial valuation.

Compensated absences:

Employees are allowed to accrue ten days of sick leave each year, without limit. The District's sick leave policy is such that sick days do not vest, and accordingly, employees can be paid sick leave only when sick. Since the employees' accumulating rights to receive compensation for future absences are contingent upon the absences being caused by future illnesses, and outside the control of the District and the employee, a liability for unused sick leave is not recorded in the financial statements.

Teachers do not receive paid vacations but are paid only for the number of days they are required to work.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

Compensated absences:

Non-instructional employees are granted vacation leave in varying amounts. Vacation leave is earned ratably and required to be used in the following fiscal year. The District's policy is to pay unused vacation leave upon termination or retirement.

Additionally, all employees are permitted two personal days per fiscal year. A maximum of three personal days may be carried over to subsequent years. The compensated absences calculation includes the dollar amount assigned to days carried over.

Equity classifications:

Government-wide financial statements:

Equity is classified as net position and displayed in three components:

Net investment in capital assets - consists of capital assets, including cash and investments restricted for capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of these assets.

Restricted - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Constraints are placed on the use of the assets either by (1) external groups such as creditors, grantors, contributors or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

Unrestricted – the net amount of the assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Fund financial statements:

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

Nonspendable fund balance – amounts that are not in a spendable form (such as prepaids and inventory) or are required to be maintained intact legally or contractually (such as the corpus of an endowment fund).

Restricted fund balance – amounts limited by external parties or legislation (e.g., debt covenants and grants).

Committed fund balance – amounts limited by Board policy or Board action (e.g., future anticipated costs). Action must be taken by the Board to commit fund balance for the designated purpose prior to the end of the fiscal year. Fund balance commitments for the General Fund as of June 30, 2024 included \$2,250,000 for future operating deficits; \$4,000,000 for pension rate/healthcare stabilization; \$4,500,000 for construction and improvements and \$2,500,000 for capital expenditures funding.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

Equity classifications:

Fund financial statements:

Assigned fund balance – amounts that are intended for a particular purpose. Generally, balances in Special Revenue Funds or Capital Project Funds will be designated as assigned. The District's policy also permits the Superintendent and the Chief Financial Officer to assign amounts as they deem appropriate.

Unassigned fund balance – amounts available for consumption or not restricted in any manner.

Use of fund balance:

The District's policy states that the restricted fund balance is to be reduced to the extent that the underlying reason for the restriction has been eliminated.

If the District experiences an excess of expenditures over revenues for a given fiscal year, the fund balance is to be consumed in the following order:

- Restricted fund balance to the extent that expenditures related to the restriction contributed to the excess of expenditures over revenues.
- Committed fund balance to the extent that expenditures related to the commitment contributed to the excess of expenditures over revenues. If a plan for periodic use of committed fund balance is reviewed and approved by the Board, the committed fund balance will not be reduced by more than the amount designated in the plan.
- Assigned fund balance to the extent that expenditures related to the assignment contributed to the excess of expenditures and revenues.
- Unassigned fund balance for any remaining excess of expenditures over revenues.

Minimum fund balance:

The District's goal is to strive to maintain an unassigned General Fund balance of not less than 3% and not more than 8% of the budgeted expenditures for the fiscal year. If the unassigned portion of the fund balance falls below the threshold of 3% of budgeted expenditures, the Board will pursue options for increasing revenues and decreasing expenditures, or a combination of both until 3% is attained. If the unassigned portion of the fund balance exceeds 8% of budgeted expenditures, the Board may utilize a portion of the fund balance by appropriating excess funds for expenditures. The goal shall be to use any excess fund balance for nonrecurring expenditures and not for normal operating costs.

Use of estimates:

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and deferrals and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Significant estimates that are sensitive to changes in assumptions in these financial statements include the PSERS pension liability and other postemployment benefits liabilities. Actual results could differ from those estimates.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

1. Summary of significant accounting policies (continued):

New accounting pronouncement adopted:

The following summarizes the GASB Statement implemented by the District during the year ended June 30, 2024, and the relating effects on the financial statements presentation and disclosure, as applicable:

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections*. This Statement's objective is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent and comparable information for making decisions and assessing accountability. The District adopted Statement No. 100 for its June 30, 2024 financial statements. There was no impact as a result of adopting Statement No. 100.

Pending GASB statements:

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement's objective is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The provisions of Statement No. 101 are effective for the District's June 30, 2025 financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not often provided. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition. The provisions of Statement No. 102 are effective for the District's June 30, 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues. The provisions of Statement No. 103 are effective for the District's June 30, 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The objective of this Statement is to provide users of governmental financial statements with essential information about certain types of capital assets. The provisions of Statement No. 104 are effective for the District's June 30, 2026 financial statements.

The effect of implementation of these statements on future years has not yet been determined.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

2. Deposits and investments:

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

1. Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
2. Deposits in savings accounts or time deposits or 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.

Custodial credit risk, deposits and investments:

Custodial credit risk is the risk that in the event of a counterparty failure, the School District's deposits may not be returned to it. As of June 30, 2024, the District does not have a policy for custodial credit risk. The School District's book balance was \$78,219,760, and the bank balance of \$78,959,191, consisted of \$750,000 insured by FDIC and \$37,407,257 collateralized and held by the pledging bank's trust department in accordance with Act 72. The remaining balance consisted of \$40,791,467 on deposit with the Pennsylvania School District Liquid Asset Fund (PSDLAF) and \$10,467 on deposit with the Pennsylvania Local Government Investment Trust (PLGIT).

PSDLAF and PLGIT are not registered with the Securities and Exchange Commission; however, they follow investment procedures similar to the investment procedures followed by SEC registered money market funds. Securities purchased under agreements to resell and entered into with broker-dealers are secured by U.S. government agency obligations. As of June 30, 2024, the District's investments in PSDLAF and PLGIT were rated AAAM by Standards & Poor's.

Financial statement amounts, cash and investments:

Governmental activities:	
Unrestricted	\$ 33,356,816
Restricted	40,705,937
Business-type activities	3,996,378
Fiduciary funds, custodial	<u>160,629</u>
Total	<u><u>\$ 78,219,760</u></u>

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

2. Deposits and investments (continued):

Custodial credit risk, deposits and investments:

The total of externally pooled investments at June 30, 2024 are as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair value</u>
PA Local Government Investment Trust (PLGIT)	Less than one year	\$ 10,467
PA School District MAX (PSDLAF)	Less than one year	<u>40,791,467</u>
Total externally pooled investments		<u>\$ 40,801,934</u>

Interest rate risk:

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

Credit risk:

The School District’s investment policy requires that its investment companies be registered under the Investment Company Act of 1940 with shares registered under the Securities Act of 1933. In addition, the investment companies used by the School District must be rated in the highest category by a nationally recognized rating agency.

External investment pool:

The District uses external investment pools to ensure safety and maximize efficiency, liquidity and yield for District funds. The external investment pools are valued at amortized cost, which approximates fair value. The amortized cost method involves valuing a security at its cost on the date of purchase and recording a constant amortization or accretion to maturity of any discount or premium. The fair value of securities, held by the external investment pool, are evaluated on at least a weekly basis using prices supplied from an independent pricing service. These values are compared to the amortized cost.

The District has investments with PLGIT and PSDLAF (collectively, the Funds). Both PLGIT and PSDLAF were established as common law trusts, organized under laws of the Commonwealth of Pennsylvania. Shares of the Funds are offered to certain Pennsylvania school districts, intermediate units, area vocational-technical schools and municipalities. The purpose of the Funds is to enable such governmental units to pool their available funds for investments authorized by Section 440.1 of the Pennsylvania Public School Code of 1949 as amended. The Funds are governed by elected boards of trustees who are responsible for the overall management of the Funds. The trustees are elected from the several classes of local governments participating in the Funds. Each fund is audited annually by independent auditors. The Funds operate in a manner consistent with the Securities and Exchange Commission’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. The Funds maintain net asset value of \$1 per share. Accordingly, the fair value of the position in the Funds is the same as the value of the Funds’ shares.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

2. Deposits and investments (continued):

External investment pool:

The District is invested in PLGIT - Class shares, which require no minimum balance, no minimum initial investment and have a one-day minimum investment period. The District is also invested in PLGIT – Prime, which is a variable investment portfolio with a one-day minimum investment period. PLGIT – Prime requires no minimum balance and no minimum initial investment. PLGIT – Prime limits redemptions or exchanges to two per calendar month. At June 30, 2024, PLGIT carried an AAAM rating and had an average maturity of less than one year.

The District is invested in PSDLAF Max Series which uses a principal investment strategy of investing in short-term money market instruments and maintaining a constant net asset value (NAV) of \$1 per share. Investments (other than direct deposits of state aid payments) are to be deposited for a minimum of 14 days. At June 30, 2024, PSDLAF carried an AAAM rating.

3. Taxes receivable and related accounts:

The balances at June 30, 2024 are as follows:

	<u>Net estimated to be collected</u>	<u>Tax revenue recognized</u>	<u>Deferred taxes</u>
Real estate taxes:			
Current	\$ 459,939	\$ 97,586	\$ 362,353
Interim	48,189	2,577	45,612
Transfer taxes	181,529	181,529	
Earned income taxes	<u>1,395,141</u>	<u>1,395,141</u>	
	<u><u>\$ 2,084,798</u></u>	<u><u>\$ 1,676,833</u></u>	<u><u>\$ 407,965</u></u>

The unearned revenue balances as of June 30, 2024 are as follows:

	<u>General Fund</u>	<u>Food Service Fund</u>
Unearned revenue	\$ 33,195	
Unused donated commodities		<u>\$ 42,115</u>
Total unearned revenue	<u><u>\$ 33,195</u></u>	<u><u>\$ 42,115</u></u>

WARWICK SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

4. Interfund activity:

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and as nonoperating revenues/expenses in proprietary funds.

Interfund receivable and payable balances as of June 30, 2024 are as follows:

	<u>Interfund receivable</u>	<u>Interfund payable</u>
General Fund	\$ 3,108,082	\$ 2,470,904
Capital Reserve Fund	2,500,000	
WarwickWARE Fund		3,108,082
Food Service Fund		<u>29,096</u>
Total	<u>\$ 5,608,082</u>	<u>\$ 5,608,082</u>

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

Interfund transfers during the fiscal year June 30, 2024 were for debt service and future capital expenditures as follows:

	<u>Transfers to other funds</u>	<u>Transfers from other funds</u>
General Fund	\$ 12,441,453	
Capital Reserve Fund		\$ 2,500,000
Debt Service Fund		<u>9,941,453</u>
Total	<u>\$ 12,441,453</u>	<u>\$ 12,441,453</u>

WARWICK SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

5. Due from other governments:

Amounts due from other governments represent receivables for revenues earned by the School District. At June 30, 2024, the following amounts were due from other governmental units:

	<u>General Fund</u>
Federal programs	\$ 2,042,429
State subsidies:	
Social Security	502,944
Retirement	2,304,256
Other	<u>316,841</u>
Total	<u>\$ 5,166,470</u>

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

6. Capital assets:

Capital asset activity for the year ended June 30, 2024 was as follows:

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Governmental activities:					
Capital assets not being depreciated:					
Land	\$ 2,672,598				\$ 2,672,598
Construction in progress	2,148,086	\$ 22,617,533		\$ (500,771)	24,264,848
Total capital assets not being depreciated	4,820,684	22,617,533		(500,771)	26,937,446
Capital assets being depreciated:					
Buildings and improvements	152,803,134	31,939			152,835,073
Land improvements	13,140,852	41,924		500,771	13,683,547
Equipment, furniture and fixtures	11,826,518	797,854	\$ 1,456,433		11,167,939
Vehicles	480,353	67,927			548,280
Total capital assets being depreciated	178,250,857	939,644	1,456,433	500,771	178,234,839
Less accumulated depreciation for:					
Buildings and improvements	79,985,226	3,135,512			83,120,738
Land improvements	5,768,518	559,522			6,328,040
Equipment, furniture and fixtures	8,539,343	846,163	1,299,962		8,085,544
Vehicles	442,041	27,645			469,686
Total accumulated depreciation	94,735,128	4,568,842	1,299,962		98,004,008
Total capital assets being depreciated, net	83,515,729	(3,629,198)	156,471	500,771	80,230,831
Governmental activities, capital assets, net	\$ 88,336,413	\$ 18,988,335	\$ 156,471	\$ -	\$ 107,168,277

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

6. Capital assets (continued):

	Beginning balance	Increases	Decreases	Transfers	Ending balance
Business-type activities, capital assets being depreciated:					
Equipment, furniture and fixtures	\$ 673,625				\$ 673,625
Intellectual property	1,788,343	\$ 314,600			2,102,943
 Total capital assets being depreciated	 2,461,968	 314,600			 2,776,568
 Less accumulated depreciation and amortization for:					
Equipment, furniture and fixtures	560,914	15,420			576,334
Intellectual property	1,394,435	286,367			1,680,802
 Total accumulated depreciation and amortization	 1,955,349	 301,787			 2,257,136
 Business-type activities, capital assets, net	 \$ 506,619	 \$ 12,813			 \$ 519,432

WARWICK SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

6. Capital assets (continued):

Depreciation expense was charged to functions/programs of the governmental and business-type activities as follows:

Government activities:

Instructional:

Regular	\$ 2,213,492
Special	215,339

Support services:

Pupil personnel	152,450
Instructional staff	503,639
Administration	233,550
Pupil health	39,350
Business	63,125
Operation and maintenance of plant services	530,569
Noninstructional services, student activities	<u>617,328</u>

Total depreciation expense, governmental activities \$ 4,568,842

Business-type activities:

Food Service	\$ 15,420
WarwickWARE	<u>286,367</u>

Total depreciation and amortization expense, business-type activities \$ 301,787

7. Accrued salaries and benefits:

Accrued salaries and benefits consisted of the following items at June 30, 2024:

Salaries	\$ 3,989,774
Social Security tax	285,334
Retirement	4,599,392
Medical	<u>679,200</u>
Total	<u><u>\$ 9,553,700</u></u>

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

8. Compensated absences:

Activity for compensated absences for the year ended June 30, 2024 is summarized below:

	<u>Beginning balance</u>	<u>Increase (decrease)</u>	<u>Ending balance</u>
Vacation	\$ 355,430	\$ 7,690	\$ 363,120
Personal	<u>289,844</u>	<u>8,863</u>	<u>298,707</u>
	<u>\$ 645,274</u>	<u>\$ 16,553</u>	<u>\$ 661,827</u>

The liability for compensated absences is recorded as current and long-term in the government-wide statements.

9. Bonds payable:

In April 2024, the District issued the General Obligation Bonds, Series of 2024, in the amount of \$35,635,000 to finance various capital projects of the District and pay the related costs, including the costs of issuing the bonds. Principal payments will be due in varying amounts through February 2035, and interest rates range from 3.00% to 5.00%. The principal balance outstanding at June 30, 2024 was \$35,635,000.

In November 2023, the District issued the General Obligation Bonds, Series of 2023, in the amount of \$9,995,000 to finance various capital projects of the District and pay the related costs, including the costs of issuing the bonds. Principal payments will be due in varying amounts through February 2028, and interest rates range from 3.75% to 5.00%. The principal balance outstanding at June 30, 2024 was \$9,990,000.

In January 2021, the District issued the General Obligation Bonds, Series of 2020, in the amount of \$15,885,000 to currently refund the remaining outstanding General Obligation Bonds, Series of 2014A; to currently refund a portion of the outstanding General Obligation Bonds, Series of 2015; to currently refund a portion of the outstanding General Obligation Bonds, Series of 2016 and to pay for the costs of issuing the bonds. Principal payments will be due in varying amounts through February 2025, and the interest rate is 0.85%. The net present value savings of the current refunding was \$277,080. The principal balance outstanding at June 30, 2024 was \$6,935,000.

In April 2019, the District issued the General Obligation Bonds, Series of 2019, in the amount of \$13,025,000 to currently refund the remaining outstanding General Obligation Bonds, Series of 2013; to currently refund the remaining outstanding General Obligation Bonds, Series of 2014 and pay for the costs of issuing the bonds. Principal payments will be due in varying amounts through March 2027, and interest rates range from 2.0% to 4.0%. The principal balance outstanding at June 30, 2024 was \$3,220,000.

In April 2017, the District issued the General Obligation Bonds, Series of 2017, in the amount of \$14,875,000 to currently refund the remaining outstanding General Obligation Bonds, Series of 2009 and pay for the costs of issuing the bonds. Principal payments will be due in varying amounts through February 2024, and interest rates range from 2.0% to 5.0%. The principal balance outstanding was paid off in February 2024.

The bonds are general obligations of the District, which are secured by a parity pledge of its full faith, credit and taxing power to pay the principal and interest due on the bonds. All the bond documents contain a provision that in the event of default, outstanding amounts become immediately due if the District is unable to make payment.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

9. Bonds payable (continued):

Long-term debt balances and activity for the year ended June 30, 2024 were as follows:

	Bonds payable	Bond discount	Bond premium	Total bonds payable
Beginning of year	\$ 19,610,000	\$ (53,066)	\$ 694,472	\$ 20,251,406
Proceeds	45,630,000		5,029,811	50,659,811
Principal retirement	(9,460,000)			(9,460,000)
Amortization		14,472	(561,045)	(546,573)
	<u>\$ 55,780,000</u>	<u>\$ (38,594)</u>	<u>\$ 5,163,238</u>	60,904,644
Less current portion				<u>(7,980,000)</u>
				<u>\$ 52,924,644</u>

The annual requirements of the District's bonds payable are as follows.

Year ending June 30,	Series of 2024	Series of 2023	Series of 2020	Series of 2019	Total principal	Total interest	Total long-term debt service
2025	\$ 5,000	\$ 5,000	\$ 6,935,000	\$ 1,035,000	\$ 7,980,000	\$ 2,186,300	\$ 10,166,300
2026	5,000	2,840,000		1,070,000	3,915,000	2,367,750	6,282,750
2027	5,000	2,975,000		1,115,000	4,095,000	2,182,800	6,277,800
2028	10,000	4,170,000			4,180,000	1,989,300	6,169,300
2029	4,375,000				4,375,000	1,780,500	6,155,500
2030 - 2034	25,375,000				25,375,000	5,394,500	30,769,500
2035	5,860,000				5,860,000	293,000	6,153,000
	<u>\$ 35,635,000</u>	<u>\$ 9,990,000</u>	<u>\$ 6,935,000</u>	<u>\$ 3,220,000</u>	<u>\$ 55,780,000</u>	<u>\$ 16,194,150</u>	<u>\$ 71,974,150</u>

The payments of long-term debt are funded by the General Fund. During the year ended June 30, 2024, debt service payments included \$9,460,000 for principal and \$481,453 for interest.

10. Defined benefit pension plan:

Plan description:

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in 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.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Benefits provided:

Benefits are provided by PSERS by statute; therefore, financial statement amounts are affected by PSERS activity. The District's reported amounts will vary over time depending on the pension results of PSERS.

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

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

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

Member contributions:

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

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

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Member contributions:

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after July 1, 2002.

Members who joined the System after June 30, 2011 and before July 1, 2019, automatically contribute at the Membership Class T-E rate of 7.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.30% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.50% and 9.50% and Membership Class T-F contribution rate to fluctuate between 10.30% and 12.30%.

Members who joined the System after June 30, 2019, automatically contribute at the Membership Class T-G rate of 5.50% (base rate) of the member's qualifying compensation. All new hires after June 30, 2019, who elect Class T-H membership, contribute at 4.50% (base rate) of the member's qualifying compensation. Membership Class T-G and Class T-H are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-G contribution rate to fluctuate between 5.50% and 8.50% and Membership Class T-H contribution rate to fluctuate between 4.50% and 7.50%.

Employer contributions:

The School District's contractually required contribution rate for fiscal year ended June 30, 2024 was 33.09% 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 for the pension plan from the District were \$11,687,984 for the year ended June 30, 2024.

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

The District's 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 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. Investments are reported at fair value.

At June 30, 2024, the District reported a liability of \$99,205,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS's total pension liability as of June 30, 2022 to June 30, 2023. There were no events during the period June 30, 2023 to June 30, 2024 that affect the measurement of the net pension liability results. The 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 District's proportion was .2230%, a .0032% increase from its proportion measured as of June 30, 2022.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended June 30, 2024, the District recognized pension expense of \$9,726,000. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience		\$ 1,336,000
Changes of assumptions	\$ 1,480,000	
Net difference between projected and actual earnings on pension plan investments	2,807,000	
Net changes in proportion	992,000	
Changes in amortization resulting from change in percentage	585,814	
Difference between District actual contributions and the calculated portion determined by PSERS		100,000
District contributions subsequent to the measurement date	11,687,984	
	\$ 17,552,798	\$ 1,436,000

WARWICK SCHOOL DISTRICT

**NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024**

10. Defined benefit pension plan (continued):

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

For the year ended June 30, 2024, \$11,687,984 was reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the valuation year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resource related to pensions will be recognized in pension expense as follows:

Plan year ended June 30,	
2024	\$ 1,690,814
2025	(1,593,000)
2026	3,417,000
2027	<u>914,000</u>
	<u><u>\$ 4,428,814</u></u>

Actuarial assumptions:

The total pension liability as of June 30, 2023 was determined by rolling forward the System's total pension liability as of the June 30, 2022 actuarial valuation to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method:	Entry age normal - level percentage of pay
Investment return:	7.00%, includes inflation of 2.50%
Salary increases:	Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, real wage growth and merit or seniority increases of 2.00%.
Mortality rates:	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 projection using a modified version of the MP-2020 Mortality Improvement Scale.

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

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

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 PSERS board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension plan.

The PSERS board adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 are as follows:

Asset class	Target allocation	Long-term expected real rate of return
Global public equity	30.0 %	5.2 %
Private equity	12.0	7.9
Fixed income	33.0	3.2
Commodities	7.5	2.7
Infrastructure/MLPs	10.0	5.4
Real estate	11.0	5.7
Absolute return	4.0	4.1
Cash	3.0	1.2
Leverage	(10.5)	1.2
	100.0 %	

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 plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

10. Defined benefit pension plan (continued):

Pension liabilities, pension expense, deferred outflows of resources and deferred inflows of resources related to pensions:

Sensitivity of the District's proportionate share:

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% lower (6.00%) or 1% higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current discount rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 128,597,000	\$ 99,205,000	\$ 74,407,000

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.

11. Postemployment benefits:

Postemployment benefits other than pension (OPEB):

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

Plan description:

The District permits employees who participate in the medical and/or dental benefit plan at the time of their retirement and who meet one of the following criteria to continue their group medical and/or dental coverage to age 65 by remitting the monthly premiums to the School District.

- Full-time employee for ten or more years of service with the District and who is at least 55 years of age or older, or
- Employee has been granted a disability retirement benefit by the Public School Employees' Retirement System, or
- Employee has retired with at least 30 years of credited service, or
- Employee has retired under superannuation status (age 62, or age 60 with 30 years of service or 35 years of service regardless of age).

The retirees' cost of group insurance is calculated by the Plan administrator.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Postemployment benefits (continued):

Plan description:

Administrators may continue their medical and/or dental coverage upon retirement until they are eligible for Medicare. The administrator’s coverage is paid by the District, and the District contributes \$1,000 toward any dependent’s medical coverage. The District also provides life insurance benefits for retired administrators until they reach 70 years of age.

Employees covered by benefit terms:

At July 1, 2023, the following employees were covered by benefit terms:

	<u>Total</u>
Inactive employees or beneficiaries currently receiving benefits	41
Active employees	<u>446</u>
Total	<u>487</u>

Total OPEB liability and actuarial assumptions:

The District’s total OPEB liability of \$3,243,893 was measured as of June 30, 2023 and was determined using the July 1, 2022 actuarial valuation. The following actuarial assumptions and other inputs, applies to all periods included in the measurement, unless otherwise specified:

Discount rate:	4.13% based on S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2023
Salary increases:	2.50% cost of living adjustment, 1.5% real wage growth and merit increases which vary by age from 2.75% to 0%
Healthcare cost trend rates:	7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Retirees' share of benefit related costs:	Retiree contributions are assumed to increase at the same rate as the healthcare cost trend rate.
Mortality rates:	PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Postemployment benefits (continued):

Total OPEB liability and actuarial assumptions:

Mortality rates are presumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation.

Changes in the total OPEB liability:

Balance at July 1, 2022:	\$ 4,615,723
Changes for the year:	
Service cost	251,206
Interest	191,779
Differences between expected and actual experience	(1,097,218)
Changes in assumptions	(453,039)
Benefit payments	(264,558)
Net changes	(1,371,830)
Balance at June 30, 2023	\$ 3,243,893

Sensitivity of total OPEB liability to changes in the discount rate:

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

	1% Decrease 3.13%	Current discount rate 4.13%	1% Increase 5.13%
District's total OPEB liability	\$ 3,454,348	\$ 3,243,893	\$ 3,043,608

Sensitivity of total OPEB liability to changes in the healthcare cost trend rates:

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

	1% Decrease	Current trend rates	1% Increase
District's total OPEB liability	\$ 2,953,103	\$ 3,243,893	\$ 3,581,393

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Postemployment benefits (continued):

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB:

For the year ended June 30, 2024, the District recognized OPEB expense of \$(224,929). As of June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience	\$ 714,988	\$ 8,945,877
District benefit payments subsequent to the measurement date	215,598	
Changes in assumption	3,156,852	2,289,073
	\$ 4,087,438	\$ 11,234,950

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Plan year ended June 30,	
2025	\$ (667,914)
2026	(667,914)
2027	(667,914)
2028	(667,914)
2029	(667,914)
thereafter	(4,023,540)
	\$(7,363,110)

Health insurance premium assistance program (HIPAP):

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

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Postemployment benefits (continued):

Health insurance premium assistance program (HIPAP):

PSERS provides Premium Assistance, which, is a governmental cost-sharing, multiple-employer HIPAP plan 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 (HOP). As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance eligibility criteria:

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits provided:

Participating eligible retirees are entitled to receive Premium Assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive Premium Assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' HOP. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Employer contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% 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 \$227,000 for the year ended June 30, 2024.

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

At June 30, 2024, the District reported a liability of \$4,042,000 for its proportionate share of the net HIPAP liability. The net HIPAP liability was measured as of June 30, 2023, and the total HIPAP liability used to calculate the net HIPAP liability was determined by rolling forward the PSERS total HIPAP liability as of June 30, 2022 to June 30, 2023. There were no events during the period of June 30, 2023 to June 30, 2024 that affect the measurement of the net HIPAP liability results. The District's proportion of the net HIPAP 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 .2234%, a .0035% increase from its proportion as of June 30, 2022.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

For the year ended June 30, 2024, the District recognized HIPAP expense of \$129,000. At June 30, 2024, the District reported deferred outflows of resources related to HIPAP from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Difference between expected and actual experience		\$ 14,000
Changes in assumptions		416,000
Difference between projected and actual investment earnings	\$ 9,000	
Changes in proportion	104,000	
Changes in amortization resulting from change in percentage	8,000	
Contributions subsequent to the measurement date	227,000	
	\$ 348,000	\$ 430,000

Deferred outflows of resources related to HIPAP of \$227,000 were reported as resulting from District contributions subsequent to the measurement date that will be recognized as a reduction of the net HIPAP liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to HIPAP will be recognized in HIPAP expense as follows:

Plan year ended June 30,	
2024	\$ (44,000)
2025	(55,000)
2026	(99,000)
2027	(115,000)
2028	4,000
	\$ (309,000)

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

11. Postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

Actuarial assumptions:

The total HIPAP liability as of June 30, 2023, was determined by rolling forward the PSERS total HIPAP liability as of June 30, 2022 to June 30, 2023 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry age normal - level percentage of pay.
- Investment return - 4.13% - S&P 20-Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than \$1,200 in Premium Assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

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

The following assumptions were used to determine the contribution rate:

- 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 rates: Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projection using a modified version of the MP-2015 Mortality Improvement Scale.

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

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

Actuarial assumptions:

The HIPAP’s policy in regard to the allocation of invested HIPAP 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.

HIPAP - Asset class	Target allocation	Long-term expected real rate of return
Cash	100.0 %	1.2 %

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount rate:

The discount rate used to measure the total HIPAP liability was 4.13%. Under the HIPAP’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 HIPAP’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the HIPAP is considered a “pay-as-you-go” plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total HIPAP liability.

Sensitivity of the District’s proportionate share of the net HIPAP liability to changes in the healthcare cost trend rates:

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2023, 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, 2023, 92,677 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 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.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

11. Postemployment benefits (continued):

HIPAP liabilities, HIPAP expense and deferred outflows of resources and deferred inflows of resources related to HIPAP:

Sensitivity of the District's proportionate share of the net HIPAP liability to changes in the healthcare cost trend rates:

The following presents the District's proportionate share of the net HIPAP liability for June 30, 2023, calculated using current healthcare cost trends, as well as what the net HIPAP liability would be if it healthcare cost trends were 1% lower or 1% higher than the current rate:

	1% Decrease	Current trend rates	1% Increase
District's proportionate share of net HIPAP liability	\$ 4,041,000	\$ 4,042,000	\$ 4,042,000

Sensitivity of the District's proportionate share of the net HIPAP liability to changes in the discount rate:

The following presents the District's proportionate share of the net HIPAP liability, calculated using the discount rate of 4.13%, as well as what the net HIPAP liability would be if it were calculated using a discount rate that is 1% lower (3.13%) or 1% higher (5.13%) than the current rate:

	1% Decrease 3.13%	Current discount rate 4.13%	1% Increase 5.13%
District's proportionate share of the net HIPAP liability	\$ 4,570,000	\$ 4,042,000	\$ 3,600,000

HIPAP 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.

12. Years of service recognition:

According to the District's negotiated agreements with its employees, the District will make 403(b) tax deferred contributions for any eligible employee in a maximum of four annual installments no later than September 30 of the fiscal year after the employee becomes eligible. To become eligible, an employee must have 15 years of consecutive full-time service at the District and 30 years of recognized service with the Public School Employees' Retirement System. The maximum total payment equals \$27,500 per person. Because an employee can retire at any time prior to receiving their final payment, amounts are accrued when the employees agree to continue employment at the District. For the year ended June 30, 2024, the District accrued \$62,000 in years of service recognition benefits.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

13. Risk management:

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. In 1995, the District joined together with other school districts in the Commonwealth to form Lancaster-Lebanon Public School Insurance Pool (LLPSIP), a public entity risk pool currently operating as a risk-sharing and risk-purchasing pool for member school districts. The District pays an annual premium to LLPSIP for its workers' compensation and property/liability insurance coverage. The agreement of the LLPSIP provides that LLPSIP will be self-sustaining through member premiums and dividends and will reinsure through commercial companies for claims in excess of a certain dollar amount for each insured entity.

The District maintains a self-insured medical and dental benefit plan. The schedule of benefits provides for varying amounts of reasonable and customary healthcare benefits. The District is protected from unlimited liability by stop-loss insurance protection covering both individual and aggregate claims. For the year ended June 30, 2024, the maximum potential claim liability was \$200,000 per individual and \$9,236,158 in the aggregate. Actual claims and fees paid during the year ended June 30, 2024 were \$7,175,388. Reductions to this total included retiree contributions of \$290,731 and employee contributions of \$1,188,365. Claims for medical expenses incurred from July 1, 2023 to June 30, 2024, but were processed after June 30, 2024, totaled \$580,905 and have been reflected in accrued salary and benefits.

Changes in the District's medical and dental claims liability in fiscal years 2024 and 2023 were:

	Beginning of fiscal year liability	Current year claims and changes in estimates	Claims payments	End of fiscal year liability
2023-2024	\$ 345,895	\$ 5,823,441	\$ 5,588,431	\$ 580,905
2022-2023	209,490	5,170,875	5,034,470	345,895

The District continues to carry commercial insurance for other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

14. Joint ventures:

Lancaster-Lebanon Intermediate Unit (LLIU):

The LLIU Board of Directors consists of 22 members from the LLIU's constituent school districts. The LLIU Board members are school district board members who are elected by the public and are appointed to the LLIU Board by the member school districts' Board of Directors. The LLIU Board has decision-making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters. Warwick School District contracts with the LLIU for special education services for School District students. Warwick School District participates in joint purchasing arrangements with the LLIU and other districts in the areas of supplies and equipment, healthcare initiatives, workers' compensation, property casualty and consulting services. Complete financial information for LLIU can be obtained from the Administrative Office at 1020 New Holland Avenue, Lancaster, PA 17601.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2024

14. Joint ventures (continued):

Lancaster County Tax Collection Bureau (Bureau):

The School District participates with 16 other school districts for the collection of earned income taxes. Each public school district appoints one member to serve on the joint operating committee. The Bureau's operating expenditures are deducted from the distributions, which are made quarterly. Financial information for the Bureau can be obtained from the Administrative Office at 1845 William Penn Way, Lancaster, PA 17601.

Lancaster County Career and Technology Center (LCCTC):

The School District is one of 16-member school districts of the Lancaster County Career and Technology Center (LCCTC). LCCTC provides vocational-technical training and education to participating students of the member school districts. LCCTC is controlled and governed by the Career and Technology Board of Lancaster County, which is composed of school board members of all the member school districts. Each participating school district has one seat on the board. No member school district exercises specific control over the fiscal policies or operations of LCCTC. The LCCTC is not reported as part of the School District's reporting entity. The School District's share of annual operating costs for LCCTC fluctuates based upon the percentage of enrollment of each member school district. These member districts provided total funding of approximately \$16.0 million to LCCTC for capital and operating expenses for the year ended June 30, 2024. The School District provided approximately \$1,210,000 as its share of the vocational-technical budget, or 7.6% of total member district contributions. Complete financial statements for LCCTC can be obtained from the Administrative Office at 1730 Hans Herr Drive, P.O. Box 527, Willow Street, PA 17584.

Lancaster County Career and Technology Center Authority:

The District entered into a lease agreement with the Lancaster County Career and Technology Center Authority (the Authority) along with 15 other school districts. The Lancaster County Career and Technology Center Authority is an authority created under the Pennsylvania Municipality Authorities Act and is empowered to acquire, hold, construct, improve, maintain, operate and lease public school buildings and other school projects for public school purposes. By resolution, the member districts have requested the Authority to proceed with improvement of the school facilities of the Lancaster County Career Technology Center (LCCTC) to be funded by lease revenue bonds not to exceed the maximum aggregate principal amount of \$43,000,000. The bonds will be designated as Lancaster County Career and Technology Center Authority Guaranteed Lease Revenue Bonds. Each district will pay its proportionate share of the lease rentals in order to fund the debt.

On July 9, 2014, the Authority completed issuance of Guaranteed Lease Revenue Bonds, Series of 2014, in the amount of \$3,900,000. Payments were required over the period February 2015 until February 2037, with interest payable semi-annually. The average bond yield was 3.88%. On June 30, 2020, the bonds were refunded with Guaranteed Lease Revenue Bonds, Series of 2020.

On February 1, 2017, the Authority completed issuance of Guaranteed Lease Revenue Notes, Series of 2017, for the purpose of advance refunding the Guaranteed Lease Revenue Bonds, Series of 2013, and to pay the costs of issuing the notes in the amount of \$9,380,000. Payments were required until February 2037. The notes bear interest with rates ranging from 2.75% to 3.35%. On June 30, 2020, the notes were refunded with Guaranteed Lease Revenue Bonds, Series of 2020.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

14. Joint ventures (continued):

Lancaster County Career and Technology Center Authority:

On November 11, 2017, the Authority completed issuance of Guaranteed Lease Revenue Notes, Series of 2017-11, for the purpose of advance refunding the Guaranteed Lease Revenue Bonds, Series of 2012, and to pay the costs of issuing the notes in the amount of \$7,930,000. Payments are required until February 2037. The notes bore interest with rates ranging from 2.20% to 5.00%. The balance of the District's share of this obligation at June 30, 2024 was \$453,133.

On June 30, 2020, the Authority completed issuance of Guaranteed Lease Revenue Bonds, Series of 2020, for the purpose of advance refunding the Guaranteed Lease Revenue Bonds, Series of 2014; advance refunding the Guaranteed Lease Revenue Notes, Series of 2017 and to pay the costs of issuing the bonds in the amount of \$11,145,000. Payments are required until February 2037. The bonds bear interest with rates ranging from 1.00% to 4.00%. The balance of the District's share of this obligation at June 30, 2024 was \$719,455.

Minimum future rental payments under the operating lease for the District are as follows:

Fiscal year ending June 30,	Total
2025	\$ 91,350
2026	91,827
2027	91,203
2028	90,656
2029	90,674
2030-2034	448,910
2035-2037	267,968
Total minimum future rental payments	\$ 1,172,588

During the 2023-2024 school year, the District paid \$93,050 to the Authority for its bond issue lease agreement obligation.

15. Contingent liabilities:

The School District participates in federally assisted grant programs. These grant programs are subject to program compliance audits by the grantors or their representatives. The School District is potentially liable for any expenditure which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

16. Commitments:

As of June 30, 2024, the District was committed under various construction contracts for the renovation of the high school totaling \$49,448,804. A total of \$7,442,279 was recorded in accounts payable and retainage payable at year end related to renovations at the high school.

WARWICK SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2024

17. Subsequent events:

The District has evaluated subsequent events through October 29, 2024, the date which the financial statements were available to be issued.

WARWICK SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
 (Required supplementary information)
 (unaudited)
 FOR THE VALUATION YEARS ENDED JUNE 30
 (See independent auditor's report)

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.2230 %	0.2198 %	0.2212 %	0.2191 %	0.2191 %	0.2107 %	0.2155 %	0.2198 %	0.2174 %
District's proportionate share of the net pension liability	\$ 99,205,000	\$ 97,720,000	\$ 90,817,000	\$ 107,883,000	\$ 102,501,000	\$ 101,146,000	\$ 106,432,000	\$ 108,926,000	\$ 94,167,000
District's covered-employee payroll	\$ 34,221,203	\$ 32,334,769	\$ 31,332,238	\$ 30,755,110	\$ 30,210,849	\$ 28,371,933	\$ 28,694,678	\$ 28,465,520	\$ 27,970,596
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	289.89 %	302.21 %	289.85 %	350.78 %	339.29 %	356.50 %	370.91 %	382.66 %	336.66 %
Plan fiduciary net position as a percentage of the total pension liability	61.85 %	61.34 %	63.67 %	54.32 %	55.66 %	54.00 %	51.84 %	50.14 %	54.36 %

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years for which information is available.

WARWICK SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PENSION CONTRIBUTIONS
 (Required supplementary information)
 (unaudited)
 FOR THE VALUATION YEARS ENDED JUNE 30
 (See independent auditor's report)

	<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>
Contractually required contribution	\$ 11,677,666	\$ 10,956,027	\$ 10,509,797	\$ 10,237,745	\$ 9,812,000	\$ 8,941,000	\$ 8,243,000	\$ 6,993,000	\$ 5,614,000
Contributions in relation to the contractually required contribution	<u>11,790,640</u>	<u>11,019,698</u>	<u>10,545,476</u>	<u>10,324,000</u>	<u>9,815,000</u>	<u>8,928,000</u>	<u>8,487,000</u>	<u>7,084,000</u>	<u>5,677,000</u>
Contribution deficiency (excess)	<u>\$ (112,974)</u>	<u>\$ (63,671)</u>	<u>\$ (35,679)</u>	<u>\$ (86,255)</u>	<u>\$ (3,000)</u>	<u>\$ 13,000</u>	<u>\$ (244,000)</u>	<u>\$ (91,000)</u>	<u>\$ (63,000)</u>
District's covered payroll	\$ 34,221,203	\$ 32,334,769	\$ 31,332,238	\$ 30,755,110	\$ 30,210,849	\$ 28,371,933	\$ 28,625,291	\$ 28,259,397	\$ 28,233,484
Contributions as a percentage of covered employee payroll	34.45%	34.08%	33.66%	33.57%	32.49%	31.47%	29.65%	25.07%	20.11%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years for which information is available.

WARWICK SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL
OPEB LIABILITY AND RELATED RATIOS
(Required supplementary information)
(unaudited)
FOR THE VALUATION YEARS ENDED JUNE 30
(See independent auditor's report)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total other postemployment benefit (OPEB) liability:							
Service cost	\$ 251,206	\$ 389,399	\$ 756,891	\$ 757,464	\$ 553,844	\$ 567,964	\$ 495,847
Interest	191,779	132,660	559,472	543,007	318,761	308,616	365,296
Change in benefit terms					48,289		
Differences between expected and actual experience	(1,097,218)		(9,924,687)		1,078,668		(623,848)
Changes in assumptions	(453,039)	(1,233,011)	(1,075,834)		3,501,978		1,745,236
Benefit payments	<u>(264,558)</u>	<u>(223,305)</u>	<u>(744,672)</u>	<u>(914,809)</u>	<u>(513,665)</u>	<u>(549,054)</u>	<u>(682,656)</u>
Net changes in total OPEB liability	(1,371,830)	(934,257)	(10,428,830)	385,662	4,987,875	327,526	1,299,875
Total OPEB liability, beginning	<u>4,615,723</u>	<u>5,549,980</u>	<u>15,978,810</u>	<u>15,593,148</u>	<u>10,605,273</u>	<u>10,277,747</u>	<u>8,977,872</u>
Total OPEB liability, ending	<u>\$ 3,243,893</u>	<u>\$ 4,615,723</u>	<u>\$ 5,549,980</u>	<u>\$ 15,978,810</u>	<u>\$ 15,593,148</u>	<u>\$ 10,605,273</u>	<u>\$ 10,277,747</u>
Covered-employee payroll	\$ 31,980,161	\$ 29,816,637	\$ 29,816,637	\$ 27,001,158	\$ 26,342,593	\$ 26,076,466	\$ 25,440,455
Total OPEB liability as a percentage of covered-employee payroll	10.14%	15.48%	18.61%	59.18%	59.19%	40.67%	40.40%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years for which information is available.

WARWICK SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET OPEB (HIPAP) LIABILITY
(Required supplementary information)
(unaudited)
FOR THE VALUATION YEARS ENDED JUNE 30
(See independent auditor's report)

	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB (HIPAP) liability	0.2234%	0.2199%	0.2210%	0.2191%	0.2191%	0.2107%	0.2155%
District's proportionate share of the net OPEB (HIPAP) liability	\$ 4,042,000	\$ 4,048,000	\$ 5,238,000	\$ 4,734,000	\$ 4,660,000	\$ 4,393,000	\$ 4,391,000
District's covered-employee payroll	\$ 34,221,203	\$ 32,334,769	\$ 31,332,238	\$ 30,755,110	\$ 30,210,849	\$ 28,371,933	\$ 28,694,678
District's proportionate share of the net OPEB (HIPAP) liability as a percentage of its covered-employee payroll	11.81%	12.52%	16.72%	15.39%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB (HIPAP) liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years for which information is available.

WARWICK SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S OPEB (HIPAP) CONTRIBUTIONS
 (Required supplementary information)
 (unaudited)
 FOR THE VALUATION YEARS ENDED JUNE 30
 (See independent auditor's report)

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Contractually required contribution	\$ 255,000	\$ 257,000	\$ 257,000	\$ 258,000	\$ 251,000	\$ 235,000	\$ 238,000
Contributions in relation to the contractually required contribution	<u>259,000</u>	<u>260,000</u>	<u>258,000</u>	<u>259,000</u>	<u>251,000</u>	<u>238,000</u>	<u>238,000</u>
Contribution deficiency (excess)	<u>\$ (4,000)</u>	<u>\$ (3,000)</u>	<u>\$ (1,000)</u>	<u>\$ (1,000)</u>	<u>\$ -</u>	<u>\$ (3,000)</u>	<u>\$ -</u>
District's covered payroll	\$ 34,221,203	\$ 32,334,769	\$ 31,332,238	\$ 30,755,110	\$ 30,210,849	\$ 28,371,933	\$ 28,694,678
Contributions as a percentage of covered-employee payroll	0.76%	0.80%	0.82%	0.84%	0.83%	0.84%	0.83%

This schedule is intended to illustrate information for ten years. However, until a full ten-year trend is compiled, the District is presenting information for those years for which information is available.

WARWICK SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE –
 BUDGET AND ACTUAL – GENERAL FUND
 (Required supplementary information)
 (unaudited)
 YEAR ENDED JUNE 30, 2024
 (See independent auditor’s report)

	Original budget	Final budget	Actual	Variance, favorable (unfavorable)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenues:				
Sources:				
Local	\$ 57,573,316	\$ 57,573,316	\$ 59,618,332	\$ 2,045,016
State	25,184,611	25,184,611	25,810,818	626,207
Federal	781,030	781,030	4,640,058	3,859,028
	<u>83,538,957</u>	<u>83,538,957</u>	<u>90,069,208</u>	<u>6,530,251</u>
Total revenues	83,538,957	83,538,957	90,069,208	6,530,251
Expenditures:				
Instruction	50,283,209	50,283,209	50,006,642	276,567
Support services	21,082,856	21,082,856	21,102,724	(19,868)
Student activities	1,681,843	1,681,843	1,661,889	19,954
Community services	86,000	86,000	40,933	45,067
Facility acquisition and improvements	40,000	40,000	4,121,668	(4,081,668)
Architectural and engineering services	50,000	50,000	195,413	(145,413)
Debt service	5,000	5,000	1,000	4,000
Refund of prior year revenues	5,000	5,000		5,000
	<u>73,233,908</u>	<u>73,233,908</u>	<u>77,130,269</u>	<u>(3,896,361)</u>
Total expenditures	73,233,908	73,233,908	77,130,269	(3,896,361)
Excess of revenues over expenditures	10,305,049	10,305,049	12,938,939	2,633,890
Other financing sources (uses):				
Fund transfers, net	(10,055,049)	(10,055,049)	(12,441,453)	(2,386,404)
Proceeds from sale of capital assets			6,200	6,200
Budgetary reserve	(250,000)	(250,000)		250,000
	<u>(10,305,049)</u>	<u>(10,305,049)</u>	<u>(12,435,253)</u>	<u>(2,130,204)</u>
Total other financing uses	(10,305,049)	(10,305,049)	(12,435,253)	(2,130,204)
Net change in fund balance	\$ -	\$ -	503,686	\$ 503,686
Fund balance:				
July 1, 2023			<u>19,284,961</u>	
June 30, 2024			<u>\$ 19,788,647</u>	

WARWICK SCHOOL DISTRICT

NOTES TO THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND
(Required supplementary information)
(unaudited)
YEAR ENDED JUNE 30, 2024
(See independent auditor's report)

Budgets and budgetary accounting:

An operating budget is adopted prior to the beginning of each fiscal year for the General Fund on a basis consistent with the modified accrual basis of accounting except that a budgetary reserve is provided. The General Fund is the only fund for which a budget is required.

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

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

The School District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within 15 days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the School District.

Notice that public hearings will be held on the proposed operating budget must be included in the advertisement and such hearings are required to be scheduled at least ten days prior to when the School Board adoption is taken.

Legal budgetary control is maintained at the sub-function/major object level. The School Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary related information in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments. The School Board made several supplemental budgetary appropriations throughout the year which resulted in no increase in the General Fund budget. The entire supplemental budgetary appropriation was a result of program budgets prescribed by federal and state agencies.

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

The District's expenditures were over budget due to capital projects (Kissel Hill Elementary School and John Beck Elementary School HVAC renovations) that were Board approved as General Fund expenditures due to revenues trending significantly above budget early in the year.

WARWICK SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS YEAR ENDED JUNE 30, 2024

Federal grantor/ pass-through grantor/program title	Source code	Federal assistance listing number	Pass-through grantor's number	Grant period beginning/ ending date	Program or award amount	Total received for the year	Accrued (unearned) revenue at July 1, 2023	Revenue recognized	Expenditures	Accrued (unearned) revenue at June 30, 2024	Amounts paid to subrecipients
U.S. Department of Education											
Passed through the Pennsylvania Department of Education:											
Title I Improving Basic Programs 2022-2023	I	84.010	013-230461	07/05/22-09/30/23	\$ 517,689	\$ 105,715	\$ 22,918	\$ 82,797	\$ 82,797		\$ -
Title I Improving Basic Programs 2023-2024	I	84.010	013-240461	08/31/23-09/30/24	465,473	398,977		431,992	431,992	\$ 33,015	
Title II Improving Teacher Quality 2022-2023	I	84.367	020-230461	07/05/22-09/30/24	93,531		(12,161)	9,821	9,821	(2,340)	
Title II Improving Teacher Quality 2023-2024	I	84.367	020-240461	08/31/23-09/30/25	82,903	82,851		70,356	70,356	(12,495)	
Title IV Student Support and Academics Enrichment 2022-2023	I	84.424	144-230461	07/05/22-09/30/24	42,558	10,125	(5,812)	15,571	15,571	(366)	
Title IV Student Support and Academics Enrichment 2023-2024	I	84.424	144-240461	08/31/23-09/30/24	40,528	37,633		38,350	38,350	717	
COVID-19 - CARES Act - ARP-ESSER	I	84.425U	223-210461	03/13/20-09/30/24	3,559,635	1,294,413	(139,233)	3,310,544	3,310,544	1,876,898	
COVID-19 - CARES Act - ARP-ESSER 7%	I	84.425U	225-210461	03/13/20-09/30/24	276,663	80,484	10,186	75,328	75,328	5,030	
COVID-19 - CARES Act - Homeless Children and Youth	I	84.425U	181-212466	07/01/21-09/30/24	128,292			104,146	104,146	104,146	
Total passed through the Pennsylvania Department of Education						<u>2,010,198</u>	<u>(124,102)</u>	<u>4,138,905</u>	<u>4,138,905</u>	<u>2,004,605</u>	
Passed through Lancaster-Lebanon IU13:											
Special Education Cluster:											
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-23-0013	07/01/22-09/30/23	402,092	402,092	402,092				
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-24-0013	07/01/23-09/30/24	435,639	435,639		435,639	435,639		
Special Education - Grants to States (IDEA, On-Behalf Services)	I	84.027	062-24-0013	07/01/23-09/30/24	274,017	274,017		274,017	274,017		
Special Education - Grants to States (ARPA, IDEA)	I	84.027X	062-22-0013	07/01/21-09/30/23	31,668		31,668				
Special Education - Grants to States (ARPA, IDEA)	I	84.027X	062-22-0013	07/01/21-09/30/23	110,245	59,901		59,901	59,901		
Special Education - Preschool Grants (IDEA Preschool Section 619)	I	84.173	131-22-0013	07/01/22-06/30/23	2,782	2,782	2,782				
Special Education - Preschool Grants (IDEA Preschool Section 619)	I	84.173	131-23-0013	07/01/23-06/30/24	3,969			3,969	3,969	3,969	
Total Special Education Cluster, passed through Lancaster-Lebanon IU13						<u>1,206,099</u>	<u>436,542</u>	<u>773,526</u>	<u>773,526</u>	<u>3,969</u>	
Total of U.S. Department of Education						<u>3,216,297</u>	<u>312,440</u>	<u>4,912,431</u>	<u>4,912,431</u>	<u>2,008,574</u>	

(continued)

WARWICK SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

Federal grantor/ pass-through grantor/program title	Source code	Federal assistance listing number	Pass-through grantor's number	Grant period beginning/ ending date	Program or award amount	Total received for the year	Accrued (unearned) revenue at July 1, 2023	Revenue recognized	Expenditures	Accrued (unearned) revenue at June 30, 2024	Amounts paid to subrecipients
U.S. Department of Health and Human Services											
Passed through the Commonwealth of Pennsylvania: ACCESS Medical Assistance 2022-2023	I	93.778	N/A	07/01/22-06/30/23	10,808	\$ 5,433	\$ 5,433				\$ -
ACCESS Medical Assistance 2023-2024	I	93.778	N/A	07/01/23-06/30/24	3,227			\$ 3,227	\$ 3,227	\$ 3,227	
Total of U.S. Department of Health and Human Services						5,433	5,433	3,227	3,227	3,227	
U.S. Department of Agriculture											
Passed through the Pennsylvania Department of Education:											
Child Nutrition Cluster:											
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	4,902	4,902				
School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	2,009	2,009				
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	728,376		739,575	739,575	11,199	
School Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	236,787		241,015	241,015	4,228	
National School Lunch Program - Supply Chain Assistance	I	10.555	N/A	07/01/22-06/30/23	N/A		(2,083)	2,083	2,083		
National School Lunch Program - Supply Chain Assistance	I	10.555	N/A	07/01/23-06/30/24	N/A	90,062		90,062	90,062	-	
Total passed through the Pennsylvania Department of Education						1,062,136	4,828	1,072,735	1,072,735	15,427	
Passed through the Pennsylvania Department of Agriculture:											
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	211,927 (a)	(25,861) (b)	195,673 (c)	195,673 (c)	(42,115) (d)	
Total of Child Nutrition Cluster						1,274,063	(21,033)	1,268,408	1,268,408	(26,688)	
Passed through the Pennsylvania Department of Education:											
National School Lunch Program - Local Admin Funds	I	10.649	N/A	07/01/23-06/30/24	N/A	5,763		5,763	5,763		
Total U.S. Department of Agriculture						1,279,826	(21,033)	1,274,171	1,274,171	(26,688)	
Total federal assistance						\$ 4,501,556	\$ 296,840	\$ 6,189,829	\$ 6,189,829	\$ 1,985,113	\$ -

(continued)

WARWICK SCHOOL DISTRICT

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Source code:

I = Indirect funding

84.027 Special Education - Grants to States (IDEA, Part B)	\$ 435,639
84.027 Special Education - Grants to States (IDEA, On-Behalf Services)	274,017
84.027X Special Education - Grants to States (ARPA, IDEA)	59,901
84.173 Special Education - Preschool Grants (IDEA Preschool Section 619)	3,969
84.425U COVID-19 - American Rescue Plan Act - Elementary and Secondary School Emergency Relief	<u>3,490,018</u>
	<u>\$ 4,263,544</u>

Total expenditures per above \$ 6,189,829 = 68.88% Meets the 20% requirement
for low-risk auditee

Note A - Significant accounting policies:

The schedule of expenditures of federal awards presents the activity of all federal award programs for the District for the year ended June 30, 2024. Because the schedule presents only a selected portion of the operations of the District, it is not intended to and, does not present the financial position or changes in net position of the District.

The schedule of expenditures of federal awards is prepared on the accrual basis of accounting.

The District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note B - Food distribution:

- (a) Total amount of commodities recorded from the Department of Agriculture
- (b) Beginning inventory at July 1, 2023
- (c) Total amount of commodities used
- (d) Ending inventory at June 30, 2024

Report on Internal Control over Financial
Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements
Performed in Accordance with
Government Auditing Standards

Independent Auditor's Report

Board of School Directors
Warwick School District
Lititz, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Warwick School District as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Warwick School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Warwick School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Warwick 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 Warwick School District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency, is a deficiency or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Warwick 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 Warwick School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Brown Plus

Lancaster, Pennsylvania
October 29, 2024

Report on Compliance for Each
Major Federal Program and Report on Internal Control
Over Compliance in Accordance with the Uniform Guidance

Independent Auditor's Report

Board of School Directors
Warwick School District
Lititz, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Warwick School District's (the School District) 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 Warwick School District's major federal programs for the year ended June 30, 2024. Warwick 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 our opinion, Warwick School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Warwick School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Warwick 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 Warwick School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Brown Plus

Lancaster, Pennsylvania
October 29, 2024

WARWICK SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

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 that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal awards

Internal control over major programs:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

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 Section 200.516(a)? _____ yes X no

Identification of major programs:

Assistance Listing numbers

Name of federal program or cluster

84.027

Special Education Cluster:
Grants to States (IDEA, Part B and On-behalf Services)
Grants to States (ARPA IDEA)
Preschool Grants (IDEA Preschool)

84.027X

84.173

84.425U

COVID-19 – American Rescue Plan – Elementary and Secondary School Emergency Relief

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

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

WARWICK SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024

II. FINANCIAL STATEMENT FINDINGS:

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS:

None

WARWICK SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2024

There were no prior year audit findings.

APPENDIX F
BOND AMORTIZATION SCHEDULE