

PRELIMINARY OFFICIAL STATEMENT DATED APRIL 28, 2026

NEW ISSUE—BOOK-ENTRY ONLY

RATING:
Moody's: "Aa3"(Underlying)
See "RATING" herein

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income of the owners of the Bonds for federal income tax purposes under existing statutes, regulations, rulings and court decisions, as currently enacted and construed, subject to the conditions and covenants described in "TAX MATTERS" herein. In addition, interest on the Bonds will not be treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended (the "Code"), for purposes of determining the individual alternative minimum tax, however such interest will be taken into account in determining the "adjusted financial statement income" (as defined in the 2022 Inflation Reduction Act (the "2022 Act")) of "applicable corporations" (as defined in the 2022 Act) for purposes of determining the alternative minimum tax imposed on such corporations. Under the existing laws of the Commonwealth, interest on the Bonds will be exempt from Pennsylvania personal income taxation and Pennsylvania corporate net income taxation, but such 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. For a more complete discussion, see "TAX MATTERS" herein.

\$84,610,000*

Norristown Area School District

Montgomery County, Pennsylvania

\$45,000,000* General Obligation Bonds, Series A of 2026

\$39,610,000* General Obligation Bonds, Series B of 2026

2026A Bonds Dated: Date of Delivery

2026A Bonds Interest Due: October 1 and April 1

2026B Bonds Dated: Date of Delivery

2026B Bonds Interest Due: March 1 and September 1

2026A Bonds Principal Due: October 1, as shown on inside cover

2026A Bonds First Interest Payment: October 1, 2026

2026B Bonds Principal Due: September 1, as shown on inside cover

2026B Bonds First Interest Payment: September 1, 2026

The General Obligation Bonds, Series A of 2026 in the aggregate principal amount of \$45,000,000* (the "2026A Bonds") and the General Obligation Bonds, Series B of 2026 in the aggregate principal amount of \$39,610,000* (the "2026B Bonds" and collectively with the 2026A Bonds, the "Bonds") will be issued in registered form in denominations of \$5,000 or any integral multiple thereof. The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company ("DTC"), New York, New York. Beneficial ownership of the Bonds may be acquired only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. (See "**BOOK-ENTRY ONLY SYSTEM**" *infra*). If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange, and payment as described herein.

The Bonds are general obligations of the Norristown Area School District, Montgomery County, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted that it will provide in its budget in each fiscal year, and will appropriate from its general revenues in each such fiscal year, the amount of the debt service due on the Bonds for such fiscal year and will duly and punctually pay or cause to be paid from funds deposited in the appropriate sinking fund established under the Resolution (defined herein), or any other of its revenues or funds, the principal of, redemption premium, if any, and the interest accrued on such Bonds, when due, for payment, on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power within the limits provided by law. (See "**SECURITY FOR THE BONDS**" and "**TAXING POWERS OF THE SCHOOL DISTRICT**" *infra*).

Interest on each of the 2026A Bonds is payable initially on October 1, 2026, and thereafter semiannually on April 1 and October 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. Interest on each of the 2026B Bonds is payable initially on September 1, 2026, and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed TD Bank, National Association, Mt. Laurel, New Jersey (the "Paying Agent"), as paying agent and sinking fund depository for the Bonds. So long as Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the Book-Entry Only System for the Bonds is ever discontinued, the principal of and redemption premium, if any, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office, presently located in Mt. Laurel, New Jersey (or any successor paying agent or other designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See "**THE BONDS**," *infra*).

The Bonds are subject to redemption prior to maturity as described herein under "REDEMPTION OF BONDS".

The 2026A Bonds are being issued by the School District for the purpose of providing funds to finance: (1) the first phase of capital repairs to various School District facilities pursuant to the School District's facilities master plan (the "Master Plan"), including, but not limited to, the completion of deferred maintenance items such as the repair and replacement of HVAC systems, boilers, and blacktop; (2) planning and design costs, including architectural design, of improvements or expansions to the Norristown Area High School and other facilities contemplated by the Master Plan; and (3) payment of the costs and expenses of issuing the 2026A Bonds.

The 2026B Bonds are being issued by the School District for the purpose of providing funds to finance: (1) the current refunding of all of the District's General Obligation Bonds, Series of 2016 (the "Refunded 2016 Bonds"); (2) the current refunding of all of the District's General Obligation Bonds, Series of 2018 (the "Refunded 2018 Bonds"); and (3) payment of the costs and expenses of issuing the 2026B Bonds.

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

MATURITIES, AMOUNTS, RATES AND PRICES

See Inside Front Cover

The Bonds are offered when, as and if issued, subject to the approval of legality of the Bonds by Obermayer Rebmann Maxwell & Hippel LLP, Philadelphia, Pennsylvania, Bond Counsel. Legal matters pertaining to the School District will be passed upon by Clarke Gallagher Barbiero Amuso & Glassman Law, Fort Washington, Pennsylvania, Solicitor and for the Underwriters by Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will act as Municipal Advisor to the School District in connection with the Bonds. It is expected that the Bonds will be available for delivery on or about _____, 2026.

STIFEL

RAYMOND JAMES®

Dated: _____

*Estimated, subject to change.

\$84,610,000*
Norristown Area School District
Montgomery County, Pennsylvania
\$45,000,000* General Obligation Bonds, Series A of 2026
\$39,610,000* General Obligation Bonds, Series B of 2026

Dated: Date of Delivery
Interest Due: April 1 and October 1

Principal Due: October 1, as shown on inside cover
First Interest Payment: October 1, 2026

BOND MATURITY SCHEDULE FOR:

\$45,000,000* General Obligation Bonds, Series A of 2026

Year of Maturity (October 1)	Principal Maturity Amount	Interest Rate	Initial Offering Yields	Initial Offering Prices	CUSIP Numbers ⁽¹⁾
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					
2040					
2041					
2042					
2043					
2044					
2045					
2046					
2047					
2048					
2049					
2050					
2051					

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

*Estimated, subject to change.

\$84,610,000*
Norristown Area School District
Montgomery County, Pennsylvania
\$45,000,000* General Obligation Bonds, Series A of 2026
\$39,610,000* General Obligation Bonds, Series B of 2026

Dated: Date of Delivery
Interest Due: March 1 and September 1

Principal Due: September 1, as shown on inside cover
First Interest Payment: September 1, 2026

BOND MATURITY SCHEDULE FOR:

\$39,610,000* General Obligation Bonds, Series B of 2026

Year of Maturity (September 1)	Principal Maturity Amount	Interest Rate	Initial Offering Yields	Initial Offering Prices	CUSIP Numbers ⁽¹⁾
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					
2036					
2037					
2038					
2039					

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

^{*}Estimated, subject to change.

NORRISTOWN AREA SCHOOL DISTRICT

Montgomery County, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Jeremiah Lemke	President
Cynthia Davenport	Vice President
Jordan Alexander	Member
William (Bill) Caldwell	Member
Terell Dale	Member
Philip Daniels	Member
Mao Howell	Member
Sharon Mauch	Member
Ingrid Parker	Member

SUPERINTENDENT

CHRISTOPHER DORMER

CHIEF FINANCIAL OFFICER

MICHAEL MILLER

SCHOOL DISTRICT SOLICITOR

CLARKE GALLAGHER BARBIERO AMUSO & GLASSMAN LAW

Fort Washington, Pennsylvania

BOND COUNSEL

OBERMAYER REBMANN MAXWELL & HIPPEL LLP

Philadelphia, Pennsylvania

PAYING AGENT

TD BANK, NATIONAL ASSOCIATION

Mt. Laurel, New Jersey

MUNICIPAL ADVISOR

PFM FINANCIAL ADVISORS LLC

Harrisburg, Pennsylvania

UNDERWRITERS

STIFEL, NICOLAUS & COMPANY, INCORPORATED

Conshohocken, Pennsylvania

RAYMOND JAMES & ASSOCIATES, INC.

Lancaster, Pennsylvania

UNDERWRITERS' COUNSEL

ECKERT SEAMANS CHERIN & MELLOTT, LLC

Harrisburg, Pennsylvania

SCHOOL DISTRICT ADDRESS

401 North Whitehall Road

Norristown, PA 19403

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

The quotations from and summaries and explanation of provisions of laws and documents contained herein, including the cover page and Appendices attached hereto, do not purport to be complete. Reference is made to such laws and documents for full and complete statements of their provisions. Any statements made in this Preliminary Official Statement involving estimates or matters of opinion, whether or not expressly so stated, are intended merely as estimates or opinions and not as representations of fact. The information and expressions of opinion herein are subject to change without notice. Neither the delivery of this Preliminary Official Statement nor any sale of the Bonds shall under any circumstances create any implication that there has been no change in the affairs of the School District since the date of this Preliminary Official Statement.

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

If and when included in this Preliminary Official Statement, the words “expects,” “forecasts,” “projects,” “intends,” “anticipates,” “estimates,” “assumes,” and analogous expressions are intended to identify forward-looking statements, and any such statements inherently are subject to a variety of risks and uncertainties that could cause actual results to differ materially from those that have been projected.

The Underwriters may offer and sell the Bonds to certain dealers (including dealers depositing the Bonds into investment trust(s)) and others at prices lower than the public offering prices stated on the inside front cover hereof.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE BONDS HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION OR OTHER SECURITIES REGULATOR. NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION OR ANY OTHER SECURITIES REGULATOR HAS PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

The School District has previously provided the Underwriters with a copy of its Preliminary Official Statement dated April 28, 2026; the Preliminary Official Statement was “deemed final” for the purposes of SEC Rule 15c2-12(b)(1).

This Table of Contents is for convenience of reference only and does not list all of the subjects in this Preliminary Official Statement. In all instances, references should be made of the complete Preliminary Official Statement to determine the subjects discussed in it. The order and placement of material in this Preliminary Official Statement, including the Appendices, are not to be deemed a determination of relevance, materiality or importance, and this Preliminary Official Statement, including the Appendices, must be considered in its entirety.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
INTRODUCTION	1	DEBT AND DEBT LIMITS.....	22
PURPOSE OF THE ISSUE	1	Debt Statement	22
Escrow Verification	1	Debt Limit and Remaining Borrowing Capacity	24
Sources and Uses of Bond Proceeds	2	Debt Service Requirements	25
THE BONDS	3	Future Financing	26
Description	3	LABOR RELATIONS	27
Payment of Principal and Interest	3	School District Employees	27
Transfer, Exchange and Registration of Bonds	4	Pension Program	27
REDEMPTION OF BONDS*	4	Other Post-Employment Benefits	28
Optional Redemption – 2026A Bonds	4	LITIGATION	28
Optional Redemption – 2026B Bonds	4	DEFAULTS AND REMEDIES	28
Mandatory Redemption – 2026A Bonds	5	TAX MATTERS.....	28
Mandatory Redemption – 2026B Bonds	5	Federal Tax Treatment	28
Notice of Redemption	5	Additional Tax Considerations	29
Manner of Redemption	6	State Tax Exemption of the Bonds	29
BOOK-ENTRY ONLY SYSTEM.....	6	Regulations, Future Legislation	29
SECURITY FOR THE BONDS	8	BONDHOLDER CONSIDERATIONS	30
General Obligation Pledge	8	State Appropriation Risk	30
Sinking Fund	8	Cybersecurity	30
Commonwealth Enforcement of Debt Service Payments	8	Risk of Audit by Internal Revenue Service	30
THE SCHOOL DISTRICT	10	CONTINUING DISCLOSURE UNDERTAKING	31
Introduction	10	RATING.....	31
Organization and Central Administration	10	UNDERWRITING.....	31
School Facilities	11	LEGAL OPINION	32
Enrollment	11	MUNICIPAL ADVISOR	32
Charter Schools	11	OTHER MATTERS.....	32
Student Transportation	12	Changes in Federal Law	32
Community Eligibility Provision	12	MISCELLANEOUS.....	32
SCHOOL DISTRICT FINANCES	12	APPENDIX A - DEMOGRAPHIC AND ECONOMIC	
Introduction	12	INFORMATION RELATING TO THE NORRISTOWN AREA SCHOOL	
Financial Reporting	12	DISTRICT	
Changes to the Budgeting Process of Pennsylvania		Population	1
School Districts under the 2006 Taxpayer Relief Act	12	Employment	2
Summary and Discussion of Financial Results	14	Major Employers	3
Revenue	15	Income	4
General Fund Operating Position (Deficits/Surpluses)	15	Commercial Activity	4
TAXING POWERS OF THE SCHOOL DISTRICT	16	Educational Facilities	4
In General	16	Medical Facilities	4
The Taxpayer Relief Act (Act 1)	16	Transportation Facilities	4
Status of the Bonds Under Act 1	17	APPENDIX B - FORM OF OPINION OF BOND COUNSEL	
Act 24 of 2001 – Optional Occupation Tax Elimination Act	17	APPENDIX C - AUDITED FINANCIAL STATEMENTS	
Act 48 of 2003 - Legislation Limiting Unreserved Fund		APPENDIX D - FORM OF CONTINUING DISCLOSURE	
Balance	18	CERTIFICATE	
Act 130 of 2008	18		
Tax Levy	18		
Real Property Tax	19		
Realty Tax Collection	20		
Other Taxes	21		
COMMONWEALTH AID TO SCHOOL DISTRICTS....	21		

PRELIMINARY OFFICIAL STATEMENT

\$84,610,000*

Norristown Area School District

Montgomery County, Pennsylvania

\$45,000,000* General Obligation Bonds, Series A of 2026

\$39,610,000* General Obligation Bonds, Series B of 2026

INTRODUCTION

This Preliminary Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by Norristown Area School District (the “School District” or the “District”), located in Montgomery County, Pennsylvania (the “County”), in connection with the offering of its \$84,610,000* aggregate principal amount of its general obligation bonds, consisting of \$45,000,000* aggregate principal amount of its General Obligation Bonds, Series A of 2026 (the “2026A Bonds”) and \$39,610,000* General Obligation Bonds, Series B of 2026 dated as of the Date of Delivery (the “2026B Bonds”, and together with the 2026A Bonds, the “Bonds”). The Bonds are being issued pursuant to Resolutions of the Board of School Directors of the School District adopted on September 22, 2025 (the “Resolution”), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the “Commonwealth”), 53 Pa.C.S. Chs. 80-82 (the “Debt Act”).

PURPOSE OF THE ISSUE

The 2026A Bonds are being issued by the School District for the purpose of providing funds to finance: (1) the first phase of capital repairs to various School District facilities pursuant to the School District’s facilities master plan (the “Master Plan”), including, but not limited to, the completion of deferred maintenance items such as the repair and replacement of HVAC systems, boilers, and blacktop; (2) planning and design costs, including architectural design, of improvements or expansions to the Norristown Area High School and other facilities contemplated by the Master Plan; and (3) payment of the costs and expenses of issuing the 2026A Bonds.

The 2026B Bonds are being issued by the School District for the purpose of providing funds to finance: (1) the current refunding of all of the District’s outstanding General Obligation Bonds, Series of 2016 (the “Refunded 2016 Bonds”); (2) the current refunding of all of the District’s outstanding General Obligation Bonds, Series of 2018 (the “Refunded 2018 Bonds”); and (3) payment of the costs and expenses of issuing the 2026B Bonds.

On the date of issuance of the 2026B Bonds, the School District will deposit \$_____ of the proceeds of the 2026B Bonds with TD Bank, National Association, as escrow agent (the “Escrow Agent”) pursuant to an Escrow Agreement to be dated the date of issuance of the 2026B Bonds by and between the School District and the Escrow Agent. In accordance with the provisions of the Escrow Agreement, the Escrow Agent shall purchase certain direct obligations of the United States, which will be sufficient, together with interest earnings, to pay all of the respective principal and interest becoming due on the Refunded 2016 Bonds and the Refunded 2018 Bonds through and including September 1, 2026 and to pay the respective redemption prices of the Refunded 2016 Bonds and Refunded 2018 Bonds on September 1, 2026.

Escrow Verification

The accuracy of the mathematical computations supporting the adequacy of the maturing principal amounts of, and interest earned on, the purchased direct obligations of the United States deposited pursuant to the Escrow Agreement to pay the respective principal of, and interest and premium, if any, when due on the Refunded 2016 Bonds and the Refunded 2018 Bonds, will be verified by U.S. Bancorp Asset Management, Inc. as a condition to the delivery of the 2026B Bonds.

*Estimated, subject to change..

Sources and Uses of Bond Proceeds

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

	2026A Bonds	2026B Bonds	Totals
<u>Source of Funds</u>			
Par Amount.....			
Net Original Issue Premium / (Discount)			
<i>Total Source of Funds</i>			
<u>Use of Funds</u>			
Deposit to Construction Fund			
Escrow Deposit for Refunded 2016 Bonds			
Escrow Deposit for Refunded 2018 Bonds			
Costs of Issuance ⁽¹⁾			
<i>Total Use of Funds</i>			

⁽¹⁾Includes legal, municipal advisor, printing, rating, solicitor, underwriters’ discount, CUSIP, paying agent, escrow agent, verification agent and miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The 2026A Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount \$45,000,000*, will be dated as of the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on October 1, 2026, and thereafter, semiannually on April 1 and October 1 of each year until the maturity date of such Bond. Interest shall be computed on the basis of a 30-day month and a 360-day year.

The 2026B Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount \$39,610,000*, will be dated as of the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside front cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on September 1, 2026, and thereafter, semiannually on March 1 and September 1 of each year until the maturity date of such Bond. Interest shall be computed on the basis of a 30-day month and a 360-day year.

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

Payment of Principal and Interest

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC by the Paying Agent and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal of, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:

The principal of the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to the Paying Agent, acting as paying agent and sinking fund depository for the Bonds, at its corporate trust office in Mt. Laurel, New Jersey (or to any successor paying agent at its designated office(s)).

Interest on the 2026A Bonds will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding October 1, 2026, in which event such Bond shall bear interest from the Date of Delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each Bond will be payable by check or draft drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth day (whether or not a day on which the Paying Agent is open for business) of the calendar month next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date, and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date, but not more than thirty (30) days prior to the payment of such defaulted interest. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

*Preliminary, subject to change.

Interest on the 2026B Bonds will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding September 1, 2026, in which event such Bond shall bear interest from the Date of Delivery, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on each Bond will be payable by check or draft drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the fifteenth day (whether or not a day on which the Paying Agent is open for business) of the calendar month next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date, and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than ten (10) days preceding such special record date, but not more than thirty (30) days prior to the payment of such defaulted interest. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5th) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth 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 by law or executive order to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under "**BOOK-ENTRY ONLY SYSTEM**," each of the Bonds is transferable or exchangeable by the registered owners thereof upon surrender of such Bond to the Paying Agent, accompanied by a written instrument or instruments in a form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered bond or bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate. The School District and the Paying Agent shall not be required to issue, or register the transfer or exchange of, any Bond: (a) during the period beginning at the opening of business on any Record Date for interest payments and ending at the close of business on such interest payment date; (b) during the period beginning at the opening of business on the 15th business day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the date of notice of redemption shall be given; (c) during the period beginning at the opening of business on the first business day next succeeding the business day the Paying Agent determines the registered owners of the Bonds to receive notice of any special record date and the close of business on the special record date; or (d) after it has been selected or called for redemption, in whole or in part.

REDEMPTION OF BONDS*

Optional Redemption – 2026A Bonds

The Bonds stated to mature on or after _____, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), on _____, or on any date thereafter, in either case upon payment of a redemption price of 100% of the principal amount of such Bonds, together with accrued interest to the redemption date. If less than all Bonds of any particular maturity are to be so redeemed, the Bonds are to be redeemed by maturities and amounts designated by the School District and by lot within each maturity.

Optional Redemption – 2026B Bonds

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

maturity are to be so redeemed, the Bonds are to be redeemed by maturities and amounts designated by the School District and by lot within each maturity.

Mandatory Redemption – 2026A Bonds

In the manner and upon the terms and conditions provided in the Resolution, the Bonds stated to mature on October 1 of the years _____ and _____ are subject to mandatory sinking fund redemption prior to maturity on October 1 of the following years in direct order of maturity (at a price equal to the principal amount of the Bonds called for mandatory redemption, plus accrued interest thereon to the date fixed for such mandatory redemption) in the following principal amounts, as drawn by lot by the Paying Agent:

<i>Bonds stated to mature _____:</i>	
<u>Year</u>	<u>Amount</u>

*Stated Maturity

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of and as directed in writing by the School District, may purchase, from money in the appropriate account of the Sinking Fund, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

Mandatory Redemption – 2026B Bonds

In the manner and upon the terms and conditions provided in the Resolution, the Bonds stated to mature on September 1 of the years _____ and _____ are subject to mandatory sinking fund redemption prior to maturity on September 1 of the following years in direct order of maturity (at a price equal to the principal amount of the Bonds called for mandatory redemption, plus accrued interest thereon to the date fixed for such mandatory redemption) in the following principal amounts, as drawn by lot by the Paying Agent:

<i>Bonds stated to mature _____:</i>	
<u>Year</u>	<u>Amount</u>

*Stated Maturity

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of and as directed in writing by the School District, may purchase, from money in the appropriate account of the Sinking Fund, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

Notice of Redemption

*So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, the School District and the Paying Agent shall send redemption notices only to Cede & Co. Conveyance of any such notices to the Beneficial Owners by DTC and by Direct and Indirect Participants will be governed by arrangements amount 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 conveyance of notices to Beneficial Owners).*

If at any time the book-entry only system shall be discontinued, notice of any redemption of certificated Bonds shall be given by depositing a copy of the redemption notice by first class mail not less than thirty (30) days nor more than forty-five (45) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds called for redemption as to which proper notice has been given.

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

*Preliminary, subject to change.

If at time of mailing of a notice of redemption the School District shall not have deposited with the Paying Agent, as sinking fund depository, money sufficient to redeem all Bonds called for redemption, the notice of redemption may state that it is conditional, i.e., that it is subject to the deposit of sufficient redemption money with the Paying Agent not later than the opening of business on the redemption date, and such notice shall be of no effect unless such money is so deposited. If the Bonds to be called for redemption shall have been refunded, money sufficient to redeem such Bonds shall be deemed to be on deposit with the Paying Agent for the purposes of this paragraph and the notice of redemption need not state that it is conditional, if the redemption money has been deposited irrevocably with another bank or bank and trust company which shall have been given irrevocable instructions to transfer the same to the Paying Agent not later than the opening of business on the redemption date.

Manner of Redemption

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

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

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

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 Underwriters.

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

DTC the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. Bonds brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. Bonds brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

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

and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

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

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

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

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

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

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

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

SECURITY FOR THE BONDS

General Obligation Pledge

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

Sinking Fund

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

The Sinking Fund shall be held by the Paying Agent, as sinking fund depositary, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts 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 Paying Agent, as sinking fund depositary, and such deposits and securities, together with the interest thereon, shall be a part of the Sinking Fund.

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

Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depositary for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

There can be no assurance, however, that any payments pursuant to this withholding provision will be made by the date on which such payments are due to the Bondholders.

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

Pennsylvania Budget Adoption

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

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

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

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

After months of negotiations, Governor Josh Shapiro signed the state's budget for the 2025-26 fiscal year late on November 12, 2025. The \$50.1 billion budget includes (i) \$8.262 billion for the basic education funding appropriation, which is more than a \$100 million increase over the basic education funding appropriation for the 2024-25 fiscal year, and (ii) \$1.526 billion for the special education appropriation, which is a \$40,000,000 increase over the same appropriation for the 2024-25 fiscal year. The budget also increases the Ready to Learn Block Grant program appropriation by approximately 68% from the 2024-25 fiscal year. In addition, the budget includes \$175 million in estimated savings for school districts through reforms to the existing cyber charter school law. (See "SECURITY FOR THE BONDS" herein.)

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

Act 85 of 2016

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

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

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

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

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

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

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

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

THE SCHOOL DISTRICT

Introduction

Norristown Area School District encompasses several communities in central Montgomery County and covers an area of approximately 15.3 square miles. The School District's boundaries are coterminous with those of the Municipality of Norristown and the Townships of East Norriton and West Norriton. The Municipality of Norristown, located in the geographic center of the School District and county seat of Montgomery County, is approximately 15 miles north of metropolitan Philadelphia and 2 miles east of King of Prussia and Valley Forge. Many unincorporated communities are located within the School District and these include: Trooper and Jeffersonville in West Norriton Township and Penn Square in East Norriton Township.

Organization and Central Administration

The School District is a second class school district (school districts within the Commonwealth are classified as first, first A, second, third and fourth class according to population) and operates under and pursuant to the School Code, as amended and supplemented. The School District is governed by a nine-member Board of School Directors (the "School Board"), comprised of residents of the School District who are elected on a staggered basis for four-year terms of office. 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 School Board.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK}

School Facilities

The following table describes the components of the existing physical plant of the School District.

**TABLE 1
NORRISTOWN AREA SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Most Recent Renovation	Grades	Rated Pupil Capacity	2025-26 Enrollment
<i>Elementary Schools</i>					
Cole Manor	1956	2006	1-4	483	382
Paul V. Fly	1970	2016	K-4	713	461
Davenport Elementary	1967	2011	1-4	506	388
W.S. Hancock	1962	2006	1-4	552	318
Marshall Street	1957	2006	K-4	713	565
Whitehall	1992	2012	K-4	667	462
Musselman Learning Center	1956	2014	K	<u>308</u>	<u>278</u>
<i>Total Elementary</i>				3,942	2,854
<i>Secondary Schools</i>					
East Norriton Middle	1961	2006	5-8	1,075	818
Blockson Middle	1925	2013	5-8	875	762
A. D. Eisenhower	1937	2013	5-8	725	791
Norristown Area High	1973	2011	9-12	2,300	2,385
Roosevelt Campus of Norristown Area High	1914	2015	9-12	<u>500</u>	<u>185</u>
<i>Total Secondary</i>				5,475	4,941
<i>Total School District</i>				9,417	7,795

*Enrollment numbers do not include special education pupils enrolled in outside programs or students enrolled in charter schools.

Source: School District Officials

Enrollment

The following Table 2 presents recent trends in school enrollment and projections of enrollment for the next five years, as prepared by the School District's administrative officials.

**TABLE 2
NORRISTOWN AREA SCHOOL DISTRICT
ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	Elementary	Secondary	Total	School Year	Elementary	Secondary	Total
2021-22	2,903	4,874	7,777	2026-27	3,975	3,800	7,775
2022-23	2,863	4,945	7,808	2027-28	3,960	3,790	7,750
2023-24	2,849	4,826	7,675	2028-29	3,945	3,780	7,725
2024-25	3,979	3,800	7,779	2029-30	3,930	3,770	7,700
2025-26	3,985	3,810	7,795	2030-31	3,915	3,760	7,675

Source: School District Officials

Charter Schools

There are no charter schools currently located within the School District. However, one brick and mortar charter school is located within a neighboring school district which serves as an option for residents of the School District. In total, the School District is responsible for approximately 750 students enrolled in this charter school and cyber charters. The annual cost including tuition is approximately \$14.0 million which is 6.0% of the School District's budgeted expenditures. Cyber charter enrollment did increase by approximately 100 students as a result of the pandemic. As a result, the District launched enhanced virtual offerings and is currently marketing these to families that have enrolled in cyber charter programs. The School District denied two

applications for new charter schools within the School District. The impact of any potential appeals and litigation of these denial decisions is unknown as of the date of this Preliminary Official Statement, though any such charter appeals and litigation will have no impact on the 2025-26 school year enrollment.

Student Transportation

The majority of the School District's transportation is provided by one national contracted carrier (101 vehicles). The School District also contracts with several smaller contractors for some very specialized student transportation needs (wheelchair vehicles, etc.).

Community Eligibility Provision

The Healthy, Hunger-Free Kids Act of 2010 passed by Congress offers school districts the Community Eligibility Provision ("CEP") as an alternative to reduce the administrative burden of the National School Breakfast and National School Lunch Programs. In order to participate in the CEP, districts must demonstrate that at least 40% of students would automatically qualify for free meals based on participation in other need based programs. A qualifying school must agree to serve free breakfasts and lunches to all students. In exchange, the district is exempt from collecting and processing household applications. All of the District's twelve schools are eligible to participate in the CEP and in 2016, the District adopted CEP District-wide. The District renewed their participation in CEP for the 2025-26 school year.

SCHOOL DISTRICT FINANCES

Introduction

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 such Department and submitted to the board of school directors for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The modified accrual basis of accounting is used by all governmental fund types, expendable trust funds and agency funds of the School District. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. The Proprietary Fund is accounted for using the accrual basis of accounting. Its revenues are recognized when they are earned and expenses are recognized when they are incurred. The firm of Maillie LLP of Oaks, Pennsylvania, currently serves as the School District's auditor and has not undertaken any requested procedures in connection with the offering of the Bonds and this Preliminary Official Statement.

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

Changes to the Budgeting Process of Pennsylvania School Districts under the 2006 Taxpayer Relief Act

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

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

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

With respect to the utilization of any of 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 Act 1 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 Act 1 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 Act 1 Index and that a tax increase at or below the rate of the Act 1 Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days’ public notice be given of the board’s intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK}

Summary and Discussion of Financial Results

A summary of the General Fund balance sheet and changes in fund balances is presented in Tables 3 and 4, which follow. Table 3 shows the General Fund Balance Sheet for fiscal years 2021 through 2025 and Table 4 shows audited revenues and expenditures for the past 5 years and the 2025-26 Budget. The budget for 2025-26, as adopted June 2, 2025, projects revenues of \$218,259,531 and expenditures of \$223,152,203.

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

ASSETS	2021	2022	2023	2024	2025
Cash and Cash Equivalents.....	\$39,920,388	\$52,100,891	\$68,078,428	\$75,589,951	\$80,019,693
Investments.....	0	0	0	0	0
Taxes Receivable.....	6,443,625	5,409,206	5,298,290	4,858,996	4,879,888
Interfund Receivables.....	0	0	0	0	1,189,647
Intergovernmental Receivables	8,684,657	18,266,094	10,519,263	9,471,788	10,065,159
Other Receivables.....	0	0	0	0	0
Inventories.....	1,973	6,515	6,515	0	0
Prepaid Expenses.....	2,860,568	3,083,813	3,929,132	3,403,698	936,131
Other Current Assets	0	0	0	0	0
TOTAL ASSETS.....	\$57,911,211	\$78,866,519	\$87,831,628	\$93,324,433	\$97,090,518
LIABILITIES					
Accounts Payable	\$17,167,892	\$22,225,835	\$16,424,067	\$19,915,679	\$15,796,758
Due to Other Governments.....	627,582	1,185,663	1,010,315	1,140,717	1,429,525
Accrued Salaries and Benefits	5,013,635	4,913,401	4,683,648	4,793,724	5,242,301
Payroll deductions and withholdings.....	1,867,087	3,554,864	3,904,063	4,097,241	6,306,177
Unearned revenue.....	0	0	0	0	4,552,638
Interfund Payable	128,188	107,806	117,353	79,361	0
Deferred Revenues	0	0	0	0	0
Payroll Payable.....	0	0	0	0	0
Other Current Liabilities.....	482,523	489,630	461,177	484,318	499,697
TOTAL LIABILITIES	\$25,286,907	\$32,477,199	\$26,600,623	\$30,511,040	\$33,827,096
Deferred Inflow of Resources	\$5,142,828	\$3,619,802	\$3,541,764	\$3,534,797	\$0
FUND EQUITIES					
Nonspendable Fund Balance	\$2,862,541	\$3,090,328	\$6,515	\$3,403,698	\$936,131
Committed Fund Balance	0	0	3,929,132	0	0
Assigned Fund Balance	15,000,000	29,000,000	42,000,000	43,524,083	47,426,525
Budgetary Reserve.....	0	0	0	0	0
Capital Projects.....	0	0	0	0	0
PSERS	0	0	0	0	0
Unassigned Fund Balance	9,618,935	10,679,190	11,753,594	12,350,815	14,900,766
TOTAL FUND EQUITIES.....	\$27,481,476	\$42,769,518	\$57,689,241	\$59,278,596	\$63,263,422
TOTAL LIABILITIES					
AND FUND EQUITIES	\$57,911,211	\$78,866,519	\$87,831,628	\$93,324,433	\$97,090,518

Source: School District Annual Financial Reports.

Revenue

The School District received \$203,486,549 in revenue in 2024-25 and budgeted revenues of \$218,259,531 in 2025-26. Local sources decreased as a share of total revenue in the past five years, from 70.2 percent in 2020-21 to 62.5 percent in 2024-25. Revenue from Commonwealth sources increased as a share of total revenue in the past five years from 23.5 percent to 33.1 percent over this period. Revenue from Federal and other sources increased as a share of total revenue in the past five years, from 6.3 percent in 2020-21 to 4.4 percent in 2024-25.

TABLE 4
NORRISTOWN AREA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(Years ending June 30)

REVENUE:	2021	2022	2023⁽²⁾	2024	2025	Budget 2026⁽¹⁾
Total Local Sources	\$120,000,071	\$121,793,191	\$123,630,252	\$125,890,118	\$127,210,224	\$132,336,572
Total State Sources	40,119,794	43,569,573	51,097,088	56,078,187	67,295,506	78,304,459
Total Federal Sources	10,707,027	24,736,763	22,268,424	12,510,014	8,980,819	7,618,500
Total Other Sources	0	0	0	0	0	0
TOTAL REVENUE	\$170,826,892	\$190,099,527	\$196,995,764	\$194,478,319	\$203,486,549	\$218,259,531
EXPENDITURES:						
Total Instruction	\$98,001,736	\$101,721,479	\$109,899,787	\$115,877,547	\$125,918,414	\$144,040,013
Support Service	44,061,647	52,474,193	51,522,885	56,003,068	62,747,239	62,500,323
Noninstructional Services	1,125,274	2,282,695	1,918,226	2,069,185	2,401,566	3,111,867
Facilities/Acquisition/Constr.&Impr.	0	0	0	0	115,511	0
Debt Service	9,052,925	9,333,118	9,413,686	8,939,164	8,774,666	13,500,000
Refund of Prior Year Receipts	0	0	0	0	283,845	0
TOTAL EXPENDITURES	\$152,241,582	\$165,811,485	\$172,754,584	\$182,888,964	\$200,241,241	\$223,152,203
OTHER FINANCING	(\$3,000,000)	(\$9,000,000)	(\$10,000,000)	(\$10,000,000)	\$739,518	\$0
SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES	\$18,585,310	\$24,288,042	\$24,241,180	\$11,589,355	\$3,245,308	(\$4,892,672)
BEGINNING FUND BALANCE, JULY 1	\$11,896,164	\$27,481,474	\$43,448,061	\$57,689,241	\$59,278,596	\$63,263,422
ENDING FUND BALANCE, JUNE 30	\$27,481,474	\$42,769,516	\$57,689,241	\$59,278,596	\$63,263,422	\$58,370,750

*Totals may not add due to rounding.

⁽¹⁾ Budget, as adopted June 2, 2025.

⁽²⁾ Restatement.

Source: School District Audited Financial Statements and Budget Reports.

General Fund Operating Position (Deficits/Surpluses)

The School District's General Fund operated in an operating surplus in the past five years. The School District has budgeted an operating deficit in 2025-26.

TAXING POWERS OF THE SCHOOL DISTRICT

In General

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

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited ad valorem tax on the property taxable for school purposes to provide funds:
 - a. for minimum salaries and increments of the teaching and supervisory staff;
 - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
 - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
 - d. to pay for the amortization of a bond or note issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not less than \$1.00 and not more than \$10.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended (“The Local Tax Enabling Act”). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – “STEB”) multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

The Taxpayer Relief Act (Act 1)

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

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

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

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

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

Fiscal Year	Index %
2026-27	4.6%
2025-26	5.3
2024-25	7.0
2023-24	5.3
2022-23	4.4

Source: PA Department of Education website.

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

A board of school directors may submit but is not required to submit, a referendum question to voters at the municipal election in any future municipal election seeking approval to levy or increase the rate of an EIT or impose 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 exclusion allowable under law.

Status of the Bonds Under Act 1

No exceptions to the Act 1 taxing limits are expected to apply to the 2026A Bonds.

A portion of the debt evidenced by the 2026B Bonds refunds the Refunded 2016 Bonds. The 2016 Bonds refunded the School District's General Obligation Bonds, Series of 2006 (the "2006 Bonds"). The 2006 Bonds were authorized prior to the effective date of Act 1. Consequently, the School District believes it is entitled by Act 1 to apply to the Pennsylvania Department of Education (PDE) for approval to utilize an Act 1 referendum exception for the corresponding portion of debt service with the 2026B Bonds, if and to the extent a tax increase greater than the Index is needed to pay an increase in the principal and interest due on the 2026B Bonds in any particular fiscal year (see "The Taxpayer Relief Act, as Amended (Act 1)" herein). Act 1 provides that PDE shall approve a school district's request if a review of the data demonstrates that the school district qualifies for the exception sought and the sum of the dollar amounts of all exceptions for which the school district qualifies is not more than what is necessary to balance the budget after giving effect to the revenue to be raised by the allowable tax increase under the Index. There can be no assurance however, that approval will be given by PDE to utilize a reference exception in any future fiscal year or years.

Act 24 of 2001 – Optional Occupation Tax Elimination Act

Act 24 of 2001 of the Commonwealth, which became law on June 22, 2001, authorizes a board of school directors to schedule a public hearing and conduct a ballot referendum on replacing the school district's occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.0% (each receive 0.5%) tax on the annual amount of residents' wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under the new law, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district.

The School District has not placed a referendum question on the ballot as it relates to opting into Act 24 of 2001.

Act 48 of 2003 - Legislation Limiting Unreserved Fund Balance

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

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

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

*Applicable to the School District.

Act 130 of 2008

Act 130 of 2008 of the Commonwealth amended the Local Tax Enabling Act so as to authorize school districts levying an occupation tax to replace that occupation tax with an increased earned income tax or, if the school district has implemented a personal income tax in accordance with the Taxpayer Relief Act, an increased personal income tax, in a revenue neutral manner. To so replace an occupation tax, the board of school directors must first hold at least one public hearing on the matter and then place binding referendum question on the ballot at a general or municipal election for approval by the voters.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 130 OF 2008. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 130 OF 2008 NOR A LEGAL INTERPRETATION OF ANY PROVISIONS OF ACT 130 OF 2008. A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 130 OF 2008 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Tax Levy

Table 5 which follows shows the local taxes (other than realty taxes) and the tax rates levied within the School District for fiscal year ending June 30, 2025. Table 6 shows the comparative real property tax rates for the School District, Montgomery County and the municipalities within the School District.

**TABLE 5
NORRISTOWN AREA SCHOOL DISTRICT
TAX RATES**

School Year	Real Estate Millage (mills)	Earned Income (%)	Per Capita Tax⁽¹⁾ (\$)	Real Estate Transfer (%)
2021-22	39.2040	0.50%	\$10.00	0.50%
2022-23	39.2040	0.50%	\$10.00	0.50%
2023-24	39.2040	0.50%	\$10.00	0.50%
2024-25	39.2040	0.50%	\$10.00	0.50%
2025-26	39.5960	0.50%	\$10.00	0.50%

⁽¹⁾ \$5.00 under Section 679 and \$5.00 under Act 511.

Source: School District Officials and Department of Community and Economic Development – Municipal Statistics.

TABLE 6
NORRISTOWN AREA SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)

<u>Municipality</u>	<u>Realty Tax (Mills)</u>			<u>Total</u>
	<u>School (2025-26)</u>	<u>Municipal (2026)</u>	<u>County (2026)</u>	
East Norriton Township	39.596	2.727	5.642	47.965
Municipality of Norristown	39.596	18.250	5.642	63.488
West Norriton Township	39.596	4.475	5.642	49.713

Source: Montgomery County website and Department of Community and Economic Development – Municipal Statistics

Real Property Tax

The School District mails tax notices to taxpayers on or about July 1 of each year. The tax collection process of the School District allows taxpayers remitting in full prior to August 31 each year a 2% discount on their tax obligations. Remittances between September 1 and October 31 are paid at par and taxpayers remitting between November 1 and December 31 pay a 10% penalty. After December 31, all unpaid real estate taxes are turned over to the Montgomery County Tax Claim Bureau for collection and delinquent collections are remitted monthly to the School District.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide re-assessment in Montgomery County was in 1998.

TABLE 7
NORRISTOWN AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

<u>Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2020-21.....	\$4,377,827,695	\$2,817,138,858	64.35%
2021-22.....	4,379,015,923	2,819,975,602	64.40%
2022-23.....	4,763,767,527	2,840,411,275	59.63%
2023-24.....	4,775,971,810	2,846,489,479	59.60%
2024-25.....	5,292,724,638	2,852,664,675	53.90%
Compound Average Annual Percentage Change	3.87%	0.25%	

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

TABLE 8
NORRISTOWN AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

	<u>2023</u>	<u>2023</u>	<u>2024</u>	<u>2024</u>
	<u>Market Value</u>	<u>Assessed Value</u>	<u>Market Value</u>	<u>Assessed Value</u>
School District	\$4,775,971,810	\$2,846,489,479	\$5,292,724,638	\$2,852,664,675
East Norriton Township	1,620,705,821	971,168,416	1,803,128,731	977,572,686
Municipality of Norristown	1,666,793,279	986,594,275	1,821,314,539	985,467,675
West Norriton Township	1,488,472,710	888,726,788	1,668,281,368	889,624,314
Montgomery County	110,799,305,023	61,131,699,763	123,151,887,976	62,752,423,683

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

**TABLE 9
NORRISTOWN AREA SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2020	2021	2022	2023	2024
Residential	\$2,006,857,294	\$2,012,271,324	\$2,012,939,106	\$2,019,266,806	\$2,024,266,286
Seasonal	168,180	168,180	168,180	168,180	168,180
Lots	6,811,180	6,323,389	6,343,319	6,022,022	6,110,437
Industrial	104,469,945	104,165,517	108,405,897	108,900,187	109,161,257
Commercial	695,418,979	694,787,592	708,922,033	708,503,514	709,329,745
Agriculture	3,411,250	2,409,570	2,455,650	2,455,650	2,455,650
Land	0	0	1,175,060	1,171,090	1,171,090
Oil/Gas/Min.	2,030	2,030	2,030	2,030	2,030
Total	\$2,817,138,858	\$2,820,127,602	\$2,840,411,275	\$2,846,489,479	\$2,852,664,675

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

Realty Tax Collection

The School District's realty tax collection record is shown below:

**TABLE 10
NORRISTOWN AREA SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

School Year	Gross Adjusted Levy	Current Collections Amount	Current Year Collections As a Percent	Total Collections Amount⁽¹⁾	Total Collections As a Percent
2020-21	107,678,037	100,328,245	93.17%	105,204,763	97.70%
2021-22	108,282,878	102,524,150	94.68%	108,016,954	99.75%
2022-23	107,937,547	102,245,646	94.73%	107,354,007	99.46%
2023-24	107,749,852	102,416,938	95.05%	107,067,035	99.37%
2024-25	107,783,043	102,172,515	94.79%	106,794,885	99.08%
2025-26 (est.)	108,175,016	102,159,315	94.44%	105,446,673	97.48%

⁽¹⁾Includes delinquent realty taxes collected only.

Source: School District officials.

The ten largest real property taxpayers, together with 2025-26 assessed values are shown on Table 11. The aggregate assessed value of these ten taxpayers totals approximately 6 percent of total assessed value.

**TABLE 11
NORRISTOWN AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS, 2025-26**

Owner	Property Type/Business	2025-26 Assessed Value
FPACP4 VALLEY FORGE LLC*	Commercial/Apartments	\$27,335,000
RIVERVIEW LANDING LLC	Commercial/Apartments	27,312,500
BENTWOOD RESIDENTIAL LLC	Commercial/Apartments	26,148,690
PLYMOUTH MEETING OWNER LLC	Commercial/Apartments	20,531,770
TIMBERLAKE APARTMENT ASSOCIATES LLC	Commercial/Apartments	15,017,100
DELVAL PROPERTIES ASSOCIATES	Commercial/Apartments	13,792,320
1430 DEKALB LG LLC	Commercial/Apartments	12,727,990
NORICUM ASSOCIATES	Commercial/Apartments	12,539,010
CURREN TERRACE APARTMENTS OWNER LLC	Commercial/Apartments	11,924,850
WILLOWBROOK LANTERN OWNER LLC	Commercial/Apartments	11,500,000
Total		\$178,829,230

* Taxpayer initiated tax assessment appeal pending.

Source: County Board of Assessment and School District Officials.

Other Taxes

Under Act 511, the School District collected \$12,217,675 in other taxes in 2024-25. Among the taxes authorized by Act 511, the Real Estate Transfer Tax, Earned Income Tax and Per Capita Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$63,512,695.

Real Estate Transfer. The School District levies a tax of 0.5% of the value of real estate transfers. In 2024-25, the School District collected \$2,030,406.83 or 1 percent of total revenue.

Wage and Income Tax. A tax of .5% of the earned income of residents is levied by the School District. In 2024-25, the School District collected \$9,754,727.46 or 4.8% of total revenue from this tax.

Per Capita Tax. A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the Public School Code) on each resident over 18 years old yielded \$81,127.84 in 2024-25 or less than one percent of total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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

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

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

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

Current Lack of State Appropriations for Debt Service Subsidies

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (21.59%) or the wealth based Market Value Aid Ratio ("MVAR") currently (54.72%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District estimates the 2026A Bonds will not be subject to reimbursement by the Commonwealth.

Based on the current PlanCon program, School District officials have estimated that the Reimbursable Percentage of the 2026B Bonds will be 16.56% (there has been no determination by PDE). The School District's MVAR (which is higher than the CARF) is 54.72%. The product of these two factors is 9.06%, which is the estimated percentage of debt service which may be reimbursed by the Commonwealth, subject to annual appropriation. 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 most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

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

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

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

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

DEBT AND DEBT LIMITS

Debt Statement

Table 12 shows the outstanding debt of the Norristown Area School District as of April 1, 2026, including the issuance of the Bonds.

TABLE 12
NORRISTOWN AREA SCHOOL DISTRICT
DEBT STATEMENT
(As of April 1, 2026)*

	Gross Outstanding
<u>NONELECTORAL DEBT</u>	
General Obligation Bonds, Series B of 2026 (last maturity 2038)	\$39,610,000
General Obligation Bonds, Series A of 2026 (last maturity 2051)	45,000,000
General Obligation Bonds, Series of 2025 (last maturity 2050)	38,345,000
General Obligation Bonds, Series of 2021 (last maturity 2031)	4,185,000
General Obligation Bonds, Series of 2019 (last maturity 2031)	10,300,000
General Obligation Notes, Series of 2010 (QSCB) (last maturity 2027)	<u>2,078,667</u>
<i>TOTAL NONELECTORAL DEBT</i>	<u>\$139,518,667</u>
<u>LEASE RENTAL</u>	
<i>TOTAL LEASE RENTAL</i>	<u>\$0</u>
<i>TOTAL PRINCIPAL OF DIRECT DEBT</i>	<u>\$139,518,667</u>

*Includes the estimated Bonds offered through this Preliminary Official Statement. Does not include the Refunded 2016 Bonds and the Refunded 2018 Bonds being refunded by the 2026B Bonds. The School District adopted a resolution on September 22, 2025, authorizing the issuance of general obligation bonds in the maximum aggregate principal amount of up to \$105,000,000 for capital projects, including those to be financed by the Bonds as described herein as well as financed by the General Obligation Bonds, Series of 2025. Preliminary, subject to change.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK}

Table 13 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$139,518,667*. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total \$136,796,140.

TABLE 13
NORRISTOWN AREA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of April 1, 2026)

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
<u>DIRECT DEBT</u>		
Nonelectoral Debt.....	\$139,518,667*	\$136,796,140*
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT.....	\$139,518,667	\$136,796,140
<u>OVERLAPPING DEBT</u>		
East Norriton Township.....	\$0	\$0
Municipality of Norristown	28,152,000	28,152,000
West Norriton Township	17,249,000	17,249,000
Montgomery County ⁽²⁾	35,116,437	35,116,437
Total Overlapping Debt.....	\$80,517,437	\$80,517,437
Total Direct and Overlapping Debt.....	\$220,036,104	\$217,313,576
<u>DEBT RATIOS – NET DIRECT DEBT</u>		
Per Capita	\$2,114.88	\$2,073.61
Percent of 2024-25 Assessed Value.....	4.89%	4.80%
Percent of 2024-25 Market Value.....	2.64%	2.58%
<u>DEBT RATIOS – DIRECT AND OVERLAPPING DEBT</u>		
Per Capita	\$3,335.40	\$3,294.13
Percent of 2024-25 Assessed Value.....	7.71%	7.62%
Percent of 2024-25 Market Value.....	4.16%	4.11%

*Includes the estimated Bonds offered through this Preliminary Official Statement. Does not include the Refunded 2016 Bonds and the Refunded 2018 Bonds being refunded by the 2026B Bonds. Preliminary, subject to change.

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

⁽²⁾Pro rata 4.55 percent share of \$772,485,298 non-electoral and lease rental principal amount outstanding as of April 1, 2026, based upon the total 2024 assessed value of the municipalities within Montgomery County.

Debt Limit and Remaining Borrowing Capacity

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

Total Revenues for 2022-23	\$182,489,260
Total Revenues for 2023-24	190,469,053
Total Revenues for 2024-25	<u>202,184,120</u>
Total Revenues, Past Three Years	<u>\$575,142,433</u>
Annual Arithmetic Average (Borrowing Base)	<u>\$191,714,144</u>

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

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity*</u>
Net Nonelectoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	\$431,356,825	\$139,518,667	\$291,838,158

*Includes the estimated Bonds described herein, but does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed by Commonwealth Aid. Does not include the Refunded 2016 Bonds and the Refunded 2018 Bonds being refunded by the 2026B Bonds.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK}

Debt Service Requirements

Table 14 presents the debt service requirements on the School District's outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

Table 15 presents data on the extent to which Commonwealth Aid provides coverage for debt service and lease rental requirements.

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

TABLE 14
NORRISTOWN AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS*

<u>Year</u>	Other General Obligation	Series of 2026			Total
	<u>Debt</u>	<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	<u>Requirements</u>
2025-26	\$8,303,401				
2026-27	11,007,074				
2027-28	10,225,798				
2028-29	9,934,782				
2029-30	9,934,883				
2030-31	9,883,813				
2031-32	9,887,684				
2032-33	7,293,425				
2033-34	7,292,200				
2034-35	4,899,250				
2035-36	4,900,500				
2036-37	4,900,125				
2037-38	4,902,750				
2038-39	4,903,000				
2039-40	4,900,625				
2040-41	4,900,250				
2041-42	4,901,375				
2042-43	4,898,625				
2043-44	4,901,500				
2044-45	4,899,500				
2045-46	4,902,125				
2046-47	1,978,750				
2047-48	1,982,625				
2048-49	1,982,250				
2049-50	1,982,500				
2050-51	1,978,250				
Total	\$152,477,058				

*Totals may not add due to rounding.

TABLE 15
NORRISTOWN AREA SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY COMMONWEALTH AID*

2024-25 State Aid Received	\$67,295,506
2024-25 Debt Service Requirements	\$8,774,666
Maximum Future Debt Service Requirements after Issuance of Bonds.....	
Coverage of 2024-25 Debt Service Requirements	7.67 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds	

*Assumes current Commonwealth Income Aid Ratio. See "Commonwealth Aid to School Districts."

Future Financing

The School District anticipates issuing approximately \$45-50 million of non-refunding debt over the next 1-2 years.

{REMAINDER OF PAGE INTENTIONALLY LEFT BLANK}

LABOR RELATIONS

School District Employees

The teachers, nurses and guidance counselors of the School District are represented by the Education Association of Norristown ("EANA") which is part of the Pennsylvania State Education Association. The EANA currently represents approximately 620 full time professionals. The present contract expires on August 31, 2028.

Pension Program

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

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

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

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

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

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

Annual School District contributions have been as follows:

2020-21	\$20,983,000
2021-22	20,485,000
2022-23	23,051,000
2023-24	23,604,000
2024-25	26,936,000
2025-26 (Budgeted)	30,057,961

At June 30, 2025, the School District reported a liability of \$191,361,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2025, the School District's proportion as 0.4572% which was a decrease of 0.0005% from its proportion measured as of June 30, 2024.

As of June 30, 2025, the PSERS plan was 64.8% funded, with an unfunded actuarial accrued liability of approximately \$42.0 billion. PSERS' rate of return for fiscal year ended June 30, 2025 was 9.67%. The Fund had plan net assets of \$3.7 billion at June 30, 2025. For more information, visit the PSERS website at www.psers.pa.gov, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The District's OPEB costs include benefits from both a Multiple Employer OPEB Plan as well as a Single Employer OPEB Plan.

The Multiple Employer OPEB Plan, known as the Health Insurance Premium Assistance Program, is provided by PSERS to all eligible retirees who qualify and elect to participate. At June 30, 2025, the District reported a liability of \$8,136,000 for its proportionate share of the net OPEB liability. The School District recognized OPEB expense of \$65,000 for June 30, 2025.

The Single Employer OPEB Plan, in accordance with the PA School Code of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until the age of 65. The District's total OPEB liability under the Single Employer OPEB Plan was \$3,850,803, measured as of June 30, 2025. The District recognized OPEB expense of \$175,455 for year ended June 30, 2025.

In June 2015, GASB issued GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pension Plans. GASB 75 establishes new accounting and financial reporting requirements for governments whose employees are provided with OPEB, as well as for certain non-employer governments that have a legal obligation to provide financial support for OPEB provided to the employees of other entities. The provisions of this Statement are effective for financial reporting periods beginning after June 15, 2017.

For further information on the effects of GASB Statement No. 75, the School District's OPEB and other vested employee benefits, including valuation and sick pay, see "Appendix C – Audited Financial Statements".

LITIGATION

There is no litigation of any nature pending or, to the knowledge of the School District, threatened against the School District as of the date of this Preliminary Official Statement to restrain or enjoin the issuance, sale, execution or delivery of the Bonds or in any way contesting the validity of the Bonds, or any proceedings of the School District taken with respect to the issuance or sale thereof. At the time of delivery of the Bonds, the School District and its Solicitor will furnish a certificate to the effect that no such litigation is then pending or, if such litigation is pending, an opinion of legal counsel satisfactory to the Underwriter will be delivered to the effect that such litigation is without legal merit.

DEFAULTS AND REMEDIES

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holders of the Bonds shall be entitled to certain remedies provided by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds 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 recovered shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent the holders of the Bonds. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX MATTERS

Federal Tax Treatment

The Code contains provisions relating to the tax-exempt status of interest on obligations issued by governmental entities, which apply to the Bonds. These provisions include, but are not limited to, requirements relating to the use and investment of the proceeds of the Bonds and the rebate of certain investment earnings derived from such proceeds to the United States Treasury Department on a periodic basis. These and other requirements of the Code must be met by the School District subsequent to the issuance and delivery of the Bonds in order for the interest thereon to be and remain excludable from gross income for purposes of federal income taxation.

In the opinion of Bond Counsel, interest on the Bonds will be excludable from gross income of the holders of the Bonds for purposes of federal income taxation under existing statutes, regulations, rulings, and court decisions, as currently enacted and

construed. Interest on the Bonds is not treated as an item of tax preference under Section 57 of the Code for purposes of determining the alternative minimum tax imposed on individuals, however such interest will be taken into account in determining the “adjusted financial statement income” (as defined in the 2022 Inflation Reduction Act (the “2022 Act”)) of “applicable corporations” (as defined in the 2022 Act) for purposes of determining the alternative minimum tax imposed on such corporations. The opinion of Bond Counsel is subject to the condition that the School District complies with all applicable federal income tax law requirements that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon continues to be excludable from gross income. Failure to comply with certain of such requirements could cause the interest on the Bonds to be includable in gross income retroactive to the date of issuance of the Bonds. The School District has covenanted to comply with all such requirements.

Except as expressly stated above, Bond Counsel expresses no opinion regarding any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors regarding the applicability of any collateral tax consequences of owning the Bonds, which may include original issue discount, original issue premium, and purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

The School District has not designated and determined under and for purposes of Section 265(b)(3)(B) of the Code to qualify each of the Bonds as a “qualified tax-exempt obligation” as such phrase is defined in the Code.

Original Issue Discount

[An amount equal to the excess of the stated redemption price at maturity of a Bond as shown on the front cover hereof over the initial public offering price of such Bond as shown on the front cover hereof constitutes original issue discount premium on such Bond. Such original issue discount is excluded from gross income for federal income tax purposes to the same extent as interest on the Bonds. Such original issue discount accrues actuarially on a constant interest rate basis of over the term of each such Bond, and the basis of each such Bond acquired at such initial offering price by an initial purchaser thereof will be increased by the amount of such accrued original issue discount. Purchasers of any Bonds, which are issued with original issue discount, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the tax treatment of original issue discount.]

Original Issue Premium

[An amount equal to the excess of the initial public offering price of a Bond as shown on the front cover hereof over its stated redemption price at maturity constitutes premium on such Bond. A purchaser of such Bond must amortize any premium over the term of such Bond using constant yield principles, based on the purchaser’s yield to maturity. As premium is amortized, the purchaser’s basis in such Bond is reduced by a corresponding amount, resulting in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes upon a sale or other disposition of such Bond prior to its maturity. Even though the purchaser’s basis is reduced, no federal income tax deduction is allowed. Purchasers of any Bonds, which are issued at a premium, whether at the time of the initial issuance or subsequent thereto, should consult their own tax advisors with respect to the determination and treatment of premium.]

Additional Tax Considerations

In addition to the matters addressed above, prospective purchasers of the Bonds should be aware that ownership of the Bonds may result in collateral tax consequences to certain taxpayers, including, but not limited to, foreign corporations, certain S corporations, recipients of social security and railroad retirement benefits and property or casualty insurance companies. Bond Counsel expresses no opinion regarding any other federal tax consequences relating to the Bonds or the receipt of interest thereon. Accordingly, prospective purchasers of the Bonds should consult their own tax advisors.

State Tax Exemption of the Bonds

In the opinion of Bond Counsel, under the existing laws of the Commonwealth, as enacted and construed on the date of initial delivery of the Bonds, interest on the Bonds will be exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax, but such 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. Profits, gains or income derived from the sale, exchange or other dispositions of the Bonds are subject to state and local taxation within the Commonwealth of Pennsylvania. The residence of a holder of a Bond in a state or jurisdiction other than Pennsylvania, or being subject to tax in a state or jurisdiction other than Pennsylvania, may result in income or other tax liabilities being imposed by such state or jurisdiction or its political subdivisions, as applicable, based on the interest or other income from the Bonds.

Regulations, Future Legislation

Under the provisions of the Code the Treasury Department is authorized and empowered to promulgate regulations implementing the intent of Congress under the Code, which could affect the tax-exemption and/or tax consequences of holding tax-exempt obligations, such as the Bonds. In addition, legislation may be introduced and enacted in the future which could change the

provisions of the Code relating to tax-exempt bonds of a state or local government unit, such as the School District, or the taxability of interest in general. No representation is made or can be made by the School District, or any other party associated with the issuance of the Bonds as to whether or not any legislation now or hereafter introduced and enacted will be applied retroactively so as to subject interest on the Bonds to federal income taxes or so as to otherwise affect the marketability or market value of the Bonds.

This summary is not exhaustive and is based on laws, regulations, rulings and court decisions now in effect, all of which may change. Any such change could apply retroactively and could affect the continued validity of this summary. Any statements regarding tax matters herein cannot be relied upon by any person to avoid tax penalties. Prospective purchasers should consult their tax advisors about the tax consequences of purchasing or holding the Bonds.

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; 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.

State Appropriation Risk

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

Cybersecurity

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has not been the subject of a cybersecurity breach that has had a material adverse impact on the operations or financial condition of the School District.

The School District has measures in place to respond to and mitigate cybersecurity incidents. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the paying agent, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate (hereinafter defined).

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

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

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

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

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

Prior to the issuance of the Bonds, the School District will enter into a Disclosure Dissemination Agent Agreement (“Disclosure Dissemination Agreement”) with Digital Assurance Certification, L.L.C. (“DAC”) as its Disclosure Dissemination Agent for the purpose of assisting it with any required remedial filings and ensuring ongoing compliance with its continuing disclosure filing requirements.

Summary of Continuing Disclosure Undertaking Compliance

The School District has entered into prior undertakings to provide certain annual information, as defined in the continuing disclosure agreements or certificates associated with prior bond issues, and audited financial statements. In the last five years, the School District has filed its Financial Statements, Budget and Operating Data in a timely manner.

RATING

Moody’s Investor’s Service, Inc. has assigned the School District an underlying rating of “Aa3” to the Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

UNDERWRITING

Stifel Nicolaus & Company, Incorporated, as representative on behalf of itself and Raymond James & Associates, Inc., as underwriters (the “Underwriters”) have agreed to purchase the Bonds from the School District, subject to certain conditions precedent, and will purchase all of the Bonds, if any of such Bonds are purchased. The aggregate purchase price of the 2026A Bonds, exclusive of accrued interest, is \$ _____ which is equal to the par amount of the 2026A Bonds less Underwriters’ discount of \$ _____, and plus/less net original issue premium/discount of \$ _____. The aggregate purchase price of the 2026B Bonds, exclusive of accrued interest, is \$ _____ which is equal to the par amount of the 2026B Bonds less Underwriters’ discount of \$ _____, and plus/less net original issue premium/discount of \$ _____.

Stifel and its affiliates comprise a full-service financial institution engaged in activities which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Stifel and its affiliates may have provided, and may in the future provide, a variety of these services to the School District and to persons and entities with relationships with the School District, for which they received or will receive customary fees and expenses.

In the ordinary course of these business activities, Stifel and its affiliates may purchase, sell or hold a broad array of investments and actively trade securities, derivatives, loans and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the School District (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the School District.

Stifel and its affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire such assets, securities and instruments. Such investment and securities activities may involve securities and instruments of the School District.

LEGAL OPINION

The Bonds are offered subject to the receipt of the unqualified approving legal opinion of Obermayer Rebmann Maxwell & Hippel LLP, Philadelphia, Pennsylvania, in its capacity as Bond Counsel. The proposed form of Bond Counsel Opinion is set forth as Appendix B hereto. Legal matters pertaining to the School District will be passed upon by Clarke Gallagher Barbiero Amuso & Glassman Law, Fort Washington, Pennsylvania, in its capacity as Solicitor, and for the Underwriters by Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania.

MUNICIPAL ADVISOR

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

OTHER MATTERS

Changes in Federal Law

From time to time, there are presidential proposals, proposals by various federal committees and legislative proposals in Congress that, if enacted, could alter or amend the tax matters referred to herein or adversely affect the marketability or market value of the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposals may be enacted or whether if enacted such proposals would apply to bonds issued prior to enactment. In addition, regulatory or other actions are from time to time announced or proposed which, if implemented or concluded in a particular manner, could adversely affect the market value or marketability of the Bonds. It cannot be predicted whether any such regulatory or other actions will be implemented or whether the Bonds would be impacted thereby.

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

MISCELLANEOUS

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

be furnished by the School District or the Municipal Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

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

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

NORRISTOWN AREA SCHOOL DISTRICT
Montgomery County, Pennsylvania

By: _____
President, Board of School Directors

[THIS PAGE INTENTIONALLY LEFT BLANK]

APPENDIX A
Demographic and Economic Information
Relating to the Norristown Area School District

[THIS PAGE INTENTIONALLY LEFT BLANK]

Population

Table A-1 shows population trends for the School District, the County, and the Commonwealth. Table A-2 shows the age composition by household families for Montgomery County and the Commonwealth.

**TABLE A-1
POPULATION TRENDS**

	<u>2015</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2015-2020</u>
<i>School District</i>	67,244	65,970	-0.19%
Montgomery County	819,254	856,553	0.45%
Pennsylvania	12,802,503	13,002,700	0.16%

Source: U.S. Census Bureau, 2020 Census. And U.S. Census Bureau, 2015-2020 American Community Survey 5-Year Estimates

**TABLE A-2
AGE COMPOSITION BY HOUSEHOLD FAMILIES**

	Average Family <u>Size</u>	Average Household <u>Size</u>	Households with one or more Under 18 <u>Years</u>	Households with one or more 60 Years and Over <u>and Over</u>
Montgomery County	3.08	2.53	21.6%	24.7%
Pennsylvania	3.02	2.42	20.7%	25.2%

Source: U.S. Census Bureau, 2020 American Community Survey 5-Year Estimates

Employment

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

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
MONTGOMERY-BUCKS-CHESTER, PA METROPOLITAN DIVISION
December 2025
NONFARM JOBS - NOT SEASONALLY ADJUSTED

<i>ESTABLISHMENT DATA</i>	<u>Industry Employment</u>				Net Change From:	
	Dec 2025	Nov 2025	Oct 2025	Dec 2024	Nov 2025	Dec 2024
Total Nonfarm	1,158,800	1,156,700	1,154,600	1,143,300	2,100	15,500
Total Private	1,070,900	1,068,400	1,067,200	1,055,800	2,500	15,100
Goods Producing	145,000	145,600	146,000	146,300	-600	-1,300
Mining, Logging, and Construction	55,300	56,300	56,700	57,100	-1,000	-1,800
Manufacturing	89,700	89,300	89,300	89,200	400	500
Durable Goods	45,500	45,500	45,600	45,000	0	500
Non-Durable Goods	44,200	43,800	43,700	44,200	400	0
Chemical Mfg.	20,000	19,900	19,800	20,100	100	-100
SERVICE-PROVIDING	1,013,800	1,011,100	1,008,600	997,000	2,700	16,800
PRIVATE SERVICE-PROVIDING	925,900	922,800	921,200	909,500	3,100	16,400
Trade, Transportation, and Utilities	214,600	211,300	209,000	213,500	3,300	1,100
Wholesale trade	60,200	59,700	60,100	59,900	500	300
Retail trade	114,300	112,400	110,800	114,800	1,900	-500
General merchandise stores	20,100	19,700	19,100	20,600	400	-500
Transportation, Warehousing and Utilities	40,100	39,200	38,100	38,800	900	1,300
Information	23,700	23,800	24,000	24,700	-100	-1,000
Financial Activities	91,400	90,900	90,900	89,700	500	1,700
Finance and Insurance	76,500	76,100	76,100	75,100	400	1,400
Credit intermediation and related activities	17,400	17,300	17,300	17,200	100	200
Depository credit intermediation	10,400	10,300	10,300	10,100	100	300
Insurance Carriers and related activities	29,500	29,400	29,400	29,300	100	200
Real estate and rental and leasing	14,900	14,800	14,800	14,600	100	300
Professional and Business Services	218,600	219,300	219,900	214,900	-700	3,700
Professional and technical services	116,500	116,900	117,400	114,900	-400	1,600
Scientific research and development services	23,800	23,900	24,000	23,300	-100	500
Management of companies and enterprises	32,700	32,800	33,000	31,800	-100	900
Administrative and waste services	69,400	69,600	69,500	68,200	-200	1,200
Educational and Health Services	236,300	236,500	235,200	227,000	-200	9,300
Educational services	32,200	32,700	32,300	30,900	-500	1,300
Health care and social assistance	204,100	203,800	202,900	196,100	300	8,000
Ambulatory health care services	77,600	77,600	77,400	73,700	0	3,900
Hospitals	32,400	32,300	32,200	31,900	100	500
Nursing and residential care facilities	37,400	37,300	37,100	36,400	100	1,000
Social assistance	56,700	56,600	56,200	54,100	100	2,600
Leisure and Hospitality	90,200	90,400	91,600	90,100	-200	100
Accommodation and food service	73,500	73,600	74,200	72,400	-100	1,100
Other Services	51,100	50,600	50,600	49,600	500	1,500
Government	87,900	88,300	87,400	87,500	-400	400
Federal Government	5,900	5,800	5,800	6,400	100	-500
State Government	11,200	11,200	11,200	11,000	0	200
Local Government	70,800	71,300	70,400	70,100	-500	700
Local government educational services	49,900	50,400	49,500	49,500	-500	400
Local government excluding educational services	20,900	20,900	20,900	20,600	0	300
Data benchmarked to March 2024	***Data changes of 100 may be due to rounding***					

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

Major Employers

Montgomery County
3rd Quarter 2025
 Federal and State Government Entities Aggregated*

Merck Sharp & Dohme Corporation
 Abington Memorial Hospital
 Main Line Hospitals Inc.
 State Government
 SEI Investments Company
 Albert Einstein Medical Center
 SmithKline Beecham Corporation
 Lockheed Martin Corp
 Giant Food Stores LLC
 Montgomery County

*State Government includes all state employment except Pennsylvania State University, SEPTA, System of Higher Education, PA College of Technology, and PHEAA.
 Center for Workforce Information & Analysis

Table A-4 shows recent trends in labor force, employment, and unemployment for Montgomery County and the Commonwealth.

TABLE A-4
TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
NOT SEASONALLY ADJUSTED

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>	<u>Rate</u>
<i>Montgomery County</i>						
Civilian Labor Force (000)	455.5	461.6	467.5	476.2	481.7	1.12%
Employment (000)	432.9	449.6	456.3	461.7	464.6	1.42%
Unemployment (000)	22.6	12.1	11.2	14.5	17.1	-5.42%
Unemployment Rate	5.00%	2.60%	2.40%	3.00%	3.50%	
<i>Pennsylvania</i>						
Civilian Labor Force (000)	6,406.0	6,479.0	6,485.0	6,577.0	6,571.0	0.51%
Employment (000)	5,999.0	6,196.0	6,296.0	6,337.0	6,284.0	0.93%
Unemployment (000)	407.0	283.0	189.0	239.0	287.0	-6.75%
Unemployment Rate	6.30%	4.40%	2.90%	3.60%	4.40%	

⁽¹⁾As of December 2025.

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Income

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

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

	2015	2020	Compound Average Annual Percentage Change 2015-2020
School District.....	\$28,977	\$35,937	2.18%
Montgomery County.....	43,657	49,905	1.35%
Pennsylvania.....	30,384	35,518	1.57%

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

Source: 2020: U.S. Census Bureau, 2020: U.S. Census Bureau, 2015-2020 American Community Survey.

Commercial Activity

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

	2021	2022	2023	2024	2025
Montgomery County	21,239,179	22,982,660	24,998,262	24,801,544	30,824,196
MSA	117,611,765	129,095,108	138,955,072	135,906,640	173,872,719
Pennsylvania	274,685,600	297,770,326	310,912,244	317,239,286	403,629,014

Source: The Nielson Company.

Educational Facilities

In the nearby Philadelphia area there are numerous institutions of higher education which are Temple University, The University of Pennsylvania and Drexel University, the following institutions of higher education are found in Montgomery County: Academy of New Church, Antonelli Institute of Art and Photography, Arcadia University, Biblical Theological Seminary, Bryn Mawr College, Calvary Baptist Theological Seminary, Combs College of Music, Dropsie College, Eastern Baptist Theological Seminary, Faith Theological Seminary, Gwynedd-Mercy College, Harcum Junior College, Haverford College, Lansdale School of Business (Lansdale and Pottstown), Manor Junior College, Montgomery County Community College, Northeastern Christian Junior College, The Pennsylvania State University (Malvern and Abington Campuses), Reconstructionist Rabbinical College, Rosemont College, St. Charles Borromeo Seminary, Temple University (Ambler Campus), Ursinus College, Welder Training and Testing Institute, and Westminster Theological Seminary.

Medical Facilities

Montgomery County contains 16 hospitals with approximately 4,550 beds and employing over 10,000 people.

The nearby City of Philadelphia is one of the largest health care centers in the world, with 53 hospitals employing over 37,000 people. There are 7 medical schools and 2 dental schools in Philadelphia.

Transportation Facilities

Montgomery County contains 32.7 miles of Pennsylvania Turnpike and other Interstate Highways and over 3,000 miles of Commonwealth, Federal, secondary and municipal roads. Seven commercial airports and four different railroads serve the County.

In nearby Philadelphia is the Philadelphia International Airport, along with all major rail, bus and trucking lines. The port located in Philadelphia is considered to be one of the largest fresh water ports in the world.

APPENDIX B
Form of Opinion of Bond Counsel

[THIS PAGE INTENTIONALLY LEFT BLANK]

[_____] , 2026

Stifel, Nicolaus & Company, Incorporated
20 Ash Street, 3rd Floor
Conshohocken, Pennsylvania 19428

Raymond James & Associates, Inc.
2173 Embassy Drive
Lancaster, Pennsylvania 17603

Norristown Area School District
401 N. Whitehall Road
Norristown, Pennsylvania 19403

Eckert Seamans Cherin & Mellott LLC
213 Market Street, 8th Floor
Harrisburg, PA 17101

**RE: Norristown Area School District
Montgomery County, Pennsylvania**

\$[_____] General Obligation Bonds, Series A of 2026

\$[_____] General Obligation Bonds, Series B of 2026

Ladies and Gentlemen:

We have acted as Bond Counsel to Norristown Area School District, Montgomery County, Pennsylvania (the “School District”), a school district of the Commonwealth of Pennsylvania (the “Commonwealth”), in connection with the authorization, issuance and sale, by the School District of its \$[_____] General Obligation Bonds, Series A of 2026 (the “Series 2026A Bonds”) and its \$[_____] General Obligation Bonds, Series B of 2026 (the “Series 2026B Bonds”), each dated the date hereof (collectively, the “Bonds”).

The Board of School Directors of the School District (the “School Board”), by Resolutions adopted on September 22, 2025 (the “Bond Resolutions”), has authorized and directed the issuance of the Bonds pursuant to the Pennsylvania Local Government Unit Debt Act, 53 Pa.C.S. Chs. 80-82 (the “Debt Act”), to finance, for purposes of the Series 2026A Bonds: (1) the first phase of capital repairs to various School District facilities pursuant to the School District’s facilities master plan (the “Master Plan”), including, but not limited to, the completion of deferred maintenance items such as the repair and replacement of HVAC systems, boilers, and blacktop; (2) planning and design costs, including architectural design, of improvements or expansions to the Norristown Area High School and other facilities contemplated by the Master Plan; and (3) the costs of issuing the 2026A Bonds; and, for purposes of the Series 2026B Bonds: (1) the current refunding of all of the District’s General Obligation Bonds, Series of 2016; (2) the current refunding of all of the District’s General Obligation Bonds, Series of 2018; and (3) payment of the costs and expenses of issuing the 2026B Bonds.

The School District has covenanted in the Bond Resolutions to include in each year's budget, to the fullest extent authorized under law, sums sufficient to meet the requirements of all interest and principal payments due under the Bonds, to appropriate such amounts from its general revenues necessary for the payment of such debt service and to pay the principal and interest due upon the Bonds to the extent of its obligation as and when due, and for such payment, budgeting and appropriation, it has pledged its full faith, credit and taxing power.

In the Bond Resolutions, the School District has established a sinking fund for the payment of the Bonds (each a "Sinking Fund") and covenanted to make payments out of the Sinking Fund or out of any other of its revenue or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations of the Bonds.

As Bond Counsel to the School District, we have examined and relied upon, among other things: (1) the proceedings of the School District related to the issuance and delivery of the Bonds as filed with and approved by the Pennsylvania Department of Community and Economic Development (the "Department") pursuant to the Debt Act; (2) an executed counterpart of the Bond Resolutions; (3) the form of the Bonds; (4) a General Certificate of the School District; (5) the Federal Tax Compliance Certificate and Agreement dated as of the date hereof (the "Tax Certificate"); and (6) the customary closing affidavits, certificates and documents executed and delivered by the School District in connection with the issuance of the Bonds.

In furnishing this opinion, we have examined and relied upon an opinion of even date of Clarke Gallagher Barbiero Amuso & Glassman Law, solicitor to the School District, with respect to, among other things, the due enactment of the Bond Resolutions and the due authorization, execution and delivery of the Bonds and related documents by the School District.

We have assumed that the principal of and interest on the Bonds are payable without deduction of any tax or taxes now levied or assessed thereon under any present law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay.

Based upon the foregoing, and the qualifications stated herein, and assuming continuing compliance by the School District with the Tax Certificate, the applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and the Treasury Regulations promulgated thereunder, we are of the opinion that:

1. The School District is authorized under applicable laws of the Commonwealth to issue the Bonds as provided in the Bond Resolution.
2. The Bonds are the legal and valid obligation of the School District enforceable in accordance with their terms.
3. The proceedings of the School District pursuant to which the Bonds have been authorized and issued and the non-electoral debt of the School District evidenced by the Bonds have been conducted and incurred in accordance with applicable law of the Commonwealth. The Bonds are secured by the full faith and credit of the School District, the payment for which the

School District is obligated, if necessary, to exercise its ad valorem taxing power upon all taxable property within the School District, subject to the limitations of Act 1 of the Commonwealth discussed below.

4. Under the laws of the Commonwealth, the interest on the Bonds is exempt from Pennsylvania personal income tax and from Pennsylvania corporate net income tax, except gift, succession or inheritance taxes or other taxes not levied or assessed directly on the Bonds or the interest paid thereon.

5. Under existing federal income tax law, interest on the Bonds is excludable from gross income for federal income tax purposes and is not an item of “tax preference” for purposes of the federal alternative minimum tax imposed on individuals. Additionally, for purposes of the federal alternative minimum tax that is imposed on “applicable corporations” (as defined in the Inflation Reduction Act of 2022 (the “Inflation Act”)), interest on the Bonds will be taken into account in determining “adjusted financial statement income” (as defined in the Inflation Act). The opinions set forth in this paragraph 5 are subject to the condition that the School District comply with all the requirements of the Code and the Treasury Regulations that must be satisfied subsequent to the issuance of the Bonds in order that interest on the Bonds be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income retroactively to the date of issuance of the Bonds. The School District has covenanted in the Bond Resolutions and the Tax Certificate to comply with all such requirements. We express no opinion regarding other federal tax consequences arising in connection with or with respect to the Bonds.

6. The Bonds constitute indebtedness of the School District for purposes of Section 6-633 of the Pennsylvania Public School Code of 1949, as amended.

We call your attention that the Taxpayer Relief Act, Pennsylvania Special Session Act No. 1 of 2006 (“Act 1”) became effective on June 27, 2006, as amended by Act 25 of 2011. Act 1 generally provides that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, increase the rate of any tax for school purposes by more than an index based on factors described in Act 1 without voter approval by referendum. A portion of the debt evidenced by the Series 2026B Bonds refunds the School District’s General Obligation Bonds, Series of 2016, which refunded the School District’s General Obligation Bonds, Series of 2006 (the “2006 Bonds”). The 2006 Bonds were authorized prior to the effective date of Act 1, and consequently the School District may be entitled, subject to approval by the Pennsylvania Department of Education, to apply to for an Act 1 referendum exception for the corresponding portion of debt service with the Series 2026B Bonds, if and to the extent a tax increase greater than the applicable index is needed to pay an increase in the principal and interest due on the Series 2026B Bonds in any particular fiscal year.

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

creditors' rights generally, and “enforceable in accordance with its (their) terms” shall not mean that specific performance would necessarily be available as a remedy in every situation.

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

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

Very truly yours,

Obermayer Rebmann Maxwell & Hippel LLP

APPENDIX C
Audited Financial Statements

[THIS PAGE INTENTIONALLY LEFT BLANK]

NORRISTOWN AREA SCHOOL DISTRICT

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

Year Ended June 30, 2025

[THIS PAGE INTENTIONALLY LEFT BLANK]

INTRODUCTORY SECTION

[THIS PAGE INTENTIONALLY LEFT BLANK]

NORRISTOWN AREA SCHOOL DISTRICT

TABLE OF CONTENTS YEAR ENDED JUNE 30, 2025

	Page
Introductory Section	
Table of Contents	1
Financial Section	
Independent Auditors' Report	4
Management's Discussion and Analysis (Unaudited)	8
<i>Government-Wide Financial Statements</i>	
Statement of Net Position	18
Statement of Activities	19
<i>Fund Financial Statements</i>	
<i>Governmental Funds</i>	
Balance Sheet	20
Reconciliation of Total Governmental Funds Balances to Net Position of Governmental Activities	21
Statement of Revenues, Expenditures and Changes in Fund Balances	22
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances to the Statement of Activities	23
Budgetary Comparison Statement, General Fund	25
<i>Proprietary Fund</i>	
Statement of Net Position	26
Statement of Revenues, Expenses and Changes in Fund Net Position	27
Statement of Cash Flows	28

NORRISTOWN AREA SCHOOL DISTRICT

TABLE OF CONTENTS YEAR ENDED JUNE 30, 2025

	Page
<i>Fiduciary Funds</i>	
Statement of Fiduciary Net Position	30
Statement of Changes in Fiduciary Net Position	31
Notes to the Basic Financial Statements	32
Required Supplementary Information	
Schedule of the School District's Proportionate Share of the PSERS Net Pension Liability and Related Ratios	65
Schedule of the School District's PSERS Pension Contributions	66
Schedule of the School District's Proportionate Share of the PSERS Net Other Postemployment Benefit Plan Liability and Related Ratios	67
Schedule of the School District's PSERS Other Postemployment Benefit Plan Contributions	68
Schedule of Changes in the Total Other Postemployment Benefit Plan Liability and Related Ratios	69
Supplementary Information Section	
Schedule of Real Estate Tax Settlements	70
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	71
Independent Auditors' Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance With the Uniform Guidance	73

NORRISTOWN AREA SCHOOL DISTRICT

TABLE OF CONTENTS

YEAR ENDED JUNE 30, 2025

	Page
Supplementary Information - Major Federal Award Programs Audit	
Schedule of Expenditures of Federal Awards	76
Notes to the Schedule of Expenditures of Federal Awards	80
Schedule of Findings and Questioned Costs	81
Summary Schedule of Prior Audit Findings	82

[THIS PAGE INTENTIONALLY LEFT BLANK]

FINANCIAL SECTION

Independent Auditors' Report

To the Board of School Directors
Norristown Area School District
Norristown, 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 Norristown Area School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Norristown Area School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Norristown Area School District, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As disclosed in Note S, the Norristown Area School District restated its June 30, 2024 financial statements for implementation of GASB 101 Compensated Absences. As a result, certain balances and disclosures have been revised. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Norristown Area 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.

To the Board of School Directors
Norristown Area School District
Norristown, Pennsylvania

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 Norristown Area School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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, 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 Norristown Area 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 Norristown Area 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.

To the Board of School Directors
Norristown Area School District
Norristown, Pennsylvania

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 8 through 17, schedule of the school district's proportionate share of the PSERS net pension liability and related ratios on page 65, schedule of the school district's PSERS pension contributions on page 66, schedule of the school district's proportionate share of the PSERS net other postemployment benefit plan liability and related ratios on page 67, schedule of the school district's PSERS other postemployment benefit plan contributions on page 68 and the schedule of changes in the total other postemployment benefit plan liability and related ratios on page 69 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Norristown Area School District's basic financial statements. The supplementary information listed in the table of contents and the Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

To the Board of School Directors
Norristown Area School District
Norristown, Pennsylvania

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2025, on our consideration of the Norristown Area 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 the Norristown Area School District's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Mailli UF". The signature is written in a cursive, flowing style.

Limerick, Pennsylvania
December 2, 2025

NORRISTOWN AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

As management of the Norristown Area School District, we offer readers of the Norristown Area School District's financial statements this narrative overview and analysis of the financial activities of the Norristown Area School District for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with the accompanying financial statements and related footnotes.

FINANCIAL HIGHLIGHTS

- General Fund operating revenues exceeded operating expenses by approximately \$3.3 million; increasing the total Fund Balance to \$63.3 million.
- The District assigned \$47.4 million of this general fund balance for future maintenance and capital projects, anticipated tax assessment appeal refunds, and for stabilization of revenues and transportation costs. The unassigned fund balance increased from \$12.4 million to \$14.9 million.
- The District recently partnered with the Schrader Group for the development of a Facilities Master Plan which will be used as our roadmap for these future capital investments.
- NASD continues to participate in the Community Eligibility Provision of the Healthy-Hunger Free Kids Act of 2010, which allows our District to offer free meals to all students in Grades K-12. Additionally, we are pleased to share that we continue to operate the community meal distribution events that we launched during the pandemic and, during 2024-25, proudly provided meals for our students during winter and spring breaks and during the summer months.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the Norristown Area School District's basic financial statements. The Norristown Area School District's basic financial statements have three components:

1. Government-wide financial statements,
2. Fund financial statements and
3. Notes to the basic financial statements.

This report also contains other supplementary information in addition to the basic financial statements themselves.

NORRISTOWN AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Norristown Area School District's finances in a manner similar to a private-sector business. There are two government-wide statements presented in this report:

- The *statement of net position* presents information on all of the Norristown Area School District's assets and liabilities, with the difference between the two reported as *net position*.
- Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Norristown Area School District is improving or deteriorating. To assess the District's overall health, you need to consider additional non-financial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.
- The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Norristown Area School District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

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

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes and state formula aid finance most of these activities.
- **Business-Type Activities:** The District charges fees to cover the costs of certain services it provides, such as the food service program.

The government-wide financial statements can be found on pages 18 and 19 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Norristown Area School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Norristown Area School District can be divided into three categories: Governmental Funds, the Proprietary Fund and Fiduciary Funds.

NORRISTOWN AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

Governmental Funds - Most of the District's basic services are included in Governmental Funds. *Governmental Funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, Governmental Funds financial statements focus on *short-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a district's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *Governmental Funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Funds balance sheet and the Governmental Funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *Governmental Funds* and *governmental activities*.

The Norristown Area School District maintains three individual Governmental Funds. Information is presented separately on the Governmental Funds balance sheet and on the Governmental Funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Capital Reserve Funds and the Capital Projects Fund, all of which are considered to be major funds.

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

The basic Governmental Funds financial statements can be found on pages 20 through 25 of this report.

Proprietary Fund - The Norristown Area School District maintains one type of Proprietary Fund; the Food Service Fund. This fund is an Enterprise Fund. The *Enterprise Fund* is used to report the same functions presented as *business-type activities* in the government-wide financial statements. This fund accounts for the financial transactions related to the food service operation of the District.

The basic Proprietary Fund financial statements can be found on pages 26 through 29 of this report.

Fiduciary Funds - The District is the trustee, or fiduciary, for assets that belong to others, such as Private-Purpose Trust Funds (Scholarship Funds) or Custodial Funds (Student Activity Funds). The District is responsible for ensuring that the assets reported in these funds are used to account for their intended purposes and by those to whom the assets belong. Fiduciary Funds are used for resources held for the benefit of parties outside the government. Fiduciary Funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Norristown Area School District's own programs.

The basic Fiduciary Funds financial statements can be found on pages 30 and 31 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential for a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 32 through 64 of this report.

NORRISTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The table below summarizes the net position of the District at June 30, 2025.

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024, restated*	2025	2024, restated*	2025	2024, restated*
ASSETS						
Current assets	\$ 122,200,395	\$ 117,552,977	\$ 3,391,103	\$ 4,146,501	\$ 125,591,498	\$ 121,699,478
Capital and other assets	81,763,638	80,717,821	2,266,797	1,005,588	84,030,435	81,723,409
TOTAL ASSETS	203,964,033	198,270,798	5,657,900	5,152,089	209,621,933	203,422,887
DEFERRED OUTFLOW OF RESOURCES						
Deferred amounts on refunding	959,169	1,230,728	-	-	959,169	1,230,728
OPEB activity	2,103,767	2,493,397	27,417	33,604	2,131,184	2,527,001
Pension activity	28,962,000	33,006,000	609,000	693,000	29,571,000	33,699,000
TOTAL DEFERRED OUTFLOW OF RESOURCES	32,024,936	36,730,125	636,417	726,604	32,661,353	37,456,729
LIABILITIES						
Long-term liabilities	281,428,654	300,628,751 *	4,107,974	4,354,191	285,536,628	304,982,942
Other liabilities	30,381,468	37,263,890	381,833	209,111	30,763,301	37,473,001
TOTAL LIABILITIES	311,810,122	337,892,641	4,489,807	4,563,302	316,299,929	342,455,943
DEFERRED INFLOW OF RESOURCES						
OPEB activity	4,999,161	5,492,336	40,597	53,643	5,039,758	5,545,979
Pension activity	3,857,000	10,453,000	81,000	220,000	3,938,000	10,673,000
TOTAL DEFERRED INFLOW OF RESOURCES	8,856,161	15,945,336	121,597	273,643	8,977,758	16,218,979
NET POSITION						
Net investment in capital assets	13,030,730	(6,297,201)	2,266,797	1,005,588	15,297,527	(5,291,613)
Unrestricted	(97,708,044)	(112,539,853)	(583,884)	36,160	(98,291,928)	(112,503,693)
TOTAL NET POSITION	\$ (84,677,314)	\$ (118,837,054)	\$ 1,682,913	\$ 1,041,748	\$ (82,994,401)	\$ (117,795,306)

The District continues to implement cost-containment and revenue-generating strategies to preserve a healthy financial position for taxpayers. Factors such as unstable state and federal funding, increased pension contributions, rising charter school tuition costs and increased special education mandated program costs continue to contribute to challenges of the District.

In the governmental activities, the District's tax base drives the majority of the revenue generated. The District consists of three municipalities: East Norriton Township, West Norriton Township and the Municipality of Norristown. The local real estate market, in all three municipalities, experienced a residential surge in both 2020-2021 and 2021-2022 as a result of historically low interest rates and high local demand. However, real estate sales were more sluggish in 2022-2023, 2023-24, and 2024-25 due to rising interest rates.

NORRISTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2025

In the business-type activities (Food Services), the operations varied greatly as a result of the COVID school closures. As shared earlier, we launched the implementation of the Community Eligibility Provision of the Healthy-Hunger Free Kids Act of 2010 in September 2016 and continue to operate this program.

Changes in the Net Position of the District are highlighted in the following table:

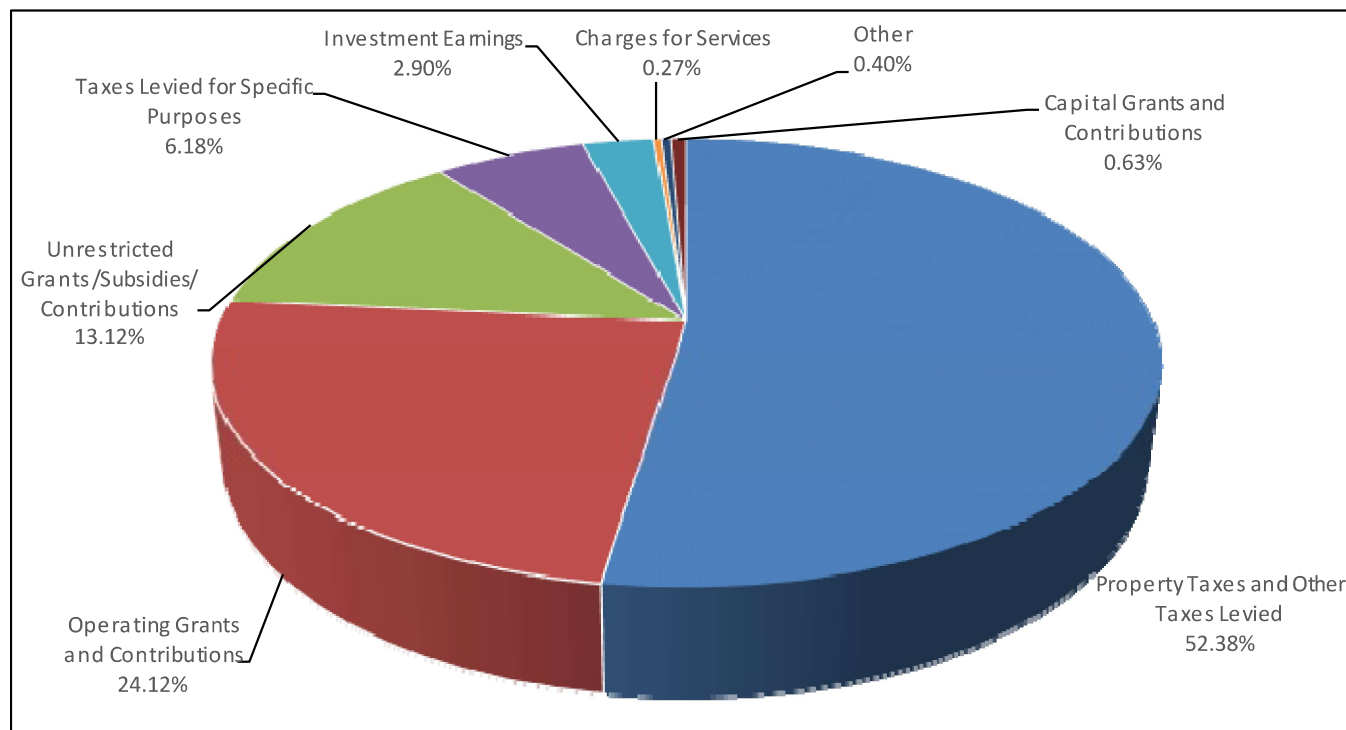
	Governmental Activities		Business-Type Activities		Totals	
	2025	2024, restated*	2025	2024	2025	2024, restated*
REVENUES						
Charges for services	\$ 554,213	\$ 199,311	\$ 119,818	\$ 18,171	\$ 674,031	\$ 217,482
Operating grants and contributions	49,721,605	42,949,887	7,739,895	7,488,896	57,461,500	50,438,783
Capital grants and contributions	1,302,429	1,416,200	-	-	1,302,429	1,416,200
Property taxes and other taxes levied for general purposes	107,984,776	107,803,537	-	-	107,984,776	107,803,537
Taxes levied for specific purposes	12,749,991	11,538,646	-	-	12,749,991	11,538,646
Unrestricted grants/subsidies/contributions	27,057,369	24,731,062	-	-	27,057,369	24,731,062
Investment earnings	5,975,336	6,633,221	166,281	162,248	6,141,617	6,795,469
Gain on sale of capital assets	450,800	-	-	-	450,800	-
Other	368,023	317,290	-	-	368,023	317,290
TOTAL REVENUES	206,164,542	195,589,154	8,025,994	7,669,315	214,190,536	203,258,469
EXPENSES						
Instruction	119,769,717	120,780,243 *	-	-	119,769,717	120,780,243
Instructional student support	16,512,254	16,129,670 *	-	-	16,512,254	16,129,670
Administrative and financial support services	16,387,674	16,110,858 *	-	-	16,387,674	16,110,858
Operation and maintenance of plant services	11,155,775	11,229,088 *	-	-	11,155,775	11,229,088
Pupil transportation	11,212,082	10,813,298 *	-	-	11,212,082	10,813,298
Central support services	1,085,554	966,312	-	-	1,085,554	966,312
Student activities	1,959,714	1,661,166 *	-	-	1,959,714	1,661,166
Community services	256,489	432,403 *	-	-	256,489	432,403
Other	2,969,367	3,148,364	7,384,829	6,504,497	10,354,196	9,652,861
TOTAL EXPENSES	181,308,626	181,271,402	7,384,829	6,504,497	188,693,455	187,775,899
CHANGE IN NET POSITION	24,855,916	14,317,752	641,165	1,164,818	25,497,081	15,482,570
NET POSITION AT BEGINNING OF YEAR, as restated*	(109,533,230) *	(133,154,806)	1,041,748	(123,070)	(108,491,482)	(133,277,876)
NET POSITION AT END OF YEAR	\$ (84,677,314)	\$ (118,837,054)	\$ 1,682,913	\$ 1,041,748	\$ (82,994,401)	\$ (117,795,306)

NORRISTOWN AREA SCHOOL DISTRICT

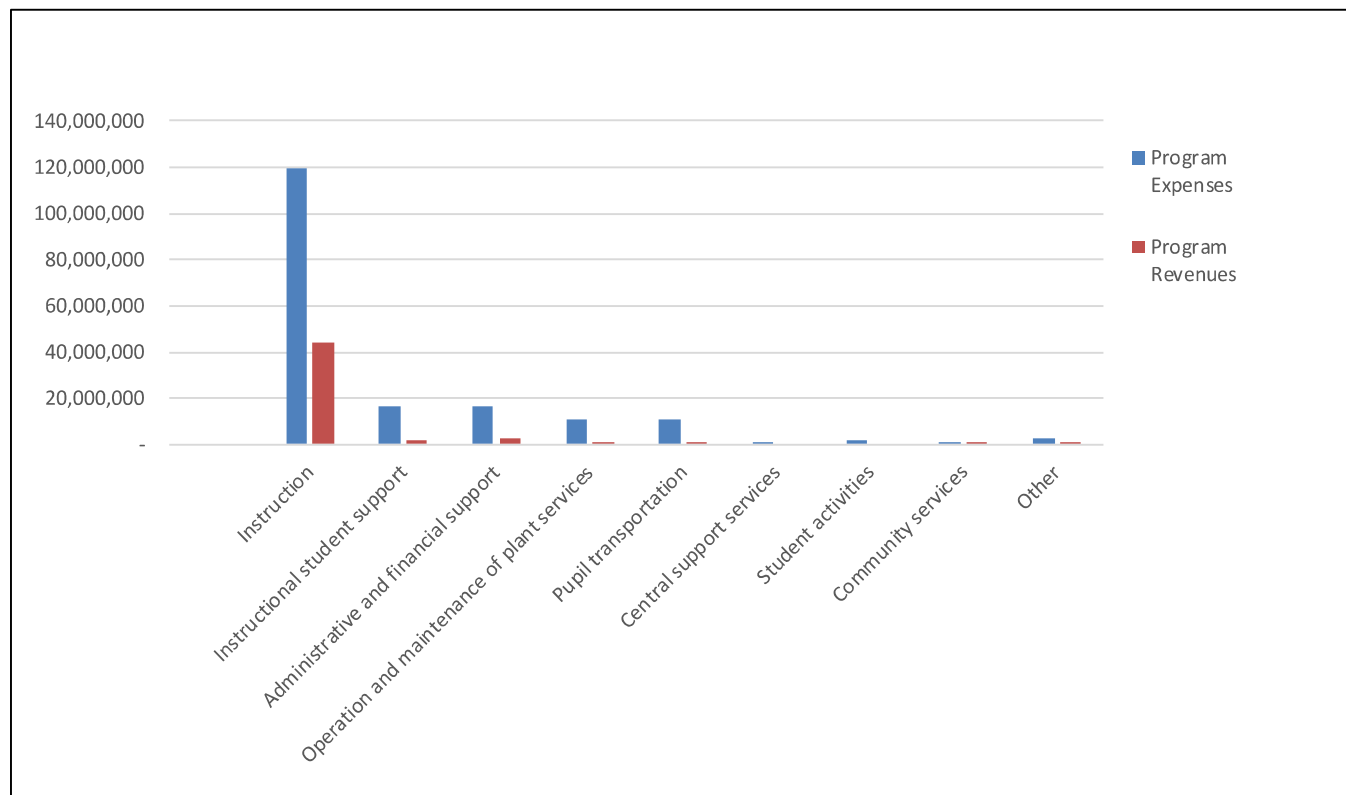
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

Revenues by Source - Governmental Activities 2024



Expenses and Program Revenues - Governmental Activities 2024



NORRISTOWN AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT’S FUNDS

As noted earlier, the Norristown Area School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Norristown Area School District’s Governmental Funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Norristown Area School District’s financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year.

The General Fund is the primary operating fund of the Norristown Area School District. At the end of the current fiscal year, unassigned fund balance increased to \$14,900,766 and total fund balance increased to \$63,263,422. As a measure of the General Fund’s liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance at year end represents 7.18% of total budgeted General Fund expenditures.

The distribution or breakdown of Fund Balance of the District’s General Fund at June 30, 2025, is as follows:

GENERAL FUND	
Nonspendable fund balance	
Prepaid expense	\$ 936,131
Assigned fund balance	47,426,525
Unassigned fund balance	<u>14,900,766</u>
 TOTAL FUND BALANCE	 \$ <u><u>63,263,422</u></u>

It should also be highlighted that the total fund balance of the District has been increasing steadily over the past several fiscal years. This increase is attributed to the continued implementation of conservative budgeting processes along with increases in state funding and the continued strategic leverage of federal COVID-relief funding.

NORRISTOWN AREA SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2025

Proprietary Fund

The Norristown Area School District's Proprietary Fund provides the same type of information found in the government-wide financial statements but in more detail.

The net position of the Food Service Fund amounted to \$1,682,913 at June 30, 2025.

General Fund Budgetary Highlights

The 2024-2025 General Fund budget included an increase in total revenues and an increase in total expenditures to that of the prior year. For 2024-2025, there were no modifications to the original and final budget.

Major budgetary variances are comprised of the following:

- In 2024-2025, total annual revenues exceeded budgeted amounts by \$1.1 million. The variance in local revenue can primarily be attributed to growth in the local economy.
- In 2024-2025, total annual expenses were less than budgeted amounts by \$7.2 million. The District budgeted expenditures conservatively.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

The Norristown Area School District's investment in capital assets for its governmental and business-type activities as of June 30, 2025, amounts to \$84,030,435 (net of accumulated depreciation). The following table shows the breakdown of this figure:

	2025			2024
	Governmental Activities	Business-Type Activities	Totals	Totals
Land	\$ 411,561	\$ -	\$ 411,561	\$ 411,561
Construction in progress	60,965	-	60,965	2,738,562
Building	148,679,308	1,323,366	150,002,674	141,825,321
Site Improvements	7,453,355	-	7,453,355	7,419,436
Equipment	10,743,778	2,263,033	13,006,811	12,141,452
Vehicles	2,572,890	-	2,572,890	2,153,951
Accumulated depreciation	(88,158,219)	(1,319,602)	(89,477,821)	(84,966,874)
	<u>\$ 81,763,638</u>	<u>\$ 2,266,797</u>	<u>\$ 84,030,435</u>	<u>\$ 81,723,409</u>

Additional information on the Norristown Area School District's capital assets can be found in Note E on page 41 of this report.

NORRISTOWN AREA SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS (Unaudited)
YEAR ENDED JUNE 30, 2025

Long-Term Debt

At the end of the current fiscal year, the Norristown Area School District had total bonded debt outstanding of \$64,555,955. This figure represents the outstanding principal due on these obligations.

Norristown Area School District’s outstanding debt at June 30, 2025, is as follows:

General Obligation Bonds, Note, and Finance Purchase Agreement	
QSCB 2010 Issue	\$ 3,118,000
G.O.B. 2016 Issue	28,050,000
G.O.B. 2018 Issue	16,445,000
G.O.B. 2019 Issue	11,850,000
G.O.B. 2021 Issue	4,830,000
Finance Purchase Agreement	<u>262,955</u>
	<u>\$ 64,555,955</u>

State statutes limit the amount of general obligation debt a governmental entity may issue up to 225% of the arithmetic average of three full prior fiscal years of total revenues, known as the “Borrowing Base”. With 64,555,955 of debt currently outstanding at year end, the Borrowing Base is estimated to be \$449,412,860, leaving \$384,856,905 of remaining borrowing capacity.

Additional information on the Norristown Area School District’s long-term debt can be found in Note G on pages 42 through 44 of this report.

FACTORS BEARING ON THE DISTRICT’S FUTURE

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

- Labor market challenges and shortages continue to plague our District and remain an area of concern. Attendance and hiring incentives offered in 2020-2021 did not prove to be effective. During 2021-2022, 2022-2023, 2023-24, and again in 2024-2025, we have adjusted our starting wage rates for support and professional staff to help combat these challenges. We also continue to incur higher than normal overtime costs which are the direct result of the need to cover vacancies and absences in critical areas.
- Our District faces the common problem of escalating costs for employee benefits, particularly the medical benefit cost and the retirement expense of the PSERS system. Each of these costs is established by outside influences and is not, in large part, a discretionary cost that can be controlled by the School District.
- The future source of funding for public education remains uncertain, despite the increase in state funding provided with the adoption of the 2023-2024 Commonwealth budget. Our taxpayers continue to be disproportionately burdened because of the unequitable funding system that exists in Pennsylvania. The state did increase funding for the District in the 2024-25 budget and there are plans for that to continue in the next couple Commonwealth budgets.

NORRISTOWN AREA SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (Unaudited)

YEAR ENDED JUNE 30, 2025

- The trend toward increasing enrollment in both Charter and Cyber Charter School programs is of growing challenge to our District; particularly because these schools are funded directly through tuition payments from NASD. Under the current state funding formula, the basis of calculating the tuition payments has no basis in what it actually costs to educate a child in the charter school. And, public school districts pay a charter school the same rate for each special needs child, based on the flawed formula, regardless of student differences in educational need, cost or services provided.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Norristown Area School District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Chief Financial Officer, Norristown Area School District, 401 North Whitehall Road, Norristown, PA 19403-2745.

NORRISTOWN AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2025

	Governmental Activities	Business-Type Activities	Totals
ASSETS			
Cash and cash equivalents	\$ 105,129,570	\$ 4,009,153	\$ 109,138,723
Taxes receivable, net	4,879,888	-	4,879,888
Internal balances	1,189,647	(1,189,647)	-
Due from other governments	10,065,159	241,490	10,306,649
Inventories	-	330,107	330,107
Other current assets	936,131	-	936,131
Land	411,561	-	411,561
Construction in progress	60,965	-	60,965
Capital assets, net	81,291,112	2,266,797	83,557,909
TOTAL ASSETS	203,964,033	5,657,900	209,621,933
DEFERRED OUTFLOW OF RESOURCES			
Deferred amount on refunding, net	959,169	-	959,169
Deferred outflows of resources, OPEB activity	2,103,767	27,417	2,131,184
Deferred outflows of resources, pension activity	28,962,000	609,000	29,571,000
TOTAL DEFERRED OUTFLOW OF RESOURCES	32,024,936	636,417	32,661,353
LIABILITIES			
Accounts payable	15,846,407	362,855	16,209,262
Due to other governments	1,429,525	-	1,429,525
Accrued interest	1,057,361	-	1,057,361
Accrued salaries and benefits	5,242,301	623	5,242,924
Payroll deductions and withholdings	6,306,177	-	6,306,177
Unearned revenue	-	18,355	18,355
Other current liabilities	499,697	-	499,697
Long-term liabilities			
Portion due or payable within one year			
Bonds payable	5,819,333	-	5,819,333
Compensated absences	383,570	-	383,570
Finance purchase agreement	65,739	-	65,739
Portion due or payable after one year			
Bonds payable	63,628,784	-	63,628,784
Compensated absences	12,094,183	-	12,094,183
Finance purchase agreement	197,216	-	197,216
Other postemployment benefits liability	11,820,829	165,974	11,986,803
Net pension liability	187,419,000	3,942,000	191,361,000
TOTAL LIABILITIES	311,810,122	4,489,807	316,299,929
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources, OPEB activity	4,999,161	40,597	5,039,758
Deferred inflows of resources, pension activity	3,857,000	81,000	3,938,000
TOTAL DEFERRED INFLOWS OF RESOURCES	8,856,161	121,597	8,977,758
NET POSITION			
Net investment in capital assets	13,030,730	2,266,797	15,297,527
Unrestricted	(97,708,044)	(583,884)	(98,291,928)
TOTAL NET POSITION	\$ (84,677,314)	\$ 1,682,913	\$ (82,994,401)

See accompanying notes to the basic financial statements.

This Page Intentionally Left Blank

NORRISTOWN AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2025

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES				
Instruction	\$ 119,769,717	\$ 345,044	\$ 44,158,520	\$ -
Instructional student support	16,512,254	-	1,567,325	-
Administrative and financial support services	16,387,674	-	2,600,501	-
Operation and maintenance of plant services	11,155,775	190,151	988,545	-
Pupil transportation	11,212,082	-	406,714	-
Central support services	1,085,554	-	-	-
Student activities	1,959,714	-	-	-
Community services	256,489	19,018	-	-
Interest on long-term debt	2,969,367	-	-	1,302,429
TOTAL GOVERNMENTAL ACTIVITIES	181,308,626	554,213	49,721,605	1,302,429
BUSINESS-TYPE ACTIVITIES				
Food service	7,384,829	119,818	7,739,895	-
TOTAL DISTRICT ACTIVITIES	\$ 188,693,455	\$ 674,031	\$ 57,461,500	\$ 1,302,429

GENERAL REVENUES

Property taxes, levied for general purposes, net
Taxes, levied for specific purposes
Grants, subsidies and contributions not restricted
Investment earnings
Gain on the disposal of general capital assets
Miscellaneous income

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION - BEGINNING, AS PREVIOUSLY REPORTED

RESTATEMENT - ADOPTION OF GASB 101

NET POSITION - BEGINNING, AS RESTATED

NET POSITION - ENDING

See accompanying notes to the basic financial statements.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business-Type Activities	Totals
\$ (75,266,153)	\$ -	\$ (75,266,153)
(14,944,929)	-	(14,944,929)
(13,787,173)	-	(13,787,173)
(9,977,079)	-	(9,977,079)
(10,805,368)	-	(10,805,368)
(1,085,554)	-	(1,085,554)
(1,959,714)	-	(1,959,714)
(237,471)	-	(237,471)
(1,666,938)	-	(1,666,938)
(129,730,379)	-	(129,730,379)
-	474,884	474,884
(129,730,379)	474,884	(129,255,495)
107,984,776	-	107,984,776
12,749,991	-	12,749,991
27,057,369	-	27,057,369
5,975,336	166,281	6,141,617
450,800	-	450,800
368,023	-	368,023
154,586,295	166,281	154,752,576
24,855,916	641,165	25,497,081
(108,809,409)	1,041,748	(107,767,661)
(723,821)	-	(723,821)
(109,533,230)	1,041,748	(108,491,482)
\$ (84,677,314)	\$ 1,682,913	\$ (82,994,401)

NORRISTOWN AREA SCHOOL DISTRICT

BALANCE SHEET

GOVERNMENTAL FUNDS

YEAR ENDED JUNE 30, 2025

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
ASSETS				
Cash and cash equivalents	\$ 80,019,693	\$ 25,105,049	\$ 4,828	\$ 105,129,570
Taxes receivable, net	4,879,888	-	-	4,879,888
Due from other funds	1,189,647	-	14,167	1,203,814
Due from other governments	10,065,159	-	-	10,065,159
Prepaid expenses	936,131	-	-	936,131
TOTAL ASSETS	<u>\$ 97,090,518</u>	<u>\$ 25,105,049</u>	<u>\$ 18,995</u>	<u>\$ 122,214,562</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 15,796,758	\$ 49,649	\$ -	\$ 15,846,407
Due to other funds	-	14,167	-	14,167
Due to other governments	1,429,525	-	-	1,429,525
Accrued salaries and benefits	5,242,301	-	-	5,242,301
Payroll deductions and withholdings	6,306,177	-	-	6,306,177
Other current liabilities	499,697	-	-	499,697
TOTAL LIABILITIES	<u>29,274,458</u>	<u>63,816</u>	<u>-</u>	<u>29,338,274</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue, property taxes	4,552,638	-	-	4,552,638
FUND BALANCES				
Nonspendable, prepaid expenses	936,131	-	-	936,131
Restricted	-	-	18,995	18,995
Assigned	47,426,525	25,041,233	-	72,467,758
Unassigned	14,900,766	-	-	14,900,766
TOTAL FUND BALANCES	<u>63,263,422</u>	<u>25,041,233</u>	<u>18,995</u>	<u>88,323,650</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	<u>\$ 97,090,518</u>	<u>\$ 25,105,049</u>	<u>\$ 18,995</u>	<u>\$ 122,214,562</u>

See accompanying notes to the basic financial statements.

NORRISTOWN AREA SCHOOL DISTRICT

RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS BALANCES TO NET POSITION OF GOVERNMENTAL ACTIVITIES JUNE 30, 2025

TOTAL GOVERNMENTAL FUNDS BALANCES	\$ 88,323,650
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 in the funds. These assets consist of:	
Capital assets	169,921,857
Accumulated depreciation	(88,158,219)
	<u>81,763,638</u>
Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:	
Deferred amount on refunding	3,601,862
Accumulated amortization	(2,642,693)
	<u>959,169</u>
Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.	<u>25,105,000</u>
Deferred inflows and outflows of resources related to other post-employment benefit obligations are not financial resources and therefore not reported in the governmental funds.	<u>(2,895,394)</u>
Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.	<u>4,552,638</u>
Long-term liabilities, including bonds 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	(69,448,117)
Accrued interest	(1,057,361)
Compensated absences	(12,477,753)
Finance purchase agreement	(262,955)
Other postemployment benefits liability	(11,820,829)
Net pension liability	(187,419,000)
	<u>(282,486,015)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u>(84,677,314)</u>

See accompanying notes to the basic financial statements.

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

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
REVENUES				
Local sources	\$ 125,614,263	\$ 1,174,229	\$ -	\$ 126,788,492
State sources	67,295,506	-	-	67,295,506
Federal sources	10,602,542	-	-	10,602,542
TOTAL REVENUES	<u>203,512,311</u>	<u>1,174,229</u>	<u>-</u>	<u>204,686,540</u>
EXPENDITURES				
Instruction	125,896,982	-	-	125,896,982
Support services	62,776,031	-	-	62,776,031
Operation of non-instructional services	2,401,566	421,906	-	2,823,472
Facilities, acquisition, construction and improvement services	115,511	-	-	115,511
Debt service, principal, interest and costs	9,051,150	-	-	9,051,150
TOTAL EXPENDITURES	<u>200,241,240</u>	<u>421,906</u>	<u>-</u>	<u>200,663,146</u>
EXCESS OF REVENUES OVER EXPENDITURES	3,271,071	752,323	-	4,023,394
OTHER FINANCING SOURCES				
Sale of general capital assets	450,800	-	-	450,800
Proceeds from finance purchase agreement	262,955	-	-	262,955
TOTAL OTHER FINANCING SOURCES	<u>713,755</u>	<u>-</u>	<u>-</u>	<u>713,755</u>
NET CHANGE IN FUND BALANCES	3,984,826	752,323	-	4,737,149
FUND BALANCES AT BEGINNING OF YEAR	<u>59,278,596</u>	<u>24,288,910</u>	<u>18,995</u>	<u>83,586,501</u>
FUND BALANCES AT END OF YEAR	<u>\$ 63,263,422</u>	<u>\$ 25,041,233</u>	<u>\$ 18,995</u>	<u>\$ 88,323,650</u>

See accompanying notes to the basic financial statements.

NORRISTOWN AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 4,737,149

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

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

Capital outlays	5,481,887
Depreciation	(4,436,070)
	<u>1,045,817</u>

In the statement of activities, certain operating expenses--compensated
absences (vacation and sick leave) and termination benefits are
measured by the amounts earned during the year. In the Governmental
Funds, expenditures for these items are measured by the amount of
financial resources used (essentially, the amounts actually paid).

(2,292,214)

Some revenues reported in the statement of activities do not require the
use of current financial resources and, therefore, are not reported as
revenues in Governmental Funds.

1,017,841

The issuance of long-term debt (e.g., bonds, leases) provides current
financial resources to Governmental Funds, while the repayment of the
principal of long-term debt consumes the current financial resources of
Governmental Funds. Neither transaction, however, has any effect on
net position. Also, Governmental Funds report the effect of issuance
costs, premiums, discounts and similar items when debt is first issued,
whereas these amounts are deferred and amortized in the statement of
activities. This amount is the net effect of these differences in the
treatment of long-term debt and related items.

Repayment of bond principal	5,634,333
Amortization of bond discounts and premiums	587,853
Amortization of deferred amount on refunding	(271,559)
	<u>5,950,627</u>

SUBTOTAL FORWARD

\$ 10,459,220

NORRISTOWN AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES YEAR ENDED JUNE 30, 2025

SUBTOTAL FORWARDED	\$ <u>10,459,220</u>
--------------------	----------------------

Some expenses reported in the statement of activities do not require the use
of current financial resources and are not reported as expenditures in
Governmental Funds:

Finance purchase agreement	(262,955)
Pension plan expense	14,117,000
Other post employment benefit expense	402,134
Accrued interest	<u>140,517</u>
	<u>14,396,696</u>

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ <u><u>24,855,916</u></u>
---	-----------------------------

See accompanying notes to the basic financial statements.

NORRISTOWN AREA SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT
GENERAL FUND
YEAR ENDED JUNE 30, 2025

	Budgeted Amounts		Actual	Variance With
	Original	Final	(GAAP Basis)	Final Budget Positive (Negative)
REVENUES				
Local sources	\$ 123,758,336	\$ 123,758,336	\$ 125,614,263	\$ 1,855,927
State sources	68,804,001	68,804,001	67,295,506	(1,508,495)
Federal sources	9,803,000	9,803,000	10,602,542	799,542
TOTAL REVENUES	202,365,337	202,365,337	203,512,311	1,146,974
EXPENDITURES				
Instruction				
Regular programs	94,159,931	94,159,931	83,636,509	10,523,422
Special programs	33,001,829	33,001,829	36,898,993	(3,897,164)
Vocational programs	5,364,258	5,364,258	4,632,302	731,956
Other instructional programs	1,693,250	1,693,250	608,701	1,084,549
Other services	153,250	153,250	120,477	32,773
TOTAL INSTRUCTION	134,372,518	134,372,518	125,896,982	8,475,536
Support services				
Pupil personnel services	9,540,480	9,540,480	8,468,352	1,072,128
Instructional staff services	2,693,804	2,693,804	3,231,979	(538,175)
Administrative services	13,073,313	13,073,313	14,145,629	(1,072,316)
Pupil health	2,457,200	2,457,200	2,630,286	(173,086)
Business services	1,187,600	1,187,600	1,115,603	71,997
Operation and maintenance of plant services	13,098,960	13,098,960	17,402,664	(4,303,704)
Student transportation services	12,459,130	12,459,130	12,059,497	399,633
Central and other support services	4,454,250	4,454,250	3,722,021	732,229
TOTAL SUPPORT SERVICES	58,964,737	58,964,737	62,776,031	(3,811,294)
Operation of non-instructional services				
Student activities	2,154,380	2,154,380	2,127,467	26,913
Community services	765,100	765,100	274,099	491,001
TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES	2,919,480	2,919,480	2,401,566	517,914
Facilities, acquisition, construction and improvement services	-	-	115,511	(115,511)
Debt service	11,151,000	11,151,000	9,051,150	2,099,850
TOTAL EXPENDITURES	207,407,735	207,407,735	200,241,240	7,166,495
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(5,042,398)	(5,042,398)	3,271,071	8,313,469
OTHER FINANCING USES				
Sale of general capital assets	-	-	450,800	450,800
Proceeds from finance purchase agreement	-	-	262,955	262,955
TOTAL OTHER FINANCING SOURCES (USES)	-	-	713,755	713,755
NET CHANGE IN FUND BALANCE	(5,042,398)	(5,042,398)	3,984,826	9,027,224
FUND BALANCE AT BEGINNING OF YEAR	59,278,596	59,278,596	59,278,596	-
FUND BALANCE AT END OF YEAR	\$ 54,236,198	\$ 54,236,198	\$ 63,263,422	\$ 9,027,224

See accompanying notes to the basic financial statements.

NORRISTOWN AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2025

	<u>Food Service Fund</u>
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 4,009,153
Due from other governments	241,490
Inventories	330,107
TOTAL CURRENT ASSETS	<u>4,580,750</u>
CAPITAL ASSETS, net	<u>2,266,797</u>
TOTAL ASSETS	<u>6,847,547</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources, OPEB activity	27,417
Deferred outflows of resources, pension activity	609,000
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>636,417</u>
LIABILITIES	
CURRENT LIABILITIES	
Due to other funds	1,189,647
Accounts payable	362,855
Accrued salaries and benefits	623
Unearned revenue	18,355
TOTAL CURRENT LIABILITIES	<u>1,571,480</u>
LONG-TERM LIABILITIES	
Net OPEB liability	165,974
Net pension liability	3,942,000
TOTAL LONG-TERM LIABILITIES	<u>4,107,974</u>
TOTAL LIABILITIES	<u>5,679,454</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources, OPEB activity	40,597
Deferred inflows of resources, pension activity	81,000
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>121,597</u>
NET POSITION	
Net investment in capital assets	2,266,797
Unrestricted	<u>(583,884)</u>
TOTAL NET POSITION	<u>\$ 1,682,913</u>

See accompanying notes to the basic financial statements.

NORRISTOWN AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
YEAR ENDED JUNE 30, 2025

	<u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenue	\$ <u>119,818</u>
OPERATING EXPENSES	
Salaries	1,931,898
Employee benefits	690,809
Purchased property service	177,144
Supplies	4,427,307
Depreciation	124,541
Other operating expenses	33,130
TOTAL OPERATING EXPENSES	<u>7,384,829</u>
OPERATING LOSS	<u>(7,265,011)</u>
NONOPERATING REVENUES	
Earnings on investments	166,281
State sources	717,353
Federal sources	7,022,542
TOTAL NONOPERATING REVENUES	<u>7,906,176</u>
CHANGE IN NET POSITION	641,165
NET POSITION - BEGINNING	<u>1,041,748</u>
NET POSITION AT END OF YEAR	\$ <u><u>1,682,913</u></u>

See accompanying notes to the basic financial statements.

NORRISTOWN AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2025

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from users	\$ 116,797
Cash payments to employees for services	(1,665,779)
Cash payments to suppliers for goods and services	(3,851,239)
Cash payments for other operating expenses	(33,130)
NET CASH USED BY OPERATING ACTIVITIES	<u>(5,433,351)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	710,541
Federal sources	6,314,614
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>7,025,155</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	<u>(1,385,750)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	<u>166,281</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	372,335
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>3,636,818</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 4,009,153</u>

NORRISTOWN AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS

PROPRIETARY FUND

YEAR ENDED JUNE 30, 2025

	<u>Food Service Fund</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (7,265,011)
Adjustments to reconcile operating loss to net cash used by operating activities	
Depreciation	124,541
Pension expense	(298,000)
OPEB expense	(10,076)
Donated commodities	473,250
Increase (decrease) in	
Due from other funds	1,269,008
Inventories	100,215
Decrease (increase) in	
Accounts payable	179,747
Accrued salaries and benefits	(4,004)
Unearned revenue	<u>(3,021)</u>
NET CASH USED BY OPERATING ACTIVITIES	\$ <u><u>(5,433,351)</u></u>
 SUPPLEMENTAL DISCLOSURES	
Noncash activities	
Donated commodities	\$ 473,250

See accompanying notes to the basic financial statements.

NORRISTOWN AREA SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2025

	Private- Purpose Trust Fund	Custodial Fund Student Activity Funds
ASSETS		
Cash and cash equivalents	\$ <u>945,359</u>	\$ <u>125,042</u>
NET POSITION		
Restricted for custodial purposes	\$ -	\$ 125,042
Restricted for other purposes	<u>945,359</u>	<u>-</u>
	\$ <u>945,359</u>	\$ <u>125,042</u>

See accompanying notes to the basic financial statements.

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

	Private- Purpose Trust Fund	Custodial Fund Student Activity Funds
ADDITIONS		
Gifts and contributions	\$ 22,475	\$ 134,376
Investment income	44,779	2,556
TOTAL ADDITIONS	<u>67,254</u>	<u>136,932</u>
DEDUCTIONS		
Scholarships awarded	44,895	-
School sponsored activities	-	128,389
TOTAL DEDUCTIONS	<u>44,895</u>	<u>128,389</u>
CHANGE IN NET POSITION	22,359	8,543
NET POSITION AT BEGINNING OF YEAR	<u>923,000</u>	<u>116,499</u>
NET POSITION AT END OF YEAR	<u>\$ 945,359</u>	<u>\$ 125,042</u>

See accompanying notes to the basic financial statements.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Norristown Area School District (the "District") complies with generally accepted accounting principles (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. The accounting and reporting framework and the more significant accounting policies are discussed in subsequent subsections of this note.

Reporting Entity

The District was established under the laws of the Commonwealth of Pennsylvania as a School District of the Second Class. The District exists to provide education and related services to the residents who reside in Norristown and East and West Norriton Townships, Pennsylvania.

In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of the Norristown Area School District. The District is not a component unit of another reporting entity nor does it have any component units.

Basis of Presentation

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about the District as a whole. These statements distinguish between activities that are governmental and those that are considered business-type activities. These statements exclude fiduciary activities.

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under the Proprietary Fund caption. This is the same approach used in the preparation of the Proprietary Fund financial statements but differs from the manner in which Governmental Funds financial statements are prepared. Therefore, Governmental Funds financial statements include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements of Governmental Funds.

The government-wide statement of activities presents a comparison between expenses and program revenues for each different identifiable activity of the business-type activities of the District and for each governmental program. Expenses are those that are specifically associated with a service or program and are therefore clearly identifiable to a particular function.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Internal activity is limited to interfund transfers, which are eliminated to avoid "doubling-up" revenues and expenses. Services provided and used are not eliminated.

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of Governmental and Enterprise Funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary Funds financial statements are represented by fund type.

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

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

The *Capital Reserve Fund* is used to account for the acquisition, construction and renovation of major capital facilities.

The *Capital Projects Fund* is used to account for the acquisition, construction and renovation of major capital facilities.

Revenue Recognition - In applying the susceptible to accrual concept under the modified accrual basis, certain revenue sources are deemed both measurable and available (i.e., collectible within the current year or within 60 days from year-end and available to pay obligations of the current period). This includes property taxes, interest earnings, real estate transfer taxes, earned income taxes and certain fees for services. Revenues for state and federally funded projects are recognized at the time the expenditures are made or when received in advance.

Other revenues, including certain other charges for services and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Expenditure Recognition - The measurement focus of Governmental Funds accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured, as well as expenditures related to compensated absences, are recognized when payment is due. Allocations of costs, such as depreciation and amortization, are not recognized in the Governmental Funds.

Proprietary Fund - The Proprietary Fund is accounted for using the accrual basis of accounting. This fund accounts for operations that are primarily financed by user charges. The economic resource measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in the Proprietary Fund. The District does not attempt to allocate all "building-wide costs" to the Enterprise Fund. Thus, General Fund expenditures which partially benefit the Enterprise Fund (utilities, janitorial services, insurance, etc.) are not proportionately recognized with the Enterprise Fund. Similarly, the Enterprise Fund does not recognize a cost for the building space it occupies.

The District's only Proprietary Fund is the Food Service Fund, which is a major Enterprise Fund. This fund accounts for the revenues and costs of feeding students; it distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. The principal operating revenues of this fund are food service charges. Operating expenses for this fund include food production costs, supplies and administrative costs. All revenues or expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds - Fiduciary Funds are restricted to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds.

The District has one Private-Purpose Trust Fund that accounts for activities in various scholarship funds, the sole purpose of which is to provide annual scholarships to particular students as prescribed by donor stipulations. In addition, the District has one Custodial Fund, which accounts for funds held on behalf of students of the District. The fund accounts for programs operated and sponsored by the various student clubs and organizations.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition and no restrictions on withdrawals.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Taxes

Property taxes are assessed against individual properties based on property ownership as of July 1. Taxes are levied on July 1 and payable in the following periods:

July 1 to August 31.....	Discount period, 2% of gross levy
September 1 to October 31	Face period
November 1 to collection.....	Penalty period, 10% of gross levy
February 28.....	Lien date

The tax on real estate for public school purposes for fiscal 2024-2025 was 39.204 mills (\$39.20 for \$1,000 of assessed valuation) for the entire District.

Inventories

Inventories of Governmental Funds are recorded as expenditures when consumed rather than when purchased. Inventory of food and milk in the Food Service Fund consists of supplies purchased and donated foods received from the federal government. Donated foods are valued at their fair market value in accordance with the *Manual of Accounting for Pennsylvania School Systems - Food Service Fund*. Food and supplies are carried at cost using the first-in, first-out method.

Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental and business-type activities columns in the government-wide financial statements and in the Proprietary Fund financial statements. Capital assets are defined by the District as those assets costing more than \$5,000. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed, inclusive of ancillary costs.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment (net of salvage value) of the District are depreciated using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Site improvements	15-40
School buildings	15-45
Equipment	5-20
Vehicles	7-8

Compensated Absences

The District's policies regarding vacation, personal and sick time permit employees to accumulate earned but unused time. The liability is measured using the last-in, first-out method. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualifies for reporting in this category. They are the deferred amount on refunding, the deferred outflow related to pension activity and the deferred outflow related to OPEB activity.

- Deferred amount on refunding, which is reported net of accumulated amortization on the government-wide statement of net position. The deferred amount on refunding is the result of deferred charges on debt refundings. A deferred charge on refunding results from the difference in the carrying value of refunded debt, reacquisition price, and any unamortized premium/discount on the refunded debt. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflow of resources related to pension activity, which is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred outflow of resources related to pension activity is the result of differences between expected and actual experience, changes in proportions, changes in assumptions, net difference between projected and actual investment earnings, and actual contributions subsequent to the measurement date.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Deferred outflow of resources related to OPEB activity, which is reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred outflow of resources related to OPEB activity is the result of differences between expected and actual experience, changes in assumptions, changes in proportions, net difference between projected and actual investment earnings and actual contributions subsequent to the measurement date.
- In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three items that qualify for reporting in this category. They are unavailable revenues, the deferred inflow related to pension activity and the deferred inflow related to OPEB activity.
- Unavailable revenues are reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes.
- Deferred inflows related to pension activity, are reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred inflow of resources related to pension activity is the result of differences between expected and actual experience and changes in proportions.
- Deferred inflows related to OPEB activity, are reported in the government-wide statement of net position and the proprietary fund statement of net position. The deferred inflow of resources related to OPEB activity is the result of changes in assumptions, changes in proportions, differences between expected and actual experience and the differences between employer contributions and the proportionate share of total contributions reported by the OPEB plan.

Long-Term Obligations

Long-term debt and other long-term obligations are reported as liabilities in the government-wide financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the current period.

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

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Position Flow Assumption - Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Funds financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Net Position/Fund Balances - The government-wide and business-type activities financial statements utilize a net position presentation. Net position is categorized as invested in capital assets (net of related debt), restricted and unrestricted.

- **Net Investment in Capital Assets** - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.
- **Restricted Net Position** - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted Net Position** - This category represents net position of the District not restricted for any project or other purpose.

The District has implemented 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 government's fund balance more transparent.

- **Nonspendable Fund Balance** - Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- **Restricted Fund Balance** - Amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government) through constitutional provisions, or by enabling legislation.
- **Committed Fund Balance** - Amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., School Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same level of action to remove or change the constraint. This formal action is a School Board of Directors approved resolution.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- **Assigned Fund Balance** - Amounts the District intends to use for a specific purpose, but are neither restricted nor committed. Assignments of fund balance are created by the Chief Financial Officer pursuant to authorization established by the School Board of Directors.
- **Unassigned Fund Balance** - Amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which 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 for their intended purposes. The District has not established a formal policy for its use of unrestricted fund balance amounts. As such, the District uses committed fund balances first, followed by assigned resources and then unassigned resources, as appropriate opportunities arise.

Use of Estimates

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

NOTE B - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

An annual budget is adopted for the General Fund on the modified accrual basis of accounting. All annual appropriations lapse at the end of the fiscal year. Project-length financial plans are adopted for the Capital Projects Fund.

NOTE C - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2025, the District's bank balance of \$111,126,111 was exposed to custodial credit risk as follows:

FDIC Insured	\$ 504,828
Uninsured and uncollateralized	5,192,224
Pennsylvania School District Liquid Asset Fund (PSDLAF)	2,021,254
Pennsylvania Local Government Investment Trust (PLGIT)	<u>103,407,807</u>
	<u>\$ 111,126,113</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE C - CASH AND INVESTMENTS (Continued)

The Pennsylvania School District Liquid Asset Fund (PSDLAF) and Pennsylvania Local Government Investment Trust (PLGIT) are not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PSDLAF and PLGIT act like money market mutual funds in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization and is subject to an independent annual audit.

Interest Rate Risk - The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk - The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2025, PSDLAF and the PLGIT were rated as AAAM by a nationally recognized statistical rating organization:

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

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

Fair Value Measurement

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The District did not have any recurring fair value measurements as of June 30, 2025.

NOTE D - UNEARNED REVENUE

Governmental Funds report unearned revenue in connection with receivables for revenues that are considered to not be available to liquidate liabilities of the current period. Governmental Funds also defer revenue recognition with resources that have been received but not yet earned.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE E - CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Transfers	Ending Balance
GOVERNMENTAL ACTIVITIES					
Capital assets not being depreciated					
Land	\$ 411,561	\$ -	\$ -	\$ -	\$ 411,561
Construction in progress	2,738,562	60,965	-	(2,738,562)	60,965
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	3,150,123	60,965	-	(2,738,562)	472,526
Capital assets being depreciated					
Buildings	141,806,568	4,134,178	-	2,738,562	148,679,308
Site improvements	7,419,436	33,919	-	-	7,453,355
Equipment	9,959,556	784,222	-	-	10,743,778
Vehicles	2,153,951	468,603	(49,664)	-	2,572,890
TOTAL CAPITAL ASSETS BEING DEPRECIATED	161,339,511	5,420,922	(49,664)	2,738,562	169,449,331
Accumulated depreciation					
Buildings	(70,215,250)	(3,730,459)	-	-	(73,945,709)
Site improvements	(4,286,108)	(287,640)	-	-	(4,573,748)
Equipment	(7,796,752)	(270,051)	-	-	(8,066,803)
Vehicles	(1,473,703)	(147,920)	49,664	-	(1,571,959)
TOTAL ACCUMULATED DEPRECIATION	(83,771,813)	(4,436,070)	49,664	-	(88,158,219)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, net	77,567,698	984,852	-	2,738,562	81,291,112
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 80,717,821	\$ 1,045,817	\$ -	-	\$ 81,763,638
BUSINESS-TYPE ACTIVITIES					
Capital assets being depreciated					
Building	\$ 18,753	\$ 1,304,613	\$ -	-	\$ 1,323,366
Equipment	2,181,896	81,137	-	-	2,263,033
TOTAL CAPITAL ASSETS BEING DEPRECIATED	2,200,649	1,385,750	-	-	3,586,399
Accumulated depreciation					
Building	(7,033)	(19,047)	-	-	(26,080)
Equipment	(1,188,028)	(105,494)	-	-	(1,293,522)
TOTAL ACCUMULATED DEPRECIATION	(1,195,061)	(124,541)	-	-	(1,319,602)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, net	\$ 1,005,588	\$ 1,261,209	\$ -	-	\$ 2,266,797

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

GOVERNMENTAL ACTIVITIES	
Instruction	\$ 2,971,854
Instructional student support	389,779
Administrative and financial support services	402,834
Operation and maintenance of plant services	395,726
Pupil transportation	275,877
	<u>4,436,070</u>
BUSINESS-TYPE ACTIVITIES	
Food service operations	<u>124,541</u>
	<u>\$ 4,560,611</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE F - INTERFUND TRANSACTIONS

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

Receivable By	Amount	Payable From	Amount
Capital Projects Fund	\$ 14,167	Capital Reserve Fund	\$ 14,167
General Fund	<u>1,189,647</u>	Food Service Fund	<u>1,189,647</u>
	<u>\$ 1,203,814</u>		<u>\$ 1,203,814</u>

Interfund balances between the General Fund and the other funds represent temporary loans recorded at year-end subsequent to a final allocation of expenses. The balances are generally repaid shortly after year-end.

NOTE G - GENERAL LONG-TERM DEBT

The following summarizes the changes in general long-term debt for the year ended June 30, 2025:

	Balance July 1, 2024	Additions/ Refundings	Reductions/ Maturities	Balance June 30, 2025	Amount Due Within One Year
GOVERNMENTAL ACTIVITIES					
GENERAL OBLIGATION BONDS					
Bonds payable	\$ 69,927,337	\$ -	\$ (5,634,337)	\$ 64,293,000	\$ 5,819,333
Deferred amounts					
Issuance premium	<u>5,742,966</u>	<u>-</u>	<u>(587,849)</u>	<u>5,155,117</u>	<u>-</u>
TOTAL GENERAL OBLIGATION BONDS	<u>75,670,303</u>	<u>-</u>	<u>(6,222,186)</u>	<u>69,448,117</u>	<u>5,819,333</u>
NET OPEB LIABILITY	<u>12,119,418</u>	<u>-</u>	<u>(298,589)</u>	<u>11,820,829</u>	<u>-</u>
NET PENSION LIABILITY	<u>198,984,000</u>	<u>-</u>	<u>(11,565,000)</u>	<u>187,419,000</u>	<u>-</u>
COMPENSATED ABSENCES	<u>10,185,539</u>	<u>2,292,214</u>	<u>-</u>	<u>12,477,753</u>	<u>383,570</u>
FINANCE PURCHASE AGREEMENT	<u>-</u>	<u>262,955</u>	<u>-</u>	<u>262,955</u>	<u>65,739</u>
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 296,959,260</u>	<u>\$ 2,555,169</u>	<u>\$ (18,085,775)</u>	<u>\$ 281,428,654</u>	<u>\$ 6,202,903</u>
BUSINESS-TYPE ACTIVITIES					
NET PENSION LIABILITY	\$ 4,185,000	\$ -	\$ (243,000)	\$ 3,942,000	\$ -
NET OPEB LIABILITY	<u>169,191</u>	<u>-</u>	<u>(3,217)</u>	<u>165,974</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES	<u>\$ 4,354,191</u>	<u>\$ -</u>	<u>\$ (246,217)</u>	<u>\$ 4,107,974</u>	<u>\$ -</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE G - GENERAL LONG-TERM DEBT (Continued)

Payments of long-term debt from bonds and notes payable are funded by the General Fund, while long-term debt from compensated absences is paid out of the fund from which the liability was incurred, typically the General Fund and Food Service Fund. The School District's combined net nonelectoral debt and net lease rental debt incurred on behalf of the School District, may not exceed 225% of the School District's "Borrowing Base". The Borrowing Base is calculated as the annual arithmetic average of the Total Revenues, less deductions or exceptions, for the three full fiscal years next preceding the date of incurring debt.

General Obligation Bonds

General Obligation Bond, Series of 2010 Qualified School Construction Bonds, maturing on September 15, 2027, bearing interest at 5.00%, interest payable semiannually on March 15 and September 15; proceeds used for renovation projects at Gotwals Elementary School and Norristown Area High School.

\$ 3,118,000

General Obligation Bond, Series of 2016, maturing on September 1, 2033, bearing an interest rate of 3% - 5%, interest payable semiannually on March 1 and September 1, proceeds used to refund the outstanding General Obligation Bonds, Series 2006, and to pay the costs of issuing the bond. The advance refunding was undertaken to reduce total debt payments by \$7,568,972 and resulted in an economic gain of \$6,221,649.

28,050,000

General Obligation Bond, Series of 2018, maturing on September 1, 2038, bearing an interest rate of 2% - 5%, interest payable semiannually on March 1 and September 1, proceeds used for renovations projects at all schools in the district.

16,445,000

General Obligation Bond, Series of 2019, maturing on October 1, 2031, bearing an interest rate of 2.22% - 3.15%, interest payable semiannually on April 1 and October 1, proceeds used to refund the School District's Tax-Exempt Installment Purchase Certificates of Participation Series of 2012 and to pay the cost of issuing the bond. The refunding was undertaken to reduce total debt payments by \$910,300 and resulted in an economic gain of \$814,573.

11,850,000

SUBTOTAL FORWARD \$ 59,463,000

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE G - GENERAL LONG-TERM DEBT (Continued)

SUBTOTAL FORWARDED \$ 59,463,000

General Obligation Bond, Series of 2021, maturing on November 15, 2031, bearing an interest rate of 2% - 4.0%, interest payable semiannually on May 15 and November 15, proceeds used for refunding of the School District's 2015 lease purchase agreement and for the construction of an addition to expand the high school's food storage facilities and replacement of equipment in the same location.

4,830,000
\$ 64,293,000

Presented below is a summary of debt service requirements to maturity by years:

Year Ending June 30,	Principal	Interest	Less Federal Subsidy	Totals
2026	\$ 5,819,333	\$ 3,237,548	\$ (753,480)	\$ 8,303,401
2027	6,024,333	3,036,094	(753,480)	8,306,947
2028	6,239,334	2,441,080	(376,740)	8,303,674
2029	6,190,000	1,822,907	-	8,012,907
2030	6,450,000	1,563,258	-	8,013,258
2031 to 2035	24,780,000	4,321,122	-	29,101,122
2036 to 2039	<u>8,790,000</u>	<u>906,500</u>	<u>-</u>	<u>9,696,500</u>
	<u>\$ 64,293,000</u>	<u>\$ 17,328,509</u>	<u>\$ (1,883,700)</u>	<u>\$ 79,737,809</u>

NOTE H - FINANCE PURCHASE AGREEMENT

The School District has entered into a finance purchase agreement for financing the acquisition of iPads. The agreement qualifies as a finance purchase for accounting purposes. The assets acquired through the finance purchase have a cost of \$262,955 and accumulated depreciation of \$26,296 as of June 30, 2025.

Total principal maturities are as follows:

Year Ending June 30,	Principal
2026	\$ 65,739
2027	65,739
2028	65,739
2029	<u>65,738</u>
	<u>\$ 262,955</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE I - INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets at June 30, 2025, is as follows:

	Governmental Activities	Business-type Activities
CAPITAL ASSETS	\$ 169,921,857	\$ 3,586,399
Accumulated depreciation	(88,158,219)	(1,319,602)
NET CAPITAL ASSETS	81,763,638	2,266,797
DEFERRED AMOUNT ON REFUNDING	959,169	-
TOTAL OUTSTANDING DEBT	69,711,072	-
Principal unspent	(18,995)	-
	69,692,077	-
NET INVESTMENT IN CAPITAL ASSETS	\$ 13,030,730	\$ 2,266,797

NOTE J - PENSION PLAN

Summary of Significant Accounting Policies

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

General Information About the 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.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN (Continued)

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

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

Benefits are generally between 1% 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.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN (Continued)

Contributions

Members Contributions

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

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

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

Employer Contributions

The school district's contractually required contribution rate for fiscal year ended June 30, 2025 was 32.92 percent 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. The rate was certified by the PSERS Board of Trustees. Contributions to the pension plan, which are typically paid from the District by the General Fund, were \$25,607,000 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$191,361,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District's proportion was 0.4572%, which was an increase of 0.0005% from its proportion measured as of June 30, 2024.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN (Continued)

For the year ended June 30, 2025, the District recognized pension expense of (\$14,415,000). At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ -	\$ 2,947,000
Net difference between projected and actual investment earnings	3,103,000	-
Changes in proportions	780,000	910,000
Contributions subsequent to the measurement date	<u>25,079,000</u>	<u>-</u>
	<u>\$ 28,962,000</u>	<u>\$ 3,857,000</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ -	\$ 62,000
Net difference between projected and actual investment earnings	65,000	-
Changes in proportions	16,000	19,000
Contributions subsequent to the measurement date	<u>528,000</u>	<u>-</u>
	<u>\$ 609,000</u>	<u>\$ 81,000</u>

\$25,607,000 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 new pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities
2026	\$ (5,121,000)	\$ -
2027	4,989,000	-
2028	799,000	-
2029	<u>(641,000)</u>	<u>-</u>
	<u>\$ 26,000</u>	<u>\$ -</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN (Continued)

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

- Valuation Date - June 30, 2023
- Actuarial Cost Method - Entry Age Normal - level % of pay.
- Investment Return - 7.00%, includes inflation at 2.50%.
- Salary Increases - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

The long-term expected rate of return on 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.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN (Continued)

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	30.0%	4.8%
Private equity	12.0%	6.7%
Fixed income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	9.5%	5.9%
	<u>100.0%</u>	

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

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

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE J - PENSION PLAN (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
School District's proportionate share of the net pension liability	\$ <u>252,080,000</u>	\$ <u>191,361,000</u>	\$ <u>140,087,000</u>

Pension Plan Fiduciary Net Position - Detailed information about PSERS's fiduciary net position is available in the PSERS Annual Comprehensive Financial Report which can be found on the System's website at www.psers.pa.gov.

NOTE K - JOINT VENTURE

The District is a participating member of the Center for Technical Studies (the "Vo-Tech"). The Board of Directors from each member district must approve the Vo-Tech's annual budget. Each member pays an allocated share of operating costs of the Vo-Tech based on the number of students attending from each district. For the fiscal year ended June 30, 2025, the District's share of operating costs was \$2,939,962. The financial statements of the Vo-Tech are available from the Center for Technical Studies located at 821 Plymouth Road, Plymouth Meeting, PA 19462.

NOTE L - CONTINGENCIES AND COMMITMENTS

The District participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The District is potentially liable for any expenditures 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.

NOTE M - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. There were no significant reductions in insurance coverages in the 2024-2025 year. Settlement amounts have not exceeded insurance coverage for the current year or the four prior years.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE N - EXCESS OF EXPENDITURES OVER APPROPRIATIONS

Expenditures exceeded appropriations in the following areas of the General Fund:

<u>Function/Program</u>	<u>Amount</u>
Special programs	\$ 3,897,164
Instructional staff services	538,175
Administrative services	1,072,316
Pupil health	173,086
Operation and maintenance of plant services	4,303,704
Facilities, acquisition, construction and improvement services	115,511

These excess expenditures were funded by greater than anticipated revenues and fund balance.

NOTE O - OTHER POSTEMPLOYMENT BENEFITS - PSERS

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023 there were no assumed future benefit increases to participating eligible retirees.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE O - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

Premium Assistance Eligibility Criteria

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

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

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

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

Pension 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.

Benefits Provided

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

Employers Contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$490,000 for the year ended June 30, 2025.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE O - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

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

At June 30, 2025, the District reported a liability of \$8,136,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.4580% percent, which was a decrease of 0.0030% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$65,000. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 30,368	\$ 119,511
Changes in assumptions	485,882	1,216,663
Net difference between projected and actual investment earnings	8,816	-
Changes in proportions	311,513	547,596
Difference between employer contributions and proportionate share of total contributions	-	65,633
Contributions subsequent to the measurement date	<u>480,004</u>	<u>-</u>
	<u>\$ 1,316,583</u>	<u>\$ 1,949,403</u>
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ 632	\$ 2,489
Changes in assumptions	10,118	25,337
Net difference between projected and actual investment earnings	184	-
Changes in proportions	6,487	11,404
Difference between employer contributions and proportionate share of total contributions	-	1,367
Contributions subsequent to the measurement date	<u>9,996</u>	<u>-</u>
	<u>\$ 27,417</u>	<u>\$ 40,597</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE O - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

\$490,000 was reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>	<u>Business-Type Activities</u>
2025	\$ (283,000)	\$ (6,000)
2026	(319,000)	(7,000)
2027	(454,000)	(9,000)
2028	(29,000)	(1,000)
2029	(26,000)	(1,000)
Thereafter	(1,824)	824
	<u>\$ (1,112,824)</u>	<u>\$ (23,176)</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - 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, 2023 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE O - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality rates for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	<u>100.0%</u>	1.7%
	<u><u>100.0%</u></u>	

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

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE O - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan’s funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan’s fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 4.13% 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 OPEB liability.

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

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

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

	<u>1% Decrease</u>	<u>Current Rate</u>	<u>1% Increase</u>
District's proportionate share of the net OPEB liability	\$ <u>8,135,000</u>	\$ <u>8,136,000</u>	\$ <u>8,137,000</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE O - OTHER POSTEMPLOYMENT BENEFITS - PSERS (Continued)

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

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

	1% Decrease 3.21%	Current Discount Rate 4.21%	1% Increase 5.21%
District's proportionate share of the net OPEB liability	\$ 9,191,000	\$ 8,136,000	\$ 7,252,000

OPEB 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.

NOTE P - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN

Plan Description

The District provides medical and dental insurance benefits to eligible retired employees, spouses and dependents through a single-employer defined benefit plan. The benefits, benefits level, employee contribution and employer contribution are administered by the Board and can be amended by the Board through its personnel manual and union contracts. The plan is not accounted for as a trust fund, as an irrevocable trust has not been established to account for the plan. The plan does not issue a stand-alone financial report. The activity of the plan is reported in the District’s General Fund.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE P - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

Plan Membership - At the July 1, 2024 actuarial valuation date, plan membership consisted of the following:

Active plan members	840
Retired participants	<u>40</u>
	<u><u>880</u></u>

Funding Policy and Funding Status

The District negotiates the contribution percentage between the District and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the applicable agreement. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis. The costs of administering the plan are paid by the District.

Benefits Provided

The District's retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

1. Cabinet Members, Association of Administrators and Supervisors
 - i. Coverage: Medical, Prescription Drug, Dental, Vision and Life
 - ii. Premium Sharing: District pays full premium for life insurance in the amount of \$20,000. The member may continue coverage for Medical, Prescription Drug, Dental and Vision by paying the full premium as determined for the purpose of COBRA.
2. Education Association
 - i. Coverage and Premium Sharing are in accordance with Act 110/43.
3. All Other Employees
 - i. Coverage and Premium Sharing are in accordance with Act 110/43.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE P - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

Assumptions

The following assumptions and actuarial methods and calculation were used:

Discount Rate - 4.29%, based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2024.

Salary - An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies from 2.75% to 0%.

Health Care Cost Trend Rate - 7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.

Withdrawal - Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	4.55%	3.90%	45	1.41%	1.60%
30	4.55%	3.90%	50	1.89%	2.08%
35	1.68%	2.83%	55	3.63%	3.66%
40	1.42%	1.67%	60	5.49%	5.94%

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

Disability - No disability was assumed.

Retirement - Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.

Percent of Eligible Retirees Electing Coverage in Plan - 50% of all employees are assumed to elect coverage for Medical, Prescription Drug, and Dental and Vision at retirement. 100% of Administrators are assumed to elect Life Insurance at retirement.

Percent Married at Retirement - 25% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.

Spouse Age - Wives are assumed to be two years younger than their husbands.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE P - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

Retiree Contributions - Retiree Contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Actuarial Value of Assets - Equal to the Market Value of Assets.

Actuarial Cost Method - Entry Age Normal - Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Changes in the Total OPEB Liability

Balance at July 1, 2024	\$ 4,056,609
Changes for the year	
Service cost	221,652
Interest cost	172,767
Differences between expected and actual experience	(422,938)
Changes in assumptions	(1,832)
Benefit payments	(175,455)
Net changes	<u>(205,806)</u>
Balance at July 1, 2025	<u>\$ 3,850,803</u>

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
Total OPEB liability	\$ <u>4,153,231</u>	\$ <u>3,850,803</u>	\$ <u>3,564,664</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE P - OTHER POSTEMPLOYMENT BENEFITS - SINGLE EMPLOYER PLAN (Continued)

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
Total OPEB liability	\$ <u>3,439,369</u>	\$ <u>3,850,803</u>	\$ <u>4,330,681</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2025, the School District recognized OPEB expense of \$167,908. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences in experience	\$ 62,100	\$ 1,769,772
Changes in assumptions	569,968	1,279,986
Contributions subsequent to measurement date	<u>155,116</u>	<u>-</u>
	\$ <u>787,184</u>	\$ <u>3,049,758</u>

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

<u>Year Ending June 30,</u>	
2026	\$ (226,511)
2027	(226,511)
2028	(226,511)
2029	(226,511)
2030	(226,511)
Thereafter	<u>(1,285,135)</u>
	\$ <u>(2,417,690)</u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE Q - SELF-INSURANCE

The District is self-insured for its medical, dental and hospitalization benefits and prescription drug benefits. The monthly premium is revised annually in July for the upcoming fiscal year beginning July 1 and is based upon actual cost plus basis per third-party administrator.

NOTE R - FUND BALANCES

As of June 30, 2025, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Capital Projects Fund	Total Governmental Funds
Nonspendable				
Prepaid expenses	\$ 936,131	\$ -	\$ -	\$ 936,131
Restricted				
Capital projects	-	-	18,995	18,995
Assigned				
Tax assessment appeals	2,000,000	-	-	2,000,000
Future maintenance and improvements	30,426,525	-	-	30,426,525
Transportation stabilization	2,000,000	-	-	2,000,000
Revenue stabilization	5,000,000	-	-	5,000,000
Future capital projects-kitchens/cafeterias	8,000,000	25,041,233	-	33,041,233
Unassigned	<u>14,900,766</u>	<u>-</u>	<u>-</u>	<u>14,900,766</u>
TOTAL FUND BALANCES	\$ <u>63,263,422</u>	\$ <u>25,041,233</u>	\$ <u>18,995</u>	\$ <u>88,323,650</u>

NOTE S - ADOPTION OF GASB STATEMENT NO. 101, COMPENSATED ABSENCES

During the year, the School district became aware of an adjustment needed to comply with GASB Statement No. 101, Compensated Absences, which establishes updated recognition and measurement criteria for certain types of compensated absences, including vacation, sick leave, and other paid time off. This change in accounting principle is required to be applied retroactively in accordance with GASB Statement No. 100, Accounting Changes and Error Corrections, resulting in a restatement of beginning balances as of June 30, 2024. As a result of the adjustment, the June 30, 2024 net position decreased from \$(108,809,409) to \$(109,533,230). The June 30, 2024 compensated absence balance increased from \$9,461,718 to \$10,185,539.

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE BASIC FINANCIAL STATEMENTS
JUNE 30, 2025

NOTE T - SUBSEQUENT EVENT

In September 2025, the District issued General Obligation Bonds, Series of 2025 in the amount of \$38,345,000 for the purpose of (1) the first phase of capital repairs to various School District facilities pursuant to the School District's master plan, including, but not limited to, the completion of deferred maintenance items such as the repair and replacement of HVAC systems, boilers, and blacktop; (2) planning and design costs, including architectural design, of improvements or expansions to the Norristown Area High School and other facilities contemplated by the master plan; and (3) payment of the costs and expenses of issuing the Bonds.

REQUIRED SUPPLEMENTARY INFORMATION

NORRISTOWN AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PSERS NET PENSION LIABILITY AND RELATED RATIOS LAST TEN FISCAL YEARS

	2025	2024	2023	2022	2021
School District's proportion of the net pension liability (asset)	<u>0.4572%</u>	<u>0.4567%</u>	<u>0.4609%</u>	<u>0.4554%</u>	<u>0.5094%</u>
School District's proportionate share of the net pension liability (asset)	<u>\$ 191,361,000</u>	<u>\$ 203,169,000</u>	<u>\$ 204,910,000</u>	<u>\$ 186,972,000</u>	<u>\$ 250,824,000</u>
School District's covered payroll	<u>\$ 72,702,340</u>	<u>\$ 69,711,745</u>	<u>\$ 69,711,745</u>	<u>\$ 60,267,726</u>	<u>\$ 62,617,129</u>
School District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	<u>263.21%</u>	<u>291.44%</u>	<u>293.94%</u>	<u>310.24%</u>	<u>400.57%</u>
The plan's fiduciary net position as a percentage of the total pension liability	<u>64.63%</u>	<u>61.85%</u>	<u>61.34%</u>	<u>63.67%</u>	<u>54.32%</u>

NOTE TO THE SCHEDULE

The amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<u>0.4729%</u>	<u>0.4754%</u>	<u>0.5221%</u>	<u>0.4928%</u>	<u>0.4985%</u>
\$ <u>221,235,000</u>	\$ <u>228,216,000</u>	\$ <u>257,857,000</u>	\$ <u>244,216,000</u>	\$ <u>215,927,000</u>
\$ <u>65,449,316</u>	\$ <u>65,216,396</u>	\$ <u>64,024,239</u>	\$ <u>69,513,759</u>	\$ <u>64,136,539</u>
<u>338.02%</u>	<u>349.94%</u>	<u>402.75%</u>	<u>351.32%</u>	<u>336.67%</u>
<u>55.66%</u>	<u>54.00%</u>	<u>51.84%</u>	<u>50.14%</u>	<u>54.36%</u>

NORRISTOWN AREA SCHOOL DISTRICT**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually required contribution	\$ 25,607,000	\$ 23,604,000	\$ 23,051,000	\$ 20,485,000	\$ 20,983,000
Contributions in relation to the contractually required contribution	<u>25,607,000</u>	<u>23,604,000</u>	<u>23,051,000</u>	<u>20,485,000</u>	<u>20,983,000</u>
Contribution (excess) deficiency	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
School District's covered payroll	\$ <u>77,785,657</u>	\$ <u>72,702,340</u>	\$ <u>69,711,745</u>	\$ <u>60,267,726</u>	\$ <u>62,617,129</u>
Contributions as a percentage of covered payroll	<u>32.92%</u>	<u>32.47%</u>	<u>33.07%</u>	<u>33.99%</u>	<u>33.51%</u>

<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
\$ 21,460,000	\$ 21,247,000	\$ 20,352,000	\$ 20,308,000	\$ 15,944,000
<u>21,460,000</u>	<u>21,247,000</u>	<u>20,352,000</u>	<u>20,308,000</u>	<u>15,944,000</u>
\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>
\$ <u><u>65,449,316</u></u>	\$ <u><u>65,216,396</u></u>	\$ <u><u>64,024,239</u></u>	\$ <u><u>69,513,759</u></u>	\$ <u><u>63,822,226</u></u>
<u><u>32.79%</u></u>	<u><u>32.58%</u></u>	<u><u>31.79%</u></u>	<u><u>29.21%</u></u>	<u><u>24.98%</u></u>

NORRISTOWN AREA SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE PSERS NET OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS LAST EIGHT FISCAL YEARS

	2025	2024	2023
SCHOOL DISTRICT'S PROPORTION OF THE NET OPEB LIABILITY (ASSET)	<u>0.4580%</u>	<u>0.4550%</u>	<u>0.4596%</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET)	\$ <u>8,136,000</u>	\$ <u>8,232,000</u>	\$ <u>8,460,000</u>
SCHOOL DISTRICT'S COVERED PAYROLL	\$ <u>72,702,340</u>	\$ <u>69,711,745</u>	\$ <u>60,267,726</u>
SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY (ASSET) AS A PERCENTAGE OF ITS COVERED PAYROLL	<u>11.19%</u>	<u>12.25%</u>	<u>14.04%</u>
THE PLAN'S FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL OPEB LIABILITY	<u>7.13%</u>	<u>7.22%</u>	<u>6.86%</u>

NOTES TO THE SCHEDULE

The amounts presented for each fiscal year were determined as of the end of the previous fiscal year.

This schedule is intended to show information for ten years, all available information is displayed.
Additional information will be displayed as it becomes available.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
<u>0.4548%</u>	<u>0.5091%</u>	<u>0.4729%</u>	<u>0.4754%</u>	<u>0.5221%</u>
\$ <u>10,780,000</u>	\$ <u>11,000,000</u>	\$ <u>10,058,000</u>	\$ <u>9,912,000</u>	\$ <u>10,637,000</u>
\$ <u>62,617,129</u>	\$ <u>65,449,316</u>	\$ <u>65,216,396</u>	\$ <u>64,024,239</u>	\$ <u>69,513,759</u>
<u>17.22%</u>	<u>16.81%</u>	<u>15.42%</u>	<u>15.48%</u>	<u>15.30%</u>
<u>5.30%</u>	<u>5.69%</u>	<u>5.56%</u>	<u>5.56%</u>	<u>5.73%</u>

NORRISTOWN AREA SCHOOL DISTRICT**SCHEDULE OF THE SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT
BENEFIT PLAN CONTRIBUTIONS
LAST EIGHT FISCAL YEARS**

	<u>2025</u>	<u>2024</u>	<u>2023</u>
CONTRACTUALLY REQUIRED CONTRIBUTION	\$ 490,000	\$ 457,000	\$ 504,000
CONTRIBUTIONS IN RELATION TO THE CONTRACTUALLY REQUIRED CONTRIBUTION	<u>490,000</u>	<u>457,000</u>	<u>504,000</u>
CONTRIBUTION (EXCESS) DEFICIENCY	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
SCHOOL DISTRICT'S COVERED PAYROLL	\$ <u>77,785,657</u>	\$ <u>72,702,340</u>	\$ <u>69,711,745</u>
CONTRIBUTIONS AS A PERCENTAGE OF COVERED PAYROLL	<u>0.63%</u>	<u>0.64%</u>	<u>0.72%</u>

NOTE TO THE SCHEDULE

This schedule is intended to show information for ten years, all available information is displayed.
Additional information will be displayed as it becomes available.

<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$ 537,000	\$ 513,000	\$ 540,000	\$ 541,000	\$ 532,000
<u>537,000</u>	<u>513,000</u>	<u>540,000</u>	<u>541,000</u>	<u>532,000</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ <u>60,267,726</u>	\$ <u>62,617,129</u>	\$ <u>65,449,316</u>	\$ <u>65,216,396</u>	\$ <u>64,024,239</u>
<u>0.89%</u>	<u>0.82%</u>	<u>0.83%</u>	<u>0.83%</u>	<u>0.83%</u>

NORRISTOWN AREA SCHOOL DISTRICT**SCHEDULE OF CHANGES IN THE TOTAL OTHER POSTEMPLOYMENT
BENEFIT PLAN LIABILITY AND RELATED RATIOS
LAST EIGHT FISCAL YEARS**

	2025	2024	2023
TOTAL OPEB LIABILITY			
Service cost	\$ 221,652	\$ 207,769	\$ 474,294
Interest	172,767	159,097	148,483
Differences in experience	(422,938)	-	(1,412,018)
Changes of assumptions	(1,832)	53,001	(1,372,063)
Benefits payments	(175,455)	(161,739)	(170,904)
NET CHANGE IN TOTAL OPEB LIABILITY	(205,806)	258,128	(2,332,208)
TOTAL OPEB LIABILITY, BEGINNING	4,056,609	3,798,481	6,130,689
TOTAL OPEB LIABILITY, ENDING	\$ 3,850,803	\$ 4,056,609	\$ 3,798,481
COVERED PAYROLL	\$ 70,098,549	\$ 58,568,005	\$ 58,568,005
TOTAL OPEB LIABILITY AS A PERCENTAGE OF COVERED PAYROLL	5.49%	6.93%	6.49%

NOTES TO THE SCHEDULE

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

Changes in assumptions:

1. In the 2024 actuarial valuation, the discount rate changed from 4.13% to 4.29%. The trend assumption was updated.
2. In the 2023 actuarial valuation, the discount rate changed from 4.06% to 4.13%. The trend assumption was updated.
3. In the 2022 actuarial valuation, this discount rate changed from 2.28% to 4.06%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS experience study. The percentage married at retirement assumption was changed from 40% to 25%.
4. In the 2021 actuarial valuation, the discount rate changed from 1.86% to 2.28%. The trend assumption was updated.
5. In the 2020 actuarial valuation, the discount rate changed from 3.36% to 1.86%. The trend assumption was updated.
6. In the 2019 actuarial valuation, the discount rate changed from 2.98% to 3.36%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.
7. In the 2018 actuarial valuation, the discount rate changed from 3.13% to 2.98%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.
8. In the 2017 actuarial valuation, the discount rate changed from 2.49% to 3.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

This schedule is intended to show information for ten years, all available information is displayed. Additional information will be displayed as it becomes available.

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
\$	477,091	\$ 365,390	\$ 365,789	\$ 351,290	\$ 330,514
	116,811	187,432	161,550	155,740	111,644
	-	(476,451)	-	134,543	-
	(197,111)	681,298	(160,456)	957	245,992
	<u>(150,984)</u>	<u>(187,073)</u>	<u>(235,521)</u>	<u>(183,382)</u>	<u>(256,540)</u>
	245,807	570,596	131,362	459,148	431,610
	<u>5,884,882</u>	<u>5,314,286</u>	<u>5,182,924</u>	<u>4,723,776</u>	<u>4,292,166</u>
\$	<u>6,130,689</u>	<u>\$ 5,884,882</u>	<u>\$ 5,314,286</u>	<u>\$ 5,182,924</u>	<u>\$ 4,723,776</u>
\$	<u>64,479,860</u>	<u>\$ 65,449,316</u>	<u>\$ 65,216,396</u>	<u>\$ 64,024,239</u>	<u>\$ 69,513,759</u>
	<u>9.51%</u>	<u>8.99%</u>	<u>8.15%</u>	<u>8.10%</u>	<u>6.80%</u>

[THIS PAGE INTENTIONALLY LEFT BLANK]

SUPPLEMENTARY INFORMATION SECTION

NORRISTOWN AREA SCHOOL DISTRICT
SCHEDULE OF REAL ESTATE TAX SETTLEMENTS
2024 TAX DUPLICATE
YEAR ENDED JUNE 30, 2025

	<u>Totals</u>	<u>Norristown</u>	<u>East Norriton</u>	<u>West Norriton</u>
CHARGES AGAINST TAX COLLECTORS				
Original real estate assessment	\$ 2,854,090,113	\$ 891,361,652	\$ 977,529,196	\$ 985,199,265
MILLS LEVIED BY SCHOOL BOARD (39.204 mills)	<u>39,204</u>	<u>39,204</u>	<u>39,204</u>	<u>39,204</u>
TOTAL TAX LEVY	<u>111,891,749</u>	<u>34,944,942</u>	<u>38,323,055</u>	<u>38,623,752</u>
CREDITS TO TAX COLLECTORS				
Adjustments to duplicate (at face)	-	-	-	-
Homestead Credits	<u>(4,108,706)</u>	<u>(1,246,757)</u>	<u>(1,355,699)</u>	<u>(1,506,250)</u>
TAX LEVY, adjusted	<u>\$ 107,783,043</u>	<u>\$ 33,698,185</u>	<u>\$ 36,967,356</u>	<u>\$ 37,117,502</u>
REAL ESTATE TAX COLLECTED				
Net amount collected at 2% discount	\$ 79,896,413	\$ 21,777,793	\$ 25,475,852	\$ 32,642,768
Amounts collected at face	17,928,902	6,606,418	9,114,419	2,208,065
Amounts collected including 10% penalty	<u>4,390,266</u>	<u>2,219,241</u>	<u>1,094,443</u>	<u>1,076,582</u>
TOTAL COLLECTIONS	<u>102,215,581</u>	<u>30,603,452</u>	<u>35,684,714</u>	<u>35,927,415</u>
Add 2% discount deducted	1,876,167	516,110	672,770	687,287
Less 10% penalty included	<u>(240,207)</u>	<u>(145,286)</u>	<u>(38,506)</u>	<u>(56,415)</u>
FACE AMOUNT OF TAXES COLLECTED	<u>103,851,541</u>	<u>30,974,276</u>	<u>36,318,978</u>	<u>36,558,287</u>
UNCOLLECTED TAXES (at face amount)	<u>3,931,502</u>	<u>2,723,909</u>	<u>648,378</u>	<u>559,215</u>
TOTAL TAX LEVY ACCOUNTED FOR	<u>\$ 107,783,043</u>	<u>\$ 33,698,185</u>	<u>\$ 36,967,356</u>	<u>\$ 37,117,502</u>
PERCENT OF TAXES COLLECTED	<u>96.35%</u>	<u>91.92%</u>	<u>98.25%</u>	<u>98.49%</u>

***Independent Auditors' Report on Internal Control Over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance With Government Auditing Standards***

To the Board of School Directors
Norristown Area School District
Norristown, Pennsylvania

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the Norristown Area School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Norristown Area School District's basic financial statements, and have issued our report thereon dated December 2, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

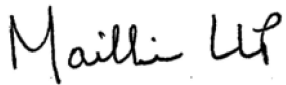
To the Board of School Directors
Norristown Area School District
Norristown, Pennsylvania

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Norristown Area 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Mailli Uf". The signature is written in a cursive, flowing style.

Limerick, Pennsylvania
December 2, 2025

***Independent Auditors' Report on Compliance for Each Major Federal Program and
Report on Internal Control Over Compliance in Accordance With the Uniform Guidance***

To the Board of School Directors
Norristown Area School District
Norristown, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Norristown Area 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 Norristown Area 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 Norristown Area School District's federal programs.

To the Board of School Directors
Norristown Area School District
Norristown, Pennsylvania

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Norristown Area 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 Norristown Area 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 Norristown Area 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 Norristown Area 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 Norristown Area 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.

To the Board of School Directors
Norristown Area School District
Norristown, Pennsylvania

Report on Internal Control Over Compliance

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

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

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

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



Limerick, Pennsylvania
December 2, 2025

[THIS PAGE INTENTIONALLY LEFT BLANK]

**SUPPLEMENTARY INFORMATION - MAJOR FEDERAL
AWARD PROGRAMS AUDIT**

NORRISTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Source Code	Federal Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount
U.S. DEPARTMENT OF EDUCATION					
Gaining Early Awareness and Readiness for Undergraduate Programs - Partnership Grant	D	84.334	N/A	September 1, 2022 to September 1, 2023	\$ 1,020,000
Gaining Early Awareness and Readiness for Undergraduate Programs - Partnership Grant	D	84.334	N/A	September 1, 2023 to September 1, 2024	1,020,000
Gaining Early Awareness and Readiness for Undergraduate Programs - Partnership Grant	D	84.334	N/A	September 1, 2024 to September 1, 2025	760,000
Passed through PASSHE - PA State System of Higher Education					
Gaining Early Awareness and Readiness for Undergraduate Programs	I	84.334	N/A	September 1, 2021 to September 1, 2022	239,204
Gaining Early Awareness and Readiness for Undergraduate Programs	I	84.334	N/A	September 1, 2023 to September 1, 2024	-
Gaining Early Awareness and Readiness for Undergraduate Programs	I	84.334	N/A	September 1, 2024 to September 1, 2025	-
TOTAL GEAR UP (ALN # 84.334)					
School Climate Transformation Grant	D	84.184	N/A	October 1, 2023 to September 1, 2024	749,948
TOTAL SCTG (ALN # 84.184)					
Passed through the Pennsylvania Department of Education					
Title I, Improving Basic Programs 23-24	I	84.010	013-240284	July 1, 2023 to September 30, 2024	3,608,098
Title I, Improving Basic Programs 24-25	I	84.010	013-250284	July 1, 2024 to September 30, 2025	3,558,691
Title I, Delinquent Program 22-23	I	84.010	107-230284	July 1, 2022 to September 30, 2023	35,167
Title I, Delinquent Program 23-24	I	84.010	107-240284	July 1, 2023 to September 30, 2024	84,384
Title I, Delinquent Program 24-25	I	84.010	107-250284	July 1, 2024 to September 30, 2025	72,429
Title I, Program Improvement Set Aside	I	84.010	042-240284	October 1, 2023 to September 30, 2024	394,289
Title I, Program Improvement Set Aside	I	84.010	042-250284	October 1, 2024 to September 30, 2025	429,442
TOTAL TITLE I (ALN # 84.010)					
Title II, Improving Teacher Quality 22-23	I	84.367	020-230284	July 1, 2023 to September 30, 2024	296,706
Title II, Improving Teacher Quality 24-25	I	84.367	020-240284	July 1, 2024 to September 30, 2025	392,659
TOTAL TITLE II (ALN # 84.367)					
SUBTOTAL FORWARD					

<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2024</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2025</u>	<u>Amounts Passed Through To Sub- Recipient</u>
\$ -	\$ (2,647)	\$ 2,647	\$ 2,647	\$ -	\$ -
180,499	153,710	220,066	220,066	193,277	-
599,514	-	655,382	655,382	55,868	-
73,844	73,844	-	-	-	-
112,314	203,573	143,186	143,186	234,445	-
<u>254,028</u>	<u>-</u>	<u>317,169</u>	<u>317,169</u>	<u>63,141</u>	<u>-</u>
<u>1,220,199</u>	<u>428,480</u>	<u>1,338,450</u>	<u>1,338,450</u>	<u>546,731</u>	<u>-</u>
<u>97,503</u>	<u>179,882</u>	<u>33,718</u>	<u>33,718</u>	<u>116,097</u>	<u>-</u>
<u>97,503</u>	<u>179,882</u>	<u>33,718</u>	<u>33,718</u>	<u>116,097</u>	<u>-</u>
1,042,908	433,268	637,963	637,963	28,323	-
1,780,993	-	3,045,967	3,045,967	1,264,974	-
20,095	(5,497)	25,592	25,592	-	-
36,165	(30,137)	52,951	52,951	(13,351)	-
20,694	-	-	-	(20,694)	-
281,635	(29,311)	283,009	283,009	(27,937)	-
<u>276,070</u>	<u>-</u>	<u>429,442</u>	<u>429,442</u>	<u>153,372</u>	<u>-</u>
<u>3,458,560</u>	<u>368,323</u>	<u>4,474,924</u>	<u>4,474,924</u>	<u>1,384,687</u>	<u>-</u>
2,034	1,936	98	98	-	-
<u>325,070</u>	<u>-</u>	<u>392,659</u>	<u>392,659</u>	<u>67,589</u>	<u>-</u>
<u>327,104</u>	<u>1,936</u>	<u>392,757</u>	<u>392,757</u>	<u>67,589</u>	<u>-</u>
\$ <u>5,103,366</u>	\$ <u>978,621</u>	\$ <u>6,239,849</u>	\$ <u>6,239,849</u>	\$ <u>2,115,104</u>	\$ <u>-</u>

NORRISTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Source Code	Federal Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount
U.S. DEPARTMENT OF EDUCATION					
SUBTOTAL FORWARDED					
Passed through the Pennsylvania Department of Education					
Title III, Language Instruction 22-23	I	84.365	010-230284	July 1, 2022 to September 30, 2023	265,817
Title III, Language Instruction 24-25	I	84.365	010-250284	July 1, 2024 to September 30, 2025	287,230
TOTAL TITLE III (ALN # 84.365)					
Title IV, Student Support & Academic Enrich. 23-24	I	84.424	144-240284	July 1, 2023 to September 30, 2024	215,026
Title IV, Student Support & Academic Enrich. 24-25	I	84.424	144-250284	July 1, 2024 to September 30, 2025	27,242
Stronger Connections Grant (SCG) Program	I	84.424	244-240284	July 1, 2024 to September 30, 2025	1,833,360
TOTAL TITLE IV (ALN # 84.424)					
COVID- ARP ESSER 7% - LEARNING LOSS	I	84.425U	225-21-0284	March 13, 2020 to September 30, 2024	1,072,981
COVID- ARP ESSER 7% - SUMMER SCHOOL	I	84.425U	225-21-0284	March 13, 2020 to September 30, 2024	214,596
COVID- ARP ESSER 7% - AFTER SCHOOL	I	84.425U	225-21-0284	March 13, 2020 to September 30, 2024	214,596
COVID - ARP HOMELESS YOUTH	I	84.425W	181-21-2282	2021-2022	427,397
TOTAL COVID (ALN # 84.425)					
Passed through the Montgomery County Intermediate Unit					
IDEA 2023-2024	I	84.027	N/A	July 1, 2023 to September 30, 2024	1,757,098
IDEA 2024-2025	I	84.027	N/A	July 1, 2024 to September 30, 2025	1,613,097
IDEA FORMULA GRANT 2024-2025	I	84.027	N/A	November 15, 2024 to June 30, 2025	8,326
TOTAL SPECIAL EDUCATION CLUSTER (ALN # 84.027)					
TOTAL U.S. DEPARTMENT OF EDUCATION (forward)					

<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2024</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2025</u>	<u>Amounts Passed Through To sub- Recipient</u>
\$ 5,103,366	\$ 978,621	\$ 6,239,849	\$ 6,239,849	\$ 2,115,104	\$ -
83,728	83,728	-	-	-	-
205,164	-	287,230	287,230	82,066	-
288,892	83,728	287,230	287,230	82,066	-
-	138,231	-	-	138,231	-
77,726	-	272,042	272,042	194,316	-
543,218	-	1,002,234	1,002,234	459,016	-
620,944	138,231	1,274,276	1,274,276	791,563	-
71,533	71,532	-	-	(1)	-
14,306	14,306	-	-	-	-
214,596	214,596	-	-	-	-
327,017	-	327,017	327,017	-	-
627,452	300,434	327,017	327,017	(1)	-
880,175	880,175	-	-	-	-
1,333,811	-	1,613,097	1,613,097	279,286	-
8,326	-	8,326	8,326	-	-
2,222,312	880,175	1,621,423	1,621,423	279,286	-
\$ 8,862,966	\$ 2,381,189	\$ 9,749,795	\$ 9,749,795	\$ 3,268,018	\$ -

NORRISTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

Federal Grantor/ Pass-Through Grantor/Program Title	Source Code	Federal Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Passed through the Pennsylvania					
Department of Public Welfare					
Medical Assistance Program--Indirect Access 23-24	I	93.778	N/A	July 1, 2024 to June 30, 2025	\$ 138,473
TOTAL MEDICAID CLUSTER (ALN # 93.778)					
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES (forward)					
U.S. DEPARTMENT OF TREASURY					
Passed through the Montgomery County					
COVID-19 Behavioral Health American Recovery Plan	I	21.027	N/A	March 3, 2021 to December 31, 2026	496,364
COVID-19 Behavioral Health American Recovery Plan	I	21.027	N/A	March 3, 2021 to December 31, 2026	300,208
TOTAL U.S. DEPARTMENT OF TREASURY (ALN # 21.027) (forward)					
U.S. DEPARTMENT OF AGRICULTURE					
Passed through the Pennsylvania					
Department of Agriculture					
National School Lunch Program (U.S.D.A Commodities)	I	10.555	N/A	July 1, 2024 to June 30, 2025	N/A
Passed through the Pennsylvania					
Department of Education					
National School Lunch Program 24-25	I	10.555	N/A	July 1, 2024 to June 30, 2025	N/A
National School Breakfast Program 24-25	I	10.553	N/A	July 1, 2024 to June 30, 2025	N/A
Fresh Fruits & Vegetables Program 24-25	I	10.582	N/A	July 1, 2024 to June 30, 2025	N/A
National School Lunch Program - Summer Food	I	10.559	N/A	July 1, 2024 to June 30, 2025	N/A
TOTAL CHILD NUTRITION CLUSTER					
TOTAL U.S. DEPARTMENT OF AGRICULTURE (forward)					

<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2024</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2025</u>	<u>Amounts Passed Through To sub- Recipient</u>
\$ 138,473	\$ -	\$ 138,473	\$ 138,473	\$ -	\$ -
138,473	-	138,473	138,473	-	-
138,473	-	138,473	138,473	-	-
-	(355)	-	-	(355)	-
-	(265,536)	168,000	168,000	(97,536)	-
-	(265,891)	168,000	168,000	(97,891)	-
470,278	(12,284)	473,250	473,250	(9,312)	-
4,095,511	-	4,232,311	4,232,311	136,800	-
2,057,395	-	2,131,048	2,131,048	73,653	-
161,707	-	183,262	183,262	21,555	-
-	-	2,672	2,672	2,672	-
6,784,891	(12,284)	7,022,543	7,022,543	225,368	-
\$ 6,784,891	\$ (12,284)	\$ 7,022,543	\$ 7,022,543	\$ 225,368	\$ -

NORRISTOWN AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

<u>Federal Grantor/ Pass-Through Grantor/Program Title</u>	<u>Source Code</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- Through Grantor's Number</u>	<u>Grant Period Beginning/ Ending Dates</u>	<u>Program or Award Amount</u>
U.S. DEPARTMENT OF EDUCATION					
TOTALS FEDERAL AWARDS FORWARDED					
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
TOTALS FEDERAL AWARDS FORWARDED					
U.S. DEPARTMENT OF TREASURY					
TOTALS FEDERAL AWARDS FORWARDED					
U.S. DEPARTMENT OF AGRICULTURE					
TOTAL U.S. DEPARTMENT OF AGRICULTURE					
TOTAL FEDERAL AWARDS					

Source Codes:

- D = Direct funding
- I = Indirect funding

See accompanying notes to the schedule of expenditures of federal awards.

<u>Total Received for the Year</u>	<u>Accrued or (Deferred) Revenue at July 1, 2024</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued or (Deferred) Revenue at June 30, 2025</u>	<u>Amounts Passed Through To sub- Recipient</u>
\$ <u>8,862,966</u>	\$ <u>2,381,189</u>	\$ <u>9,749,795</u>	\$ <u>9,749,795</u>	\$ <u>3,268,018</u>	\$ <u>-</u>
<u>138,473</u>	<u>-</u>	<u>138,473</u>	<u>138,473</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>(265,891)</u>	<u>168,000</u>	<u>168,000</u>	<u>(97,891)</u>	<u>-</u>
<u>6,784,891</u>	<u>(12,284)</u>	<u>7,022,543</u>	<u>7,022,543</u>	<u>225,368</u>	<u>-</u>
\$ <u><u>15,786,330</u></u>	\$ <u><u>2,103,014</u></u>	\$ <u><u>17,078,811</u></u>	\$ <u><u>17,078,811</u></u>	\$ <u><u>3,395,495</u></u>	\$ <u><u>-</u></u>

NORRISTOWN AREA SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2025

NOTE A - ORGANIZATION AND SCOPE

The federal programs as listed in the schedule of expenditures of federal awards are accounted for by the District in the General Fund for U.S. Department of Education, U.S. Department of Health and Human Services and U.S. Department of Treasury programs and in the Food Service Fund for U.S. Department of Agriculture programs.

NOTE B - BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C - DONATED FOOD

Donated food has been valued according to market value estimates provided by the U.S.D.A.

NOTE D - PROGRAM DISCLOSURES

U.S. Department of Education

Funds passed through the Pennsylvania Department of Education under Title I are used primarily to provide education to economically disadvantaged children. Funds received under other grants are used to support instructional programs.

U.S. Department of Agriculture

Funds passed through the Pennsylvania Departments of Education and Agriculture are used to provide nutritional meals to economically disadvantaged children.

NOTE E - INDIRECT COST RATES

The District has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

NORRISTOWN AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2025

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued: **Unmodified**

Internal control over financial reporting:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

Noncompliance material to financial statements noted: **No**

Federal Awards

Internal control over major programs:

Significant deficiencies identified: **No**

Significant deficiencies identified that are considered to be material weaknesses: **No**

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance: **No**

Identification of major programs:

<u>Program</u>	<u>Federal Assistance Listing Number</u>
Special Education Cluster	84.027
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334
Title IV, Student Support & Academic Enrichment	84.424

The threshold used for distinguishing Types A and B programs was \$750,000

Auditee qualified as a low-risk auditee: **Yes**

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

NORRISTOWN AREA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2025

None.

APPENDIX D
Form of Continuing Disclosure Certificate

[THIS PAGE INTENTIONALLY LEFT BLANK]

\$[_____]
NORRISTOWN AREA SCHOOL DISTRICT
(MONTGOMERY COUNTY, PENNSYLVANIA)
Dated [____], 2026 – Final Maturity [____], 2026
GENERAL OBLIGATION BONDS, SERIES A OF 2026
GENERAL OBLIGATION BONDS, SERIES B OF 2026

CONTINUING DISCLOSURE CERTIFICATE

THIS CONTINUING DISCLOSURE CERTIFICATE (the “Certificate”) is executed and delivered the ____ day of _____, 2026 by Norristown Area School District (the “Issuer”) in connection with the issuance of its \$[_____] General Obligation Bonds, Series A of 2026 and \$[_____] General Obligation Bonds, Series B of 2026 (collectively, the “Bonds”). The Bonds are being issued pursuant to resolutions adopted by the Issuer’s Board of School Directors on September 22, 2025 (the “Authorizing Legislation”). The Issuer certifies, covenants, and agrees as follows:

SECTION 1. Purpose of the Certificate.

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

SECTION 2. Definitions; Scope of this Certificate.

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

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

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

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

“*EMMA*” shall mean the Electronic Municipal Market Access System created by the MSRB and located at www.emma.msrb.org and as described in Securities and Exchange Commission Release No. 34-59061 and Release No. 34-59062.

“*MSRB*” shall mean the Municipal Securities Rulemaking Board.

“*Material Event*” shall mean any of the events listed in items (i) through (xvi) below the occurrence of which the Issuer obtains knowledge. The following events with respect to the Bonds shall constitute Material Events:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
- (vii) Modifications to rights of bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances;
- (x) Release, substitution or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar events of the Issuer (this event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in

which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, rearrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the Issuer);

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

The SEC requires the listing of the events described in subsections (i) through (xvi) of this definition, although some of such events may not be applicable to the Bonds.

“Official Statement” shall mean the Norristown Area School District Official Statement associated with the Bonds dated [_____], 2026.

“Operating Data” shall mean certain operating data generally consistent with the information provided under the following tables: “Table 2 – Norristown Area School District Enrollment Trends,” “Table 5 – Norristown Area School District Tax Rates,” “Table 7 – Norristown Area School District Real Property Assessment Data,” Table 10 – Norristown Area School District Realty Property Tax Collection Data” and “Table 11 – Norristown Area School District Ten Largest Real Property Taxpayers, 2025-26.”

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

“SEC” shall mean the Securities and Exchange Commission.

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

“State” shall mean Commonwealth of Pennsylvania.

SECTION 3. Disclosure of Information.

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

(1) Annual Financial Information and Operating Data. Annual Financial Information and Operating Data by March 31 following the end of each fiscal year, beginning with fiscal year ending June 30, 2026, and continuing with each fiscal year thereafter. If the Disclosure Agent is an entity or person other than the Issuer, then the Issuer shall provide the Annual Financial Information and Operating Data to the Disclosure Agent not later than fifteen (15) Business Days prior to the disclosure date referenced above. The Annual Financial Information and Operating Data may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information; provided that the audited financial statements of the Issuer may be submitted separately from the balance of the Annual Financial Information and Operating Data.

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

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

(B) Means of Submitting Information.

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

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

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

SECTION 4. Amendment or Modification.

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

SECTION 5. Miscellaneous.

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

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

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

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

SECTION 6. Additional Disclosure Obligations.

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

[Remainder of Page Intentionally Left Blank]

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

NORRISTOWN AREA SCHOOL DISTRICT

By: _____

Name: Jeremiah Lemke

Title: President, Board of School Directors

[SIGNATURE PAGE – CONTINUING DISCLOSURE CERTIFICATE]