

**REPORT ON
NORTHERN LEHIGH SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2021**

NORTHERN LEHIGH SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2021

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NORTHERN LEHIGH SCHOOL DISTRICT

Single Audit Report

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Members of the Board
Northern Lehigh School District
1201 Shadow Oak Lane
Slatington, PA 18080-1299

We have performed the Single Audit of the Northern Lehigh School District for the fiscal year ended June 30, 2021, and have enclosed the Single Audit reporting package.

The Single Audit was done to fulfill the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, which entailed:

1. An audit of the basic financial statements, and our opinion thereon;
2. A review of compliance and of internal control over financial reporting based on an audit of the financial statements performed in accordance with Governmental Auditing Standards, and our report thereon;
3. An examination of the Schedule of Expenditures of Federal Awards and our report thereon; and,
4. An opinion on compliance with requirements applicable to each major program, and a review of internal control over compliance in accordance with the Uniformed Guidance, explained above, and our report thereon.

As part of our report, we have enclosed our management letter.

Respectfully submitted,

Gorman & Associates, P.C.

November 17, 2021



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

Board of School Directors
Mr. Matthew J. Link, Superintendent
Northern Lehigh School District
1201 Shadow Oaks Lane
Slatington, PA 18080-1299

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Northern Lehigh School District for the year ended June 30, 2021, and have issued our report thereon dated November 17, 2021.

As stated in our engagement letter, our responsibility, as described by professional standards, is to express opinions about whether your financial statements are fairly presented, in all material respects, in conformity with the U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities, including having compensating controls in place to ensure our preparation of your financial statements and note disclosures are not materially misstated.

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on July 1, 2021.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Northern Lehigh School District are described in the notes to the financial statements. Accounting policies adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the District that lacked authoritative guidance or consensus. In addition, there are no significant transactions affecting the financial statements that have been recognized incorrectly in the wrong year.

Accounting estimates, which are part of the significant accounting policies, are an integral part of the financial statements and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events may differ significantly from those expected. The most sensitive estimates affecting the financial statements were depreciation taken on capital assets based upon the estimated useful life of each asset and calculated on the straight-line basis of depreciation, the Net OPEB Obligation, and the Net Pension Liability, using actuarial assumptions. We have evaluated the factors and assumptions used to develop these estimates and have determined the estimates to be reasonable in relation to the financial statements taken as a whole.

We wish to inform you that the disclosures in your financial statements are neutral, consistent, and clear. From time to time, certain disclosures are more sensitive than others due to their significance to financial statement users. The most sensitive disclosures involve capital assets and long-term debt.

We have requested certain representations from management that are included in the management representation letter provided to us on November 17, 2021. We advise the governing body to request this letter from management for their review. In conjunction with their representations, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.

In addition, the representation letter provided to us, by management, confirmed there were no uncorrected misstatements. Management has recorded all of our adjusting journal entries, and has agreed to the conversion entries necessary to convert governmental funds and proprietary funds to governmental activities and business-type activities, respectively.

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2020-21 basic financial statements.

Our consideration of the District's internal control components was not designed for the purpose of making detailed recommendations and would not necessarily disclose all significant deficiencies within the components. Our audit procedures have been appropriately adjusted to compensate for any observed significant deficiencies. The following three paragraphs define the three different types of deficiencies that can occur:

A control 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 significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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.

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

There are inherent limitations that should be recognized in considering the potential effectiveness of internal control over financial reporting. Errors can result from misunderstanding of instructions, mistakes of judgment, carelessness, fatigue, and other personnel factors. Control procedures whose effectiveness depends upon the segregation of duties can be circumvented by collusion or by management. What's more, any projection of internal control evaluations to future periods is subject to the risk that the procedures may become inadequate because of changes in conditions or due to the deterioration of the degree of compliance with control procedures.

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. These matters were discussed with management as the audit progressed and have subsequently been reviewed in detail to formulate practical recommendations. We wish to thank your staff for their courtesies and cooperation, which facilitated the efficient performance of audit procedures. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the District.

A control deficiency is determined to be considered a material weakness or significant deficiency based upon the magnitude of the problem as it pertains to a particular opinion unit. In other words, what is considered a significant deficiency in one fund may only be a control deficiency in another fund of greater size.

The following section in this governance/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:

OTHER INFORMATION

Leases

The Governmental Accounting Standards Board has issued Statement No. 87 dealing with Operating and Financing Leases. Under current accounting principles, only Financing Leases are recorded on the financial statements as assets and liabilities. Operating leases are shown as rent expense. As such, we have only been interested in capital or financing leases in past years, but the new standard below will require the need to audit all leases.

The new standard defines a lease as a contract that conveys control of the right to use another entity's non-financial asset as specified in the contract for a period of time. As such, all leases will be recorded on the financial statements as either a tangible or intangible asset with a corresponding liability for future present value of lease payments.

The original effective date of this new standard would have been for the 2020-21 fiscal year; however, mandatory implementation has been extended with GASB Statement No. 95 pushing the date of implementation to the 2021-22 fiscal year.

This letter is required by our standards and has been combined with, what we previously referred to as the management letter. The intent of this letter is to communicate with those charged with governance on matters pertaining to the audit and includes information that we believe can help you correct or improve operating efficiency, under the limitations of staff availability, within the School District.

Respectively submitted,

Norman & Associates, P.C.

November 17, 2021

REPORT DISTRIBUTION LIST

The Northern Lehigh School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO:
(Electronically Submitted)

BUREAU OF THE CENSUS
DATA PREPARATION DIVISION

ONE COPY TO:
(Electronically Submitted)

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE BUDGET/BUREAU OF AUDITS

ONE COPY TO :

CARBON-LEHIGH INTERMEDIATE UNIT
4210 INDEPENDENCE DRIVE
SCHNECKSVILLE, PA 18078

FINANCIAL SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Members of
American Institute of Certified Public Accountants
Pennsylvania Institute of Certified Public Accountants
Florida Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Northern Lehigh School District
1201 Shadow Oaks Lane
Slatington, PA 18080-1299

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Northern Lehigh School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an

Northern Lehigh School District

opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the general fund budgetary comparison statement of the Northern Lehigh School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2-G to the financial statements, the District adopted the provisions of GASB Statements No. 90, *Accounting and Financial Reporting for Majority Equity Interest* – an amendment of GASB Statements No. 14 and No. 61 and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* – an amendment of GASB Statements No. 14 and No. 84 and a supersession of GASB Statement No. 32, and GASB Statement No. 98, *The Annual Comprehensive Financial Report*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 9-18, the Schedule on District's Proportionate Share of Net Pension Liability, the Schedule of District's Contributions – Pensions, and the Schedules associated with two OPEB Plans, on pages 78-84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Lehigh School District's basic financial statements. The *combining and individual fund statements and schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are presented for purposes of additional analysis and are not a required part of the basic financial statements.


Northern Lehigh School District

The *combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are the responsibility of management and were derived from and related 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 combining and individual fund financial statements, schedules, and the schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for federal awards, are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2021, on our consideration of the Northern Lehigh 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 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 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 Northern Lehigh School District's internal control over financial reporting and compliance.

Respectfully submitted,



November 17, 2021

**NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
UNAUDITED
For the Year Ended June 30, 2021**

The discussion and analysis of Northern Lehigh School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

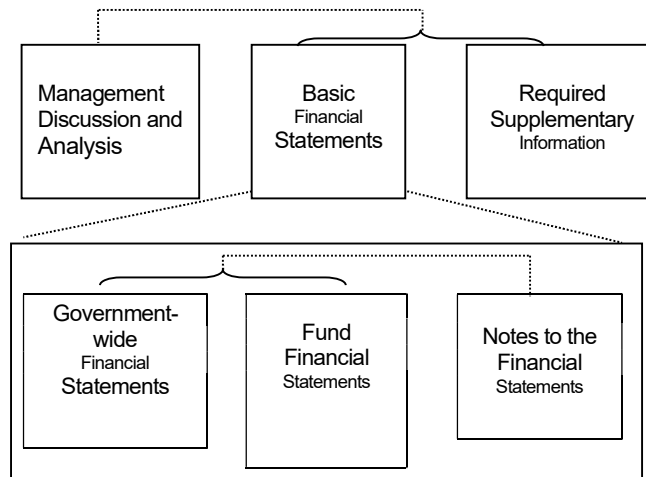
As of June 30, 2021, the Northern Lehigh School District's current assets equal \$17,424,307, non-current assets equal \$49,584,436, and deferred outflows of resources equal \$7,503,215. Current Liabilities for the period equal \$4,225,883, non-current liabilities equal \$73,294,150, and deferred inflows of resources equal \$1,342,592. This brought the District's total net position to (\$4,350,667) for the fiscal year. Northern Lehigh School District continued its implementation of GASB Statement No. 68.

The fiscal year had a beginning net position amount of (\$4,518,067), which includes both governmental and business-type activities. The district saw a change in net position in the amount of \$167,400, bringing the net position to an ending value of (\$4,350,667).

Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another.

Figure A-1

**Required Components of
Northern Lehigh School District's
Financial Report**



**NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis**

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District they cover and the types of information they contain. The remainder of this overview section of management discussion and analysis explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Northern Lehigh School District's
Government-Wide and Fund Financial Statements**

	Fund Statements			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food Services	Instances in which the District is the trustee or agent to someone else's resources - Scholarship Funds
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures, and changes in fund balance	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both financial and capital, and short-term and long-term
Type of inflow-outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid	All revenues and expenses during year, regardless of when cash is received or paid

NORTHERN LEGHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial Statements

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private sector companies. The statement of net position includes all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net Position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources are one way to measure the District's financial health or position.

Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

To assess the overall health of the District, you need to consider additional factors, such as the increasing property tax base, outlook for future growth, strength of financial policies and planning, and student performance and achievement.

The government-wide financial statements of the District are divided into two categories:

- **Governmental activities** – All of the District's basic services are included here, such as instruction, administration and community services. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-type activities** – The District operates a food service operation and charges fees to staff, students, and visitors to help it cover the costs of the food service operation.

Fund Financial Statements

The District's fund financial statements provide detailed information about the most significant funds – not the District as a whole. Some funds are required by state law and by bond requirements.

Governmental funds - Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary funds - These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.

**NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis**

Fiduciary funds - The District is the trustee, or fiduciary, for some scholarship funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE NORTHERN LEHIGH SCHOOL DISTRICT AS A WHOLE

The total net position was (\$4,350,667) at June 30, 2021. This is an increase in net position of \$167,400 from the net position for the previous fiscal year. **The following table does not reflect internal balances in the "total" column for each year.**

**Table A-1
Fiscal Years Ended June 30, 2021
Net Position**

	2020-21			2019-20		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
Current assets	\$ 17,379,263	\$ 238,053	\$ 17,424,307	\$ 15,200,861	\$ 214,018	\$ 15,276,919
Non-Current assets	49,508,147	76,289	49,584,436	51,217,795	71,922	51,289,717
Deferred Outflow of Resources	7,369,377	133,838	7,503,215	6,572,049	164,843	6,736,892
Total Assets & Deferred Outflow of Resources	\$ 74,256,787	\$ 448,180	\$ 74,511,958	\$ 72,990,705	\$ 450,783	\$ 73,303,528
Current and other liabilities	\$ 4,236,795	\$ 182,097	\$ 4,225,883	\$ 6,689,612	\$ 54,526	\$ 6,606,178
Long-term liabilities	71,865,400	1,428,750	73,294,150	68,108,935	1,383,687	69,492,622
Deferred Inflow of Resources	1,285,210	57,382	1,342,592	1,628,855	93,940	1,722,795
Total Liabilities & Deferred Inflow of Resources	77,387,405	1,668,229	78,862,625	76,427,402	1,532,153	77,821,595
Net Position						
Net Investment in Capital Assets	28,031,275	76,289	28,107,564	28,780,704	71,922	28,852,626
Restricted	143,995	-	143,995	143,963	-	143,963
Unrestricted	(31,305,888)	(1,296,338)	(32,602,226)	(32,361,364)	(1,153,292)	(33,514,656)
Total Net Position	(3,130,618)	(1,220,049)	(4,350,667)	(3,436,697)	(1,081,370)	(4,518,067)
Total Liabilities, Deferred Inflow of Resources, & Net Position	\$ 74,256,787	\$ 448,180	\$ 74,511,958	\$ 72,990,705	\$ 450,783	\$ 73,303,528

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted is combined of designated and undesignated amounts. The designated balances are amounts set-aside to fund future purchases or capital projects as planned.

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are represented to determine the final amount of the district's activities that are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

**NORTHERN LEGHIGH SCHOOL DISTRICT
Management's Discussion and Analysis**

Table 2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

**Table 2
Fiscal Year Ended June 30, 2021
Changes in Net Position**

	2020-21			2019-20		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
REVENUES						
<i>Program revenues</i>						
Charges for services	\$ 12,550	\$ 6,666	\$ 19,216	\$ 68,369	\$ 182,602	\$ 250,971
Operating grants and contributions	6,771,763	592,469	7,364,232	6,350,220	669,691	7,019,911
Capital grants and contributions	273,689	-	273,689	350,231	-	350,231
<i>General revenues</i>						
Property taxes	16,942,419	-	16,942,419	16,599,548	-	16,599,548
Other taxes	1,998,896	-	1,998,896	1,928,521	-	1,928,521
Subsidies Not Restricted	8,041,036	-	8,041,036	8,039,985	-	8,039,985
Investment Earnings	17,372	-	17,372	187,244	-	187,244
Miscellaneous revenues	236,747	13,655	250,402	171,000	16,412	187,412
Gain (Loss) on Sales of Capital Assets	(4,740)	-	(4,740)	54,504	-	54,504
Transfers	-	-	-	-	-	-
TOTAL REVENUES	\$ 34,289,732	\$ 612,790	\$ 34,902,522	\$ 33,749,622	\$ 868,705	\$ 34,618,327
EXPENSES						
Instruction	\$ 19,805,594	\$ -	\$ 19,805,594	\$ 19,025,868	\$ -	\$ 19,025,868
Pupil Support Services	2,327,294	-	2,327,294	2,156,028	-	2,156,028
Administrative/Business	4,078,101	-	4,078,101	3,373,284	-	3,373,284
Operation/Maintenance	2,897,531	-	2,897,531	2,777,092	-	2,777,092
Pupil transportation	1,535,739	-	1,535,739	1,925,377	-	1,925,377
Student activities	711,015	-	711,015	763,723	-	763,723
Community services	11,205	-	11,205	129	-	129
Scholarships and Awards	55,556	-	55,556	-	-	-
Interest Expense	608,339	-	608,339	829,227	-	829,227
Unallocated Depreciation	1,953,279	-	1,953,279	1,316,115	-	1,316,115
Food Services	-	751,469	751,469	-	880,063	880,063
TOTAL EXPENSES	33,983,653	751,469	34,735,122	32,166,843	880,063	33,046,906
Increase (decrease) in net position	\$ 306,079	\$ (138,679)	\$ 167,400	\$ 1,582,779	\$ (11,358)	\$ 1,571,421

NORTHERN LEGHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

The tables below present the expenses of both the Governmental Activities and the Business-type Activities of the District.

Table 3 shows the District's eight largest functions – instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, food service as well as each program's net cost (total cost less revenues generated by activities). This table also shows the net costs offset by the other unrestricted grants, subsidies and contributions to show the remaining financial needs supported by local taxes and other miscellaneous revenues.

Table 3
Fiscal Year Ended June 30, 2021
Governmental Activities

Functions/Programs	2020-21		2019-20	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 19,805,594	\$ 15,278,883	\$ 19,481,155	\$ 14,932,767
Pupil Support Services	2,327,294	1,952,609	2,243,692	1,895,818
Administrative/Business	4,078,101	3,557,456	3,711,361	3,305,579
Operation and maintenance	2,897,531	2,361,871	2,921,127	2,662,980
Pupil transportation	1,535,739	805,871	1,610,463	902,593
Interest on long-term debt	608,339	334,650	742,795	393,001
Student Activities	711,015	614,278	817,226	666,261
Community services	11,205	11,198	429	429
Scholarships and Awards	55,556	55,556	26,649	26,649
Unallocated depreciation expense	1,953,279	1,953,279	1,635,035	1,635,035
Total governmental activities	\$ 33,983,653	26,925,651	\$ 33,189,932	26,421,112
Less:				
Unrestricted grants, subsidies		8,041,036		8,039,985
Total needs from local taxes and other revenues		\$ 18,884,615		\$ 18,381,127

Table 3A reflects the activities of the Food Service program, the only Business-type activity of the District.

Table 3-A
Fiscal Year Ended June 30, 2021
Business – type
Activities

Functions/Programs	2020-21		2019-20	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Services	\$ 751,469	\$ (152,334)	\$ 915,585	\$ (63,292)
Less:				
Investment earnings & other misc.		13,655		16,412
Transfers In		-		-
Total business-type activities		\$ (138,679)		\$ (46,880)

The Statement of Revenues, Expenses and Changes in Fund Net Position for this proprietary fund will further detail the actual results of operations.

**NORTHERN LEGHIGH SCHOOL DISTRICT
Management's Discussion and Analysis**

THE DISTRICT FUNDS

The June 30, 2021 financial statements reported a combined fund balance of \$11,069,853, an increase of \$2,264,084 from the previous year. This increase is due in large part to budgeted expenditures not being fully spent due to restrictions caused by the COVID-19 Pandemic. This also includes losses suffered by the Cafeteria Fund due to lost revenues also attributed to COVID-19.

The District's General Fund had positive changes in their fund balance. General fund revenues exceeded expenses (not including transfers) by \$2,402,731. The resulting change in fund balance was an increase of \$2,402,731.

In the Capital Reserve Fund, the District actively prepares for unexpected and proposed capital projects each year. In order to fund these projects without the need for additional borrowing issues, the District has established this fund and makes transfers from available fund balance of the General Fund to this fund. There were no additional Capital outlay projects covered by the Capital Reserve Fund this year. There were additional adjustments to Capital Reserve fund causing an increase of \$32. The Capital Reserve fund balance as of June 30, 2021 was \$143,995.

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is not prohibited by state law. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the Annual Financial Report.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2021, the District had \$49,508,147 invested in a broad range of capital assets, including land, buildings and furniture and equipment.

**Table 4
Governmental Activities
Fiscal Year Ended June 30, 2021
Capital Assets – Net of Depreciation**

	<u>2020-21</u>	<u>2019-20</u>
Land	\$ 247,143	\$ 247,143
Site Improvements	1,523,065	1,659,763
Buildings	46,588,796	48,080,438
Construction in Progress	-	44,680
Furniture & Equipment - Governmental	1,149,143	1,185,771

**Table 4-A
Business Type Activities
Fiscal Year Ended June 30, 2021
Capital Assets – Net of Depreciation**

	<u>2020-21</u>	<u>2019-20</u>
Furniture & Equipment - Business-Type	\$ 76,289	\$ 71,922

Bipolar Ionization units and bottle filling stations were installed district-wide. These units were paid for from our Federal ESSER grant money as part of our response to the COVID-19 pandemic

**NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis**

Debt Administration

As of July 1, 2020, the District had total outstanding debt of \$20,920,000. During the year, the District issued new debt in the amount of 4,695,000 and repaid \$4,850,000 through a combination of repayments and refinancing of the Series 2012 Bond (partial) and the Series 2015 Bond, resulting in ending outstanding debt as of June 30, 2021, of \$20,765,000.

**Table 5
Outstanding Debt**

	2020-21	2019-20
General Obligation Notes/Bonds:		
- Bonds, Series of 2012	\$ 2,695,000	\$ 4,580,000
- Bonds, Series of 2015	-	2,955,000
- Bonds, Series A of 2018	11,310,000	11,310,000
- Bonds, Series B of 2018	2,070,000	2,075,000
Bonds, Series of 2020	4,690,000	-

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The Northern Lehigh School District continues to reflect a district suffering from significant financial plight. It remains a district with almost no industrial base from which to draw taxes forcing local property owners/taxpayers to bear the brunt of funding a quality education program. While the financial burden limits the programs the district can offer similar to more affluent neighboring school districts, various grants have allowed Northern Lehigh School District to move ahead with cutting edge educational programs and opportunities for students. This would include such programs as full day kindergarten, a multi-tiered intervention model served through MTSS (intervention in all educational areas), and a partnership with area preschools to create a cohesive curriculum for our youngest learners. We also continue to provide a one to one computer/student ratio throughout the District encompassing grades K to 12. So even though the district suffers from an incredible financial burden, it offers one of the best educational programs K to 12 and envisions an even brighter educational future. The District also continues to look for grant monies and partnerships in order to develop programs focusing on safety and security, advancements in technology applications and staff training and support, and recovery of learning loss created by the COVID-19 pandemic.

Many external factors will also continue to have influence over the district's future. The State of Pennsylvania has already notified the district of rises in the employer contribution rates to the retirement system over the next several years to offset many deficits in their funding. Cost increases to employer provided healthcare has also created budgetary concerns as the District moves forward. There is also a continuous need to replace and enhance technological aspects of the district in order to keep the students up to date with programs they will encounter in post-educational programs.

The continued use of Act 1 of 2006 causes Northern Lehigh to face large financial hurdles by trying to equalize mills in a district that crosses county borders and has taxing authority in two counties. This does not allow the district to have the ability to take full value of the index set by PDE and by which the district must now develop its budget.

**NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis**

NEXT YEAR'S BUDGET (2021-2022)

Some factors affecting budgeted revenues are:

* Grant allocations continue to decline but the programs are still in operation, which will cause an increase in expenditures and force the district to look at those programs and make a decision of whether or not they are necessary to maintain a high-quality education program. It is uncertain if Northern Lehigh will continue to get an increase in basic education subsidy from the Department of Education and could even experience a severe decrease in funding due to the implementation of the new state funding formula, a state budget shortfall and the limited ability to raise taxes in accordance with Act 1 of 2006.

Items which could affect expenditures for the 2021-2022 Budget:

- The District should continue to see savings in both electric and fuel oil costs in the buildings where the ESCO project was completed.
- The increase in retirement rates and medical costs continue to make budgeting difficult. Employees are working longer due to the high cost of health care rather than taking advantage of their pension plan. Therefore, the district is not seeing any reduction in salary and benefits.
- The District is also experiencing an increase in Special Education costs due to the number of students involved and the nature of their disability. In order to meet the needs of these students and remain in compliance with state regulations, additional staff may need to be employed.
- We continue to see a decline in our enrollment which will mean a decrease in Basic Ed Subsidy. However, the enrollment decline is not large enough to require staffing furloughs creating no decrease in expenditures.
- No requirement or advance notice for district students to enroll in brick and mortar/cyber charter schools will continue to be a burden for the district at a rate exceeding \$13,000 per student and \$30,000 per special education student. This makes it impossible to budget properly for these costs. The District continues to operate its own cyber charter school with the hope of reducing these unpredictable costs; however, we are still experiencing increases in charter school enrollments with entities outside of the District. This has only been exacerbated by COVID-19 masking and quarantine mandates.
- We may also be feeling the detrimental effects of COVID-19 for years to come. Many people will continue to be unemployed as businesses fail to reopen after the pandemic ends. This causes great concern on the future of our tax base and the ability to generate enough revenue to run the District as cost effectively as we have always prided ourselves on being able to do.

**NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis**

The comparison of budgeted revenue and expenditure categories for next year and this year are:

**Table 6
BUDGETED REVENUES**

	2021-22		2020-21
Revenue from Local Sources	\$ 19,279,185	\$	18,728,458
Revenue from State Sources	13,436,241		13,599,250
Revenue from Federal Sources	1,280,610		1,088,659
Other Financing Sources	140,000		140,000

**Table 6A
BUDGETED EXPENDITURES**

	2021-22		2020-21
Instruction	\$ 20,454,878	\$	19,807,922
Support Services	11,978,239		11,985,878
Operation of Non-Instructional Programs	848,632		826,679
Facility Improvements	-		-
Fund Transfers/Debt Services	1,240,879		1,142,911

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Matthew J. Link, District Superintendent or Sherri Molitoris, Co-Director of Business Affairs, Northern Lehigh School District, 1201 Shadow Oaks Lane, Slatington, PA 18080. 610-767-9800.

BASIC FINANCIAL STATEMENTS

**Northern Lehigh School District
Statement of Net Position
As of June 30, 2021**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 14,348,638	\$ 95,903	\$ 14,444,541
Investments	-	-	-
Receivables, net	1,578,920	-	1,578,920
Internal Balances	110,922	82,087	- (1)
Due From Other Governments	1,227,018	36,910	1,263,928
Other Receivables	32,375	830	33,205
Inventories	67,576	22,323	89,899
Prepaid Expenses	4,798	-	4,798
Other Current Assets	9,016	-	9,016
Total Current Assets	17,379,263	238,053	17,424,307
Non-Current Assets:			
Restricted Cash and Cash Equivalents	-	-	-
Land	247,143	-	247,143
Site Improvements (net of depreciation)	1,523,065	-	1,523,065
Building and Bldg. Improvements (net of depreciation)	46,588,796	-	46,588,796
Furniture and Equipment (net of depreciation)	1,149,143	76,289	1,225,432
Construction in Progress	-	-	-
Total Non-Current Assets	49,508,147	76,289	49,584,436
Total Assets	\$ 66,887,410	\$ 314,342	\$ 67,008,743
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	6,805,608	128,758	6,934,366
Deferred Outflows of Resources - Related to OPEB	396,302	5,080	401,382
Deferred Outflows of Resources on Debt Refundings, net	167,467	-	167,467
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 74,256,787	\$ 448,180	\$ 74,511,958
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 33,435	\$ 159,574	\$ - (1)
Due to other governments	103,735	-	103,735
Accounts Payable	248,839	8,954	257,793
Current Portion of Long-Term Obligations	480,120	-	480,120
Accrued Salaries and Benefits	1,885,125	8,129	1,893,254
Payroll Deductions and Withholdings	1,239,764	-	1,239,764
Prepayments from Persons or Firms	24,336	5,440	29,776
Other Current Liabilities	221,441	-	221,441
Total Current Liabilities	4,236,795	182,097	4,225,883
Non-Current Liabilities:			
Bonds and Notes Payable	21,093,901	-	21,093,901
Extended Term Financing Agreements Payable	-	-	-
Lease Purchase Obligations	47,393	-	47,393
Long-Term Portion of Compensated Absences	1,732,090	9,465	1,741,555
Net OPEB Liability - Single Employer Plan	1,690,189	-	1,690,189
Net OPEB Liability - Multiple Employer Plan	2,004,548	59,361	2,063,909
Net Pension Liability	45,297,279	1,359,924	46,657,203
Total Liabilities	76,102,195	1,610,847	77,520,033
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pension	1,034,967	57,364	1,092,331
Deferred Inflows of Resources - Related to OPEB	252,424	18	252,442
Unearned Revenue from Grants	(2,181)	-	(2,181)
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	77,387,405	1,668,229	78,862,625
NET POSITION			
Net Investment in Capital Assets	28,031,275	76,289	28,107,564
Restricted For:			
Retirement of Long-Term Debt	-	-	-
Capital Projects	143,995	-	143,995
Other Restrictions	-	-	-
Unrestricted (deficit)	(31,305,888)	(1,296,338)	(32,602,226)
TOTAL NET POSITION	(3,130,618)	(1,220,049)	(4,350,667)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 74,256,787	\$ 448,180	\$ 74,511,958

The Accompanying Notes are an integral part of these financial statements.

(1) Internal balances represent the amount owed to or from the two types of activities within the Primary Government. Since internal balances do not represent assets or liabilities of the total Primary Government, their balances are eliminated in the "total" column (GASB Statement No. 34, para. 58).

**Northern Lehigh School District
Statement of Activities
For the Year Ended June 30, 2021**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 19,805,594	\$ 2,200	\$ 4,524,511	\$ -	\$ (15,278,883)	\$ -	\$ (15,278,883)
Instructional Student Support	2,327,294	-	374,685	-	(1,952,609)	-	(1,952,609)
Admin. & Fin'l Support Services	4,078,101	-	520,645	-	(3,557,456)	-	(3,557,456)
Oper. & Maint. of Plant Svcs.	2,897,531	-	535,660	-	(2,361,871)	-	(2,361,871)
Pupil Transportation	1,535,739	-	729,868	-	(805,871)	-	(805,871)
Student activities	711,015	10,350	86,387	-	(614,278)	-	(614,278)
Community Services	11,205	-	7	-	(11,198)	-	(11,198)
Scholarships and Awards	55,556	-	-	-	(55,556)	-	(55,556)
Interest on Long-Term Debt	608,339	-	-	273,689	(334,650)	-	(334,650)
Unallocated Depreciation Expense	1,953,279	-	-	-	(1,953,279)	-	(1,953,279)
TOTAL GOVERNMENTAL ACTIVITIES	33,983,653	12,550	6,771,763	273,689	(26,925,651)	-	(26,925,651)
BUSINESS-TYPE ACTIVITIES:							
Food Services	751,469	6,666	592,469	-	-	(152,334)	(152,334)
Other Enterprise Funds	-	-	-	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 34,735,122	\$ 19,216	\$ 7,364,232	\$ 273,689	\$ (26,925,651)	\$ (152,334)	\$ (27,077,985)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 16,942,419	\$ -	\$ 16,942,419
Taxes levied for specific purposes					1,998,896	-	1,998,896
Grants, subsidies, & contributions not restricted					8,041,036	-	8,041,036
Investment Earnings					17,372	-	17,372
Miscellaneous Income					236,747	13,655	250,402
Special item - Gain (Loss) on sale of capital assets					(4,740)	-	(4,740)
Extraordinary Items					-	-	-
Transfers					-	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					27,231,730	13,655	27,245,385
CHANGES IN NET POSITION					306,079	(138,679)	167,400
NET POSITION - BEGINNING					(3,436,697)	(1,081,370)	(4,518,067)
NET POSITION - ENDING					\$ (3,130,618)	\$ (1,220,049)	\$ (4,350,667)

The Accompanying Notes are an integral part of these financial statements.

**Northern Lehigh School District
Balance Sheet
Governmental Funds
As of June 30, 2021**

	<u>GENERAL</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>			
Cash and cash equivalents	\$ 14,204,642	\$ 143,995	\$ 14,348,637
Investments	-	-	-
Taxes Receivable, net	1,578,920	-	1,578,920
Due from other funds	110,922	-	110,922
Due from Other Governments	1,227,018	-	1,227,018
Other Receivables	32,375	-	32,375
Inventories	67,576	-	67,576
Prepaid Expenditures	4,798	-	4,798
Other Current Assets	9,016	-	9,016
TOTAL ASSETS	\$ 17,235,267	\$ 143,995	\$ 17,379,262
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 17,235,267	\$ 143,995	\$ 17,379,262
<u>LIABILITIES</u>			
Due to Other Funds	\$ 33,435	\$ -	\$ 33,435
Due to Other Governments	103,735	-	103,735
Accounts Payable	248,839	-	248,839
Current Portion of Long-Term Debt	167,829	-	167,829
Accrued Salaries and Benefits	3,124,889	-	3,124,889
Payroll Deductions and Withholdings	-	-	-
Prepayments	24,336	-	24,336
Other Current Liabilities	2,945	-	2,945
TOTAL LIABILITIES	3,706,008	-	3,706,008
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Revenue from Property Taxes	1,383,352	-	1,383,352
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	5,089,360	-	5,089,360
FUND BALANCES:			
Nonspendable Fund Balance	72,374	-	72,374
Restricted Fund Balance	148,459	143,995	292,454
Committed Fund Balance	2,657,982	-	2,657,982
Assigned Fund Balance	7,165,422	-	7,165,422
Unassigned Fund Balance	2,101,670	-	2,101,670
TOTAL FUND BALANCES	12,145,907	143,995	12,289,902
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 17,235,267	\$ 143,995	\$ 17,379,262

The Accompanying Notes are an integral part of these financial statements.

**Northern Lehigh School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2021**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 12,289,902

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$77,283,261 and the accumulated depreciation is \$27,775,114. 49,508,147

Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting. -

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. 1,385,533

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. 167,467

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension Liability and the two Net OPEB Liabilities. 5,914,520

The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory. -

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	\$ (21,313,901)	
Accrued interest on the bonds	(218,496)	
Compensated absences	(1,732,090)	
Net Pension Liability	(45,297,279)	
Net OPEB Liability - Single Employer Plan	(1,690,189)	
Net OPEB Liability - Multiple Employer Plan	(2,004,548)	
Lease Purchase Obligations	(139,684)	(72,396,187)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ (3,130,618)**

The Accompanying Notes are an integral part of these financial statements.

Northern Lehigh School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2021

	<u>GENERAL</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Local Sources	\$ 19,559,087	\$ 32	\$ 19,559,119
State Sources	13,756,606	-	13,756,606
Federal Sources	1,030,045	-	1,030,045
TOTAL REVENUES	<u>34,345,738</u>	<u>32</u>	<u>34,345,770</u>
EXPENDITURES			
Instruction	19,547,752	-	19,547,752
Support Services	10,494,715	143,551	10,638,266
Operation of Non-Instructional Services	745,089	-	745,089
Capital Outlay	249,590	-	249,590
Debt Service	1,048,677	4,636	1,053,313
TOTAL EXPENDITURES	<u>32,085,823</u>	<u>148,187</u>	<u>32,234,010</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>2,259,915</u>	<u>(148,155)</u>	<u>2,111,760</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Bond Issues	-	-	-
Refunding Bond Proceeds	-	4,695,000	4,695,000
Bond Premiums	-	96,694	96,694
Proceeds from Extended Term Financing	142,316	-	142,316
Interfund Transfers In	-	-	-
Sale/Compensation for Fixed Assets	500	-	500
Payment to bond refunding escrow agent	-	(4,643,507)	(4,643,507)
Bond Discounts	-	-	-
Refunds of Prior Year Receipts	-	-	-
Operating Transfers Out	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>142,816</u>	<u>148,187</u>	<u>291,003</u>
SPECIAL/EXTRAORDINARY ITEMS			
Special Items - Insurance Proceeds	-	-	-
Extraordinary Items	-	-	-
NET CHANGE IN FUND BALANCES	2,402,731	32	2,402,763
FUND BALANCES - BEGINNING	<u>9,743,176</u>	<u>143,963</u>	<u>9,887,139</u>
FUND BALANCES - ENDING	<u>\$ 12,145,907</u>	<u>\$ 143,995</u>	<u>\$ 12,289,902</u>

The Accompanying Notes are an integral part of these financial statements.

**Northern Lehigh School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes In Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2021**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,402,763

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

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

	Depreciation expense	\$ 2,187,695	
	less - capital outlays	<u>483,287</u>	(1,704,408)

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold. (5,240)

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available. -

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year. (51,301)

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 395,728

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. 84,286

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING **1,121,828**

**Northern Lehigh School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes In Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2021**

SUB-TOTAL IN CHANGES BETWEEN BASIS OF ACCOUNTING \$ 1,121,828
(cont'd)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. 49,246

Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Refunding bond issues becomes a use of current financial resources in governmental funds, but refundings represent payments of long-term debt in the statement of net position. This figure represents the difference between bond and lease proceeds and refunding payments made to paying agents, along with removing other financing sources. (290,503)

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. -

The difference between current year pension and OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension and OPEB contributions made this past year reported as expenditures in the governmental funds. (574,492)

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 306,079

The Accompanying Notes are an integral part of these financial statements.

Northern Lehigh School District
Statement of Fund Net Position - Proprietary Funds
As of June 30, 2021

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and cash equivalents	\$ 95,903	\$ -	\$ 95,903
Investments	-	-	-
Due from other funds	82,917	-	82,917
Due From Other Governments	36,910	-	36,910
Other Receivables	-	-	-
Inventories	22,323	-	22,323
Prepaid expenses	-	-	-
Other Current Assets	-	-	-
TOTAL CURRENT ASSETS	238,053	-	238,053
NON-CURRENT ASSETS:			
Building & Bldg. Improvements (net)	-	-	-
Machinery & Equipment (net)	76,289	-	76,289
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	76,289	-	76,289
TOTAL ASSETS	\$ 314,342	\$ -	\$ 314,342
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources - Related to Pension	128,758	-	128,758
Deferred Outflows of Resources - Related to OPEB	5,080	-	5,080
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 448,180	\$ -	\$ 448,180
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Due to Other Funds	\$ 159,574	\$ -	\$ 159,574
Due to Other Governments	-	-	-
Accounts Payable	8,954	-	8,954
Compensated Absences	-	-	-
Accrued Salaries and Benefits	8,129	-	8,129
Payroll Deductions and Withholdings	-	-	-
Prepayments from Students	5,440	-	5,440
TOTAL CURRENT LIABILITIES	182,097	-	182,097
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	9,465	-	9,465
Net Pension Liability	1,359,924	-	1,359,924
Net OPEB Liability - Multiple Employer Plan	59,361	-	59,361
Other Long-Term Liabilities	-	-	-
TOTAL NON-CURRENT LIABILITIES	1,428,750	-	1,428,750
TOTAL LIABILITIES	1,610,847	-	1,610,847
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources - Related to Pension	57,364	-	57,364
Deferred Inflows of Resources - Related to OPEB	18	-	18
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,668,229	-	1,668,229
<u>FUND NET POSITION</u>			
Net Investment in Capital Assets	76,289	-	76,289
Restricted for Legal Purposes	-	-	-
Unrestricted	(1,296,338)	-	(1,296,338)
TOTAL FUND NET POSITION	(1,220,049)	-	(1,220,049)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 448,180	\$ -	\$ 448,180

The Accompanying Notes are an integral part of these financial statements.

Northern Lehigh School District
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2021

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING REVENUES:			
Food Service Revenue	\$ 6,666	\$ -	\$ 6,666
Charges for Services	-	-	-
Other Operating Revenues	<u>13,655</u>	<u>-</u>	<u>13,655</u>
TOTAL OPERATING REVENUES	<u>20,321</u>	<u>-</u>	<u>20,321</u>
OPERATING EXPENSES:			
Salaries	328,950	-	328,950
Employee Benefits	208,910	-	208,910
Purchased Professional and Technical Services	-	-	-
Purchased Property Service	7,635	-	7,635
Other Purchased Services	772	-	772
Supplies	200,511	-	200,511
Depreciation	4,508	-	4,508
Dues and Fees	-	-	-
Claims and Judgments	-	-	-
Other Operating Expenses	<u>183</u>	<u>-</u>	<u>183</u>
TOTAL OPERATING EXPENSES	<u>751,469</u>	<u>-</u>	<u>751,469</u>
OPERATING INCOME (LOSS)	<u>(731,148)</u>	<u>-</u>	<u>(731,148)</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	-	-	-
Contributions and Donations	-	-	-
Gain/Loss on Sale of Fixed Assets	-	-	-
State Sources	96,103	-	96,103
Federal Sources	<u>496,366</u>	<u>-</u>	<u>496,366</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>592,469</u>	<u>-</u>	<u>592,469</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>(138,679)</u>	<u>-</u>	<u>(138,679)</u>
Capital Contributions	-	-	-
Transfers in (out)	<u>-</u>	<u>-</u>	<u>-</u>
CHANGES IN FUND NET POSITION	<u>(138,679)</u>	<u>-</u>	<u>(138,679)</u>
FUND NET POSITION - BEGINNING	<u>(1,081,370)</u>	<u>-</u>	<u>(1,081,370)</u>
FUND NET POSITION - ENDING	<u>\$ (1,220,049)</u>	<u>\$ -</u>	<u>\$ (1,220,049)</u>

The Accompanying Notes are an integral part of these financial statements.

Northern Lehigh School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2021

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 16,946	\$ -	\$ 16,946
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	13,655	-	13,655
Cash Payments to Employees for Services	(493,795)	-	(493,795)
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(46,497)	-	(46,497)
Cash Payments to Other Operating Expenses	(183)	-	(183)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(509,874)	-	(509,874)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	96,255	-	96,255
Federal Sources	459,823	-	459,823
Notes and Loans Received	-	-	-
Interest Paid on Notes/Loans	-	-	-
Operating Transfers In (Out)	-	-	-
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	556,078	-	556,078
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Equipment	(8,875)	-	(8,875)
Capital Contributions	-	-	-
Gain/Loss on Sale of Fixed Assets (Proceeds)	-	-	-
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(8,875)	-	(8,875)
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	-	-	-
Purchase of Investment Securities/Deposits to Investment Pools	-	-	-
Withdrawals from Investment Pools	-	-	-
Proceeds from Sale and Maturity of Investment Securities	-	-	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-	-	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	37,329	-	37,329
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	58,574	-	58,574
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 95,903	\$ -	\$ 95,903

**Northern Lehigh School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2021**

RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING INCOME (LOSS)	\$ (731,148)	\$ -	\$ (731,148)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	4,508	-	4,508
Provision for Uncollectible Accounts	-	-	-
Donated Commodities Used	37,552	-	37,552
CHANGE IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	(3,429)	-	(3,429)
(Increase) Decrease in Advances to Other Funds	13,709	-	13,709
(Increase) Decrease in Inventories	1,852	-	1,852
(Increase) Decrease in Prepaid Expenses	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Changes in Proportion of NPL	29,945	-	29,945
(Increase) Decrease in Deferred Outflows of Resources - Current Year Pension Contributions	22,073	-	22,073
(Increase) Decrease in Deferred Outflows of Resources - Changes in Assumptions	-	-	-
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(19,418)	-	(19,418)
(Increase) Decrease in Deferred Outflows of Resources - Diff. between Expected vs Actual Experience	-	-	-
Increase (Decrease) in Accounts Payable	4,135	-	4,135
Increase (Decrease) in Accrued Salaries and Benefits	4,829	-	4,829
Increase (Decrease) in Advances from Other Funds	118,240	-	118,240
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	(13)	-	(13)
Increase (Decrease) in Net Pension Liability	44,802	-	44,802
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(44,633)	-	(44,633)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	198	-	198
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Change in Assumption	11,726	-	11,726
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Change of Proportion of NPL	2,081	-	2,081
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	(7,525)	-	(7,525)
Increase (Decrease) in Other Current Liabilities	642	-	642
TOTAL ADJUSTMENTS	<u>221,274</u>	<u>-</u>	<u>221,274</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (509,874)</u>	<u>\$ -</u>	<u>\$ (509,874)</u>

The Accompanying Notes are an integral part of these financial statements.

**Northern Lehigh School District
Statement of Fiduciary Net Position - Fiduciary Funds
As of June 30, 2021**

	PRIVATE- PURPOSE TRUST FUNDS	CUSTODIAL FUNDS
ASSETS		
Cash and cash equivalents	\$ -	\$ 71,166
Investments	-	-
Due from Other Funds	-	-
Other Receivables	-	-
Prepaid Expenses	-	-
Other Current Assets	-	-
TOTAL ASSETS	-	71,166
DEFERRED OUTFLOWS OF RESOURCES		
Deferred Charges on Refundings, net	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ 71,166
LIABILITIES		
Accounts Payable	\$ -	\$ 849
Intergovernmental Payable	-	-
Due to Other Funds	-	831
Due to Student Clubs	-	-
Other Current Liabilities	-	61
TOTAL LIABILITIES	-	1,741
DEFERRED INFLOWS OF RESOURCES		
Unearned Revenue	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	1,741
NET POSITION		
Restricted for		
Individuals, organizations, and other governments	-	69,425
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ -	\$ 71,166

The Accompanying Notes are an integral part of these financial statements.

Northern Lehigh School District
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2021

	PRIVATE- PURPOSE TRUST FUND	CUSTODIAL FUNDS
ADDITIONS		
Contributions - Members	\$ -	\$ 2,450
Contributions - Employer	-	-
Special Events	-	20,654
Other Income	-	2,938
INVESTMENT EARNINGS:	-	-
Interest and Dividends	-	3
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
Tax collections for other governments	-	-
TOTAL ADDITIONS	-	26,045
DEDUCTIONS		
Administrative expense	-	-
Benefits paid to participants or beneficiaries	-	-
Payments for student club activities	-	24,699
Payments of tax collections to other governments	-	-
TOTAL DEDUCTIONS	-	24,699
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	-	1,346
NET POSITION - BEGINNING OF YEAR	-	68,079
NET POSITION - END OF YEAR	\$ -	\$ 69,425

The Accompanying Notes are an integral part of these financial statements.

Northern Lehigh School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
General Fund
For the Year Ended June 30, 2021

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u> <u>(BUDGETARY BASIS)</u>	<u>VARIANCE WITH</u> <u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>	<u>BUDGET TO</u> <u>GAAP</u> <u>DIFFERENCE</u>	<u>ACTUAL</u> <u>AMOUNTS</u> <u>GAAP BASIS</u>
	<u>ORIGINAL</u>	<u>FINAL</u>				
REVENUES						
Local Sources	\$ 18,728,458	\$ 18,728,458	\$ 19,559,087	\$ 830,629	\$ -	\$ 19,559,087
State Sources	13,599,250	13,599,250	13,756,606	157,356	-	13,756,606
Federal Sources	<u>1,088,659</u>	<u>1,088,659</u>	<u>1,030,045</u>	<u>(58,614)</u>	-	<u>1,030,045</u>
TOTAL REVENUES	<u>33,416,367</u>	<u>33,416,367</u>	<u>34,345,738</u>	<u>929,371</u>	-	<u>34,345,738</u>
EXPENDITURES						
Regular Instruction	12,871,178	12,955,178	12,920,557	34,621	-	12,920,557
Special Programs	5,515,359	5,540,359	5,302,552	237,807	-	5,302,552
Vocational Programs	1,190,628	1,190,628	1,123,284	67,344	-	1,123,284
Other Instructional Programs	16,284	21,284	4,735	16,549	-	4,735
Nonpublic School Programs	8,950	9,950	9,187	763	-	9,187
Adult Education Programs	180,523	180,523	180,519	4	-	180,519
Community/Junior College Ed. Programs	25,000	25,000	6,918	18,082	-	6,918
Pre-Kindergarten	-	-	-	-	-	-
Pupil Personnel Services	1,062,137	1,063,137	1,042,692	20,445	-	1,042,692
Instructional Staff Services	876,603	900,603	826,850	73,753	-	826,850
Administrative Services	2,337,155	2,369,155	2,313,219	55,936	-	2,313,219
Pupil Health	383,258	401,258	401,129	129	-	401,129
Business Services	609,961	612,961	599,641	13,320	-	599,641
Operation & Maintenance of Plant Services	3,891,098	3,581,098	2,943,976	637,122	-	2,943,976
Student Transportation Services	2,072,575	1,822,575	1,532,995	289,580	-	1,532,995
Central Support Services	733,540	850,540	815,945	34,595	-	815,945
Other Support Services	19,551	19,551	18,268	1,283	-	18,268
Student Activities	825,929	756,929	678,329	78,600	-	678,329
Community Services	750	13,750	11,204	2,546	-	11,204
Scholarships and Awards	-	56,000	55,556	444	-	55,556
Facilities, Acquisition and Construction	-	250,000	249,590	410	-	249,590
Debt Service	<u>1,142,911</u>	<u>1,142,911</u>	<u>1,048,677</u>	<u>94,234</u>	-	<u>1,048,677</u>
TOTAL EXPENDITURES	<u>33,763,390</u>	<u>33,763,390</u>	<u>32,085,823</u>	<u>1,677,567</u>	-	<u>32,085,823</u>
Excess (deficiency) of revenues over expenditures	<u>(347,023)</u>	<u>(347,023)</u>	<u>2,259,915</u>	<u>2,606,938</u>	-	<u>2,259,915</u>
OTHER FINANCING SOURCES (USES)						
Proceeds From Extended Term Financing	140,000	140,000	142,316	2,316	-	142,316
Interfund Transfers In	-	-	-	-	-	-
Sale/Compensation for Fixed Assets	-	-	500	500	-	500
Fund Transfers Out	-	-	-	-	-	-
Budgetary Reserve	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>140,000</u>	<u>140,000</u>	<u>142,816</u>	<u>2,816</u>	-	<u>142,816</u>
Special Items - Insurance Proceeds	-	-	-	-	-	-
Extraordinary Items	-	-	-	-	-	-
NET CHANGE IN FUND BALANCES	<u>(207,023)</u>	<u>(207,023)</u>	<u>2,402,731</u>	<u>2,609,754</u>	-	<u>2,402,731</u>
FUND BALANCE - JULY 1, 2020	<u>8,515,319</u>	<u>8,515,319</u>	<u>9,743,176</u>	<u>1,227,857</u>	-	<u>9,743,176</u>
FUND BALANCE - JUNE 30, 2021	<u>\$ 8,308,296</u>	<u>\$ 8,308,296</u>	<u>\$ 12,145,907</u>	<u>\$ 3,837,611</u>	\$ -	<u>\$ 12,145,907</u>

The Accompanying Notes are an integral part of these financial statements.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Note 1 - Description of the School District and Reporting Entity

School District

The Northern Lehigh School District is located in Slatington, Pennsylvania. The District tax base consists of the Boroughs of Slatington and Walnutport, along with Washington Township.

The Northern Lehigh School District is a unit established, organized, and empowered by the Commonwealth of Pennsylvania for the express purpose of carrying out, on the local level, the Commonwealth's obligation to public education, as established by the constitution of the Commonwealth and by the School Law Code of the same (Article II; Act 150, July 8, 1968).

As specified under the School Law Code of the Commonwealth of Pennsylvania, this and all other school districts of the state "shall be and hereby are vested as, bodies corporate, with all necessary powers to carry out the provisions of this act." (Article II, Section 211).

Board of School Directors

The public school system of the Commonwealth shall be administered by a board of school directors, to be elected or appointed, as hereinafter provided. At each election of school directors, each qualified voter shall be entitled to cast one vote for each school director to be elected.

The Northern Lehigh School District is governed by a board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, for a four-year term.

The Board of School Directors has the power and duty to establish, equip, furnish, and maintain a sufficient number of elementary, secondary, and other schools necessary to educate every person, residing in such district, between the ages of six and twenty-one years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any schools herein provided, or to pay any school indebtedness which the school district is required to pay, or to pay any indebtedness that may at any time hereafter be created by the school district, the board of school directors are vested with all the necessary authority and power annually to levy and collect the necessary taxes required and granted by the legislature, in addition to the annual State appropriation, and are vested with all necessary power and authority to comply with and carry out any or all of the provisions of the Public School Code of 1949.

Administration

The Superintendent of Schools shall be the executive officer of the Board of School Directors and, in that capacity shall administer the School District in conformity with Board policies and the School Laws of Pennsylvania. The Superintendent shall be directly responsible to, and therefore appointed by, the Board of School Directors. The Superintendent shall be responsible for the overall administration, supervision, and operation of the School District.

The Business Manager, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business aspects of the School District. In this capacity, he or she shall be responsible to insure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Northern Lehigh School District. The Business Manager is directly responsible to the superintendent.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Northern Lehigh School District, this includes general operations, food service, and student related activities of the School District.

Northern Lehigh School District is a municipal Corporation governed by an elected nine-member board. As required by generally accepted accounting principles, these financial statements are to present Northern Lehigh School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Northern Lehigh School District does not have any component units.

Joint Ventures

Lehigh Career and Technical Institute

The School District is a participating member of the Lehigh Career and Technical Institute (LCTI). The LCTI is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the LCTI's annual operating budget. Each participating district pays a pro-rata share of the LCTI's operating costs based on the number of students attending the LCTI for each District. The District's share of the LCTI operating costs for 2020-21 was \$1,123,284.

On dissolution of the Lehigh Career and Technical Institute, the net position of LCTI will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in LCTI as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the LCTI can be obtained from the LCTI's administrative office at 2300 Main Street, Schnecksville, PA.

Lehigh-Carbon Community College

The District is a participating member of the Lehigh-Carbon Community College (LCCC). The LCCC is run by a Board of Trustees elected by the participating member districts' boards of directors. No participating district appoints a majority of the Board of Trustees. A vote of two-thirds of all member districts shall be required for approval of the LCCC's annual operating budget. The amount of the annual operating costs of the LCCC shall be apportioned among the member districts on the basis of the number of full-time equivalent students enrolled in LCCC and residing in the respective geographical areas of each of the member districts. The District's share of LCCC's operating costs for 2020-21 was \$180,519.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

On dissolution of the Lehigh-Carbon Community College, the net position of LCCC will be shared on a pro-rata basis of each member district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in LCCC as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the LCCC can be obtained from the LCCC's administrative office at 4500 Park Drive, Schnecksville, PA.

Jointly Governed Organizations

Carbon-Lehigh Intermediate Unit

The School District is a participating member of the Carbon-Lehigh Intermediate Unit (CLIU). The CLIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the CLIU's annual operating budget. The CLIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CLIU. The CLIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

Undivided Interest - Recreation Commission

The school district has an undivided interest with the Borough of Slatinton and Township of Washington creating a Recreation and Park Board. The Board shall have the power to equip, operate, and maintain parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, and indoor recreation. The Board shall have representatives of the above-mentioned government entities. Each government entity agreed to contribute \$500 per year to fund administrative expenses; however, no contribution has been made in recent years. The Northern Lehigh Recreation Commission may accept any grant, gift, bequest, or donation, or money from any individual or group to be used as specified by the donor.

Note 2 - Summary of Significant Accounting Policies

The financial statements of the District have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. On June 15, 1987, the GASB issued a codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

A. *Basis of Presentation*

The School District's basic financial statements consist of government-wide statements, including a statement of net position, a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity of the School District. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program, and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are three categories of funds: governmental, proprietary, and fiduciary.

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Deferred outflows of resources are recorded in a particular governmental fund where costs are spent for a future period. Current Liabilities are assigned to the governmental fund from which they will be paid. Deferred inflows of resources are recorded in a particular governmental fund that has received resources for a future period. The difference between the sum of assets and deferred outflows of resources minus the sum of liabilities and deferred inflows of resources is reported as fund balance. The following are the School District's major governmental funds:

General Fund

The General Fund should be used to account for and report all financial resources not accounted for and reported in another fund.

Special Revenue Funds

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term proceeds of specific revenue sources establish that one or more specific restricted or committed revenues should be the foundation for a special revenue fund. The restricted or committed proceeds of specific revenue sources should be expected to continue to comprise a substantial portion of the inflows reported in the fund. Other resources also may be reported in the fund if those resources are restricted, committed, or assigned to the specified purpose of the fund.

Under this definition, the District does not have any special revenue funds.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Capital Project Funds

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital project funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The District has the following Capital Project Funds:

Capital Reserve Fund

This fund was created in accordance with Section 1432 of the Municipal Code. The Municipal Code restricts how the resources are spent within this fund.

Proprietary Funds The Proprietary Funds of the School District have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fICA and retirement subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

Enterprise Funds

Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The School District's major enterprise fund is:

Food Service Fund

This fund accounts for the financial transactions related to the food service operations of the School District.

Fiduciary Funds Fiduciary funds reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: Pension (and other employee benefit) trust funds, investment trust funds, Private-purpose trust funds and Custodial funds. The School District has two Fiduciary Funds:

HS & MS Student Activity Fund

These funds are considered custodial funds and are reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Like the government-wide statements, all enterprise funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities, including required deferred outflows of resources or required deferred inflows of resources, associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources, and in the presentation of expenses versus expenditures.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

E. Budgetary Process

An operating budget is adopted prior to the beginning of each year for the General Fund on the modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required.

In accordance with Act 1 of 2006, the Board shall annually, but not later than the first business meeting of January, decide the budget option to be used for the following fiscal year. The Board shall approve either the Accelerated Budget Process Option or the Board Resolution Option.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Accelerated Budget Process Option

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election.

If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

The final budget shall include any necessary changes from the adopted preliminary budget. Any reduction required as the result of the failure of referendum shall be clearly stated. The final budget shall be made available for public inspection at least 20 days prior to final adoption. The Board shall annually adopt the final budget by a majority vote of all members of the Board prior to June 30.

Board Resolution Option

Under the Board Resolution Option, the Board shall adopt a resolution that it will not raise the rate of any tax for the following fiscal year by more than the Index. Such resolution shall be adopted no later than 110 days prior to the primary election. At least 30 days prior to adoption of the final budget the Board shall prepare a proposed budget. The proposed budget shall be available for public inspection at least 20 days prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

Legal budgetary control is maintained at the sub-function/major object level. The PA School Code allows the School Board to make budgetary transfers between major function and major object codes only within the last nine months of the fiscal year, unless there is a two-thirds majority of the Board approving the transfer. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2020-21 budget transfers.

F. Use of Estimates

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

G. Changes in Accounting Principles

During the 2020-21 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 90 (Accounting and Financial Reporting for Majority Equity Interests). This Statement is designed to improve consistency and comparability when a government has a majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

GASB Statement No. 97 (Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans). This Statement is designed

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans, and employee benefit plans other than pension plans or OPEB plans as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for the IRC Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans.

H. 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 and additions to/deductions from the Public School Employees' Retirement System's fiduciary net position have been determined on the same basis as they are reported by the Public School Employees' Retirement System. 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.

I. Other Postemployment Benefits

Multiple Employer Cost Sharing OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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.

Single Employer OPEB Plan

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information was obtained from the Actuary Report conducted by Conrad Siegel. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. The single employer plan is not funded.

J. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Proprietary Fund type considers all highly liquid investments with a maturity of three months or less, when purchased, to be cash equivalents.

Investments

In accordance to GASB Statement No. 72, investments generally are to be measured at fair value. An investment is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has the present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value. Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2021, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

Property taxes that were levied during the current fiscal year, which are not estimated to be received within sixty (60) days after the fiscal year-end, are recorded as receivable and deferred inflows of resources in the fund financial statements.

In the government-wide financial statements, all property taxes levied during the fiscal year are recognized as revenue, net of estimated uncollectible amount.

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. A physical inventory taken at June 30, 2021, shows \$67,576 as an asset in the governmental activities column of the government-wide financial statements; a physical inventory taken on June 30, 2021 shows \$22,323 as an asset in the business-type activities column of the government-wide financial statements.

Inventory type items in governmental funds utilize the consumption method, that is, they are charged to expenditures when used. A physical inventory was taken as of June 30, 2021; therefore, there is a nonspendable fund balance of \$67,576 in the General Fund.

Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The only Proprietary Fund of the District is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs and purchased food and supplies.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Inventories on hand at June 30, 2021, consist of:

Purchased Food	\$	9,477
Supplies		11,418
Donated Commodities		1,427
TOTAL	\$	22,322

Prepaid Expenses

In both the government-wide and fund financial statements, prepaid expenses are recorded as assets in the specific governmental fund in which future benefits will be derived.

Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position, but are not reported in the fund financial statements. Capital assets utilized by the enterprise funds are reported both in the business-type activities column of the government-wide statement of net position and in the respective funds.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of two thousand-five hundred (\$2,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

All reported capital assets except land, certain land improvements, and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Buildings and Improvements	10 - 50 years	10 - 50 years
Furniture and Equipment	5 - 20 years	5 - 20 years
Vehicles	6 - 12 years	N/A

Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

The entire compensated absence liability is reported on the government-wide financial statements.

For governmental funds, the current portion of unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources. In enterprise funds, the entire amount of compensated absences is reported as a fund liability.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refunding's are deferred and amortized over the life of the bonds using modification of the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refunding's are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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 while discounts and premiums on debt issuances are reported as other financing uses and other financing sources, respectively. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as support service expenditures.

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2021, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net Investment in Capital Assets component of Net Position is comprised of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. In addition, any deferred outflows of resources and/or deferred inflows of resources related to such capital assets or liabilities associated with the capital assets should also be added to or deducted from the overall Net Investment in Capital Assets. The restricted component of Net Position is used when there are limitations imposed on their use either through the enabling legislation adopted by a higher governmental authority or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. The remaining component of Net Position is unrestricted.

The School District applies restricted resources first when an expense is incurred for purposes for which both the restricted and unrestricted components of net position are available.

Fund Balance Categories

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 8 to the financial statements:

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Nonspendable Fund Balance

This category includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other government laws or regulations, or the constraint is imposed by enabling legislation or constitutional provisions.

Committed Fund Balance

This category pertains to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority. The committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action.

This government's governing body is the School Board and the formal action taken to commit resources is done by resolution.

Assigned Fund Balance

This category includes all remaining amounts that are reported in governmental funds, except the general fund, that are not classified in one of the above-mentioned categories. In the general fund, this category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The District's policy dictates the Superintendent and either Co-Director of Business Affairs are responsible to make these assignments.

Unassigned Fund Balance

This category of fund balance represents the residual classification for the general fund after segregating resources used in the other categories listed above. Unassigned fund balance will only be shown in other governmental funds if those governmental funds have a negative net fund balance.

The District's policy on fund balance does not dictate which category of unrestricted fund balance is spent first, when resources are available to be spent in various categories. As such, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts. The District's policy also does not dictate whether restricted (nonspendable or restricted) or unrestricted (committed, assigned, and unassigned) is spent first when resources are available in both categories. As such, in these circumstances, restricted will be assumed to have been spent first followed by the unrestricted categories.

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds received no capital contributions during this fiscal year.

**Northern Lehigh School District
Notes To Basic Financial Statements
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Note 3 - Reconciliation of Government-Wide and Fund Financial Statements

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between "fund balance -total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$72,396,187 difference are:

Bonds payable	\$	20,765,000
Less: Issuance discount (to be amortized as interest expense)		(946)
Add: Issuance premium (to be amortized as a contra to interest expense)		549,847
Accrued interest payable		218,496
Lease Purchase Obligations		139,684
Compensated absences		1,732,090
Net OPEB Liability - Single Employer Plan		1,690,189
Net OPEB Liability - Multiple Employer Plan		2,004,548
Net Pension Liability		<u>45,297,279</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"		<u>\$ 72,396,187</u>

B. Explanation of Differences between Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities

Due to the differences in the measurement focus and basis of accounting used on the government fund statements and district-wide statements certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. Differences between the governmental funds statement of revenues, expenditures, and changes in fund balance and the statement of activities fall into one of three broad categories. The amounts shown in the columns on the following page represent.

- a) Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas the statement of activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis whereas the accrual basis of accounting is used on the statement of activities. The long-term expenses reported below recognize the change in vested employee benefits.
- b) Capital related differences include (1) the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the statement of activities, and (2) the difference between recording an expenditure for the purchase of capital items in the governmental fund statements, and capitalization and recording of depreciation expense on those items as recorded in the statement of activities.
- c) Long-term debt transaction differences occur because long-term debt proceeds are recorded as revenue and both interest and principal payments are recorded as expenditures in the governmental fund statements. In the statement of activities, long-term debt proceeds are recorded as a liability; principal payments are recorded as a reduction of liabilities.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 16,993,719	\$ (51,300)	\$ -	\$ -	\$ 16,942,419
Taxes levied for specific purposes	1,998,896	-	-	-	1,998,896
Interest and investment earnings	17,372	-	-	-	17,372
Miscellaneous	87,145	-	-	-	87,145
Contributions and Donations	149,602	-	-	-	149,602
Charges for Services	12,550	-	-	-	12,550
Grants, subsidies & contributions not restricted	8,041,036	-	-	-	8,041,036
INTERMEDIATE SOURCES:					
Charges for Services	-	-	-	-	-
Operating grants and contributions	-	-	-	-	-
STATE SOURCES:					
Operating & Capital grants and contributions	5,715,570	-	-	-	5,715,570
FEDERAL SOURCES:					
Operating & Capital grants and contributions	1,329,882	-	-	-	1,329,882
SPECIAL AND EXTRAORDINARY SOURCES:					
Transfers in	-	-	-	-	-
Proceeds from Bond Issues	4,695,000	-	-	(4,695,000)	-
Bond Premiums	96,694	-	-	(96,694)	-
Proceeds from Extended Term Financing	142,316	-	-	(142,316)	-
Insurance Proceeds	-	-	-	-	-
Gain or (Loss) on Sale of Investments	-	-	-	-	-
Gain or (Loss) on disposal of assets	500	-	(5,240)	-	(4,740)
TOTAL REVENUES	39,280,282	(51,300)	(5,240)	(4,934,010)	34,289,732
EXPENDITURES/EXPENSES					
Instruction	19,547,753	357,257	(99,416)	-	19,805,594
Instructional Student Support	2,270,671	56,173	450	-	2,327,294
Admin. & Fin'l Support Services	3,890,625	48,349	139,127	-	4,078,101
Oper. & Maint. Of Plant Svcs.	2,943,976	11,070	(57,515)	-	2,897,531
Pupil Transportation	1,532,995	2,744	-	-	1,535,739
Student activities	678,329	14,613	18,073	-	711,015
Community Services	11,204	1	-	-	11,205
Scholarships and Awards	55,556	-	-	-	55,556
Capital Outlay	249,590	-	(249,590)	-	-
Debt Service	5,696,820	-	-	(5,088,481)	608,339
Transfers Out	-	-	-	-	-
Depreciation - unallocated	-	-	1,953,279	-	1,953,279
TOTAL EXPENDITURES/EXPENSES	36,877,519	490,207	1,704,408	(5,088,481)	33,983,653
NET CHANGE FOR THE YEAR	\$ 2,402,763	\$ (541,507)	\$ (1,709,648)	\$ 154,471	\$ 306,079

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

The District has no material violations of finance related legal and contractual provisions.

B. Deficit Fund Balance or Net Position of Individual Funds

No individual fund contains a deficit fund balance or net position at June 30, 2021, except the governmental activities has a deficit net position of \$3,130,618 and the business-type activities (food service fund), has a deficit of \$1,220,049.

C. Excess of Expenditures over Appropriations in Individual Funds

No individual fund, which had a legally adopted budget, had an excess of expenditures over appropriations.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

D. Budgetary Compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2021. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

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, 2021, \$11,555,981 of the District's bank balance of \$12,055,981 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the District's name		11,555,981
TOTAL	\$	11,555,981

Reconciliation to Financial Statements

Uncollateralized Amount above	\$	11,555,981
Plus: Insured Amount		500,000
Less: Outstanding Checks		(266,934)
Carrying Amount - Cash Balances		11,789,047
Plus: Petty Cash		1,235
Deposit in Pooled Investments Considered Cash Equivalents		2,725,425
Deposit in Money Market Mutual Funds Considered Cash Equivalents		-
Less: Certificates of Deposit considered Investments by School Code		-
TOTAL CASH PER FINANCIAL STATEMENTS	\$	14,515,707

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Investments

Permitted investments for Northern Lehigh School District are defined in the Public School Code of 1949, as amended by Act 10 of 2016 as:

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

- The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
- The investment company is rated in the highest category by a nationally recognized rating agency.

11. Savings or demand deposits placed in accordance with the following conditions:

- The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
- The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
- The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
- On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2021, the District had the following investments:

<i>Investment</i>	Maturities	Fair Value
PLGIT		\$ 2,725,425
PLGIT ARM		-
U.S. Government Securities		-
Certificates of Deposit		-
TOTAL		\$ 2,725,425

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, 2021, the District's investment in PLGIT was rated AAA by Standard & Poor's.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2021, the District did not have any investments subject to concentration of credit risk.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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 investments subject to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ 2,725,425
Less: Deposits in Investment Pool Considered Cash Equivalents	-
Deposits in Money Market Funds Considered Cash Equivalents	<u>(2,725,425)</u>
Total Investments Per Financial Statements	<u>\$ -</u>

Fair Value Reporting

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 significant unobservable inputs.

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$697,240,300. In accordance with Act 1 of 2006, the District received \$951,991 in property tax reduction funds for the 2020-21 fiscal year. The tax rate for the year was \$2.30944 per \$100 of assessed valuation or 23.0944.5139 mills for Lehigh County and \$6.54917 per \$100 of assessed valuation or 65.4917 mills for Northampton County. The District has decided to equalize the millage between the two counties.

- | | |
|--------------------------|--|
| July 1 | - Full year tax assessed for current year. |
| July 1 - August 31 | - Discount period during which a 2% discount is allowed. |
| September 1 - October 31 | - Face amount of tax is due. |
| November 1 - January 15 | - A 10% penalty is added to all payments. |
| January 15 | - All unpaid taxes become delinquent and are turned over to the County Tax Claim Bureau for Collection. |
| April 30 | - All unpaid Northampton County taxes become delinquent and are turned over to Portnoff Law Associates, Ltd. |

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes was determined by the administration. A portion of the net amount estimated to be collectible, which was measurable and available within 60 days, was recognized as revenue and the balance deferred in the financial statements.

Receivables

Receivables, as of year end, for the government's individual major funds and non-major and fiduciary funds, in the aggregate, including the applicable allowances for uncollectible accounts, are:

	GENERAL FUND	CAPITAL PROJECT FUNDS	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,578,920	-	-	-	-	1,578,920
Accounts	32,375	-	-	-	-	32,375
Intergovernmental	1,227,018	-	36,910	-	-	1,263,928
GROSS RECEIVABLES	2,838,313	-	36,910	-	-	2,875,223
Less: Allowance for Uncollectibles	-	-	-	-	-	-
NET RECEIVABLES	\$ 2,838,313	\$ -	\$ 36,910	\$ -	\$ -	\$ 2,875,223

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred inflows of resources reported in the governmental funds were:

	UNAVAILABLE	UNEARNED
Delinquent Property Taxes - General Fund	\$ 1,383,352	\$ -
Grant Drawdowns Prior to Meeting Eligibility Requirements	-	-
TOTAL	\$ 1,383,352	\$ -

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Capital Assets

Capital asset balances and activity for the year ending June 30, 2021, were:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 247,143	\$ -	\$ -	\$ 247,143
Construction in Progress	44,680	249,590	(294,270)	-
Total Capital Assets not being depreciated	<u>291,823</u>	<u>249,590</u>	<u>(294,270)</u>	<u>247,143</u>
Capital Assets being depreciated:				
Site Improvements	3,085,874	-	-	3,085,874
Buildings and Improvements	70,958,113	294,270	-	71,252,383
Furniture and Equipment	2,516,561	233,697	(52,397)	2,697,861
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>76,560,548</u>	<u>527,967</u>	<u>(52,397)</u>	<u>77,036,118</u>
Less accumulated depreciation for:				
Site Improvements	(1,426,111)	(136,698)	-	(1,562,809)
Buildings and Improvements	(22,877,675)	(1,785,912)	-	(24,663,587)
Furniture and Equipment	(1,330,790)	(265,085)	47,157	(1,548,718)
TOTAL ACCUMULATED DEPRECIATION	<u>(25,634,576)</u>	<u>(2,187,695)</u>	<u>47,157</u>	<u>(27,775,114)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	<u>50,925,972</u>	<u>(1,659,728)</u>	<u>(5,240)</u>	<u>49,261,004</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 51,217,795</u>	<u>\$ (1,410,138)</u>	<u>\$ (299,510)</u>	<u>\$ 49,508,147</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 508,592	\$ 8,875	\$ -	\$ 517,467
Less accumulated depreciation	(436,670)	(4,508)	-	(441,178)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 71,922</u>	<u>\$ 4,367</u>	<u>\$ -</u>	<u>\$ 76,289</u>

*** DEPRECIATION EXPENSE WAS CHARGED TO GOVERNMENTAL FUNCTIONS AS FOLLOWS:**

Regular Instruction	\$ 42,900
Special Instruction	-
Vocational Instruction	-
Other Instruction	-
Adult Instruction	-
Community College Instruction	-
Pupil Services	-
Instructional Staff Svcs.	450
Administrative Services	-
Health Services	-
Business Services	-
Operation & Maintenance of Plant Svcs.	33,866
Pupil Transportation	-
Central Services	139,127
Other Support Services	-
Student Activities	18,073
Community Services	-
Depreciation - unallocated	1,953,279
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 2,187,695</u>

The district's governmental activities sold/scrapped \$52,397 of equipment for \$500 during the year, with accumulated depreciation of \$47,157, showing a loss on disposition of \$4,740. The business-type activities did not dispose of any equipment during the year.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent budgetary accounting controls. The General Fund Budget is maintained on the modified accrual basis of accounting, except that budgetary basis expenditures include any encumbrances issued for goods or services not received at year-end and not terminated.

The actual results of operations are presented in accordance with GAAP and the District's accounting policies do not recognize encumbrances as expenditures until the period in which the goods or services are actually received and a liability is incurred. If budgetary encumbrances exist at year-end, they are included in the fund financial statements to reflect actual revenues and expenditures on a budgetary basis consistent with the District's legally adopted budget.

Long-Term Construction Commitments

The District did not have any Long-Term Construction Commitments as of June 30, 2021.

Short-Term Debt

Interfund Receivables and Payables

The following interfund receivables and payables were in existence on June 30, 2021 were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 110,922	\$ 33,435
Enterprise (Food Service) Fund	82,917	159,574
Custodial (Activity) Funds	-	830
TOTAL	\$ 193,839	\$ 193,839

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2021 were:

	TRANSFER IN	TRANSFER OUT
General Fund	\$ -	\$ -
Capital Project (Capital Reserve) Fund	-	-
Enterprise (Food Service) Fund	-	-
TOTAL	\$ -	\$ -

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2021, were:

Changes in Long-Term Liabilities

	BEGINNING			ENDING		AMOUNTS
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE		DUE WITHIN
						ONE YEAR
GOVERNMENTAL ACTIVITIES						
<i>General Obligation Debt:</i>						
<i>Bonds and notes payable:</i>						
Capital Projects	\$ 21,506,243	\$ 4,758,343	\$ 4,950,685	\$ 21,313,901	\$	220,000
Other than capital projects						
Capital Leases	138,096	142,316	140,728	139,684		92,291
Total general obligation debt	21,644,339	4,900,659	5,091,413	21,453,585		312,291
<i>Other liabilities:</i>						
<i>Vested employee benefits:</i>						
Vacation pay	149,816	-	11,210	138,606		100,900
Sick pay	1,778,714	-	17,401	1,761,313		66,929
Net OPEB Liability - Single Employer Plan	1,429,249	260,940	-	1,690,189		-
Net OPEB Liability - Multiple Employer Plan	2,004,848	-	300	2,004,548		-
Net Pension Liability	43,804,852	1,492,427	-	45,297,279		-
Other retirement benefits	-	-	-	-		-
Total other liabilities	49,167,479	1,753,367	28,911	50,891,935		167,829
TOTAL GOVERNMENTAL ACTIVITY						
LONG-TERM LIABILITIES	\$ 70,811,818	\$ 6,654,026	\$ 5,120,324	\$ 72,345,520	\$	480,120
BUSINESS TYPE ACTIVITIES						
<i>Other liabilities:</i>						
<i>Vested employee benefits:</i>						
Vacation pay	-	-	-	-		-
Sick pay	9,191	486	-	9,677		-
Net OPEB Liability - Multiple Employer Plan	59,374	4,161	-	63,535		-
Net Pension Liability	1,315,122	32,743	-	1,347,865		-
TOTAL BUSINESS-TYPE ACTIVITY						
LONG-TERM LIABILITIES	\$ 1,383,687	\$ 37,390	\$ -	\$ 1,421,077	\$	-

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and the proprietary (food service) fund.

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:	EXPENSE	PAID
General obligation debt	\$ 577,628	\$ 626,874
Capital Leases	8,303	8,303
Refunds of Prior Year Receipts	22,408	22,408
Short-term borrowings	-	-
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 608,339	\$ 657,585

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

General Obligation Bonds – Series of 2012

On December 20, 2012, the District issued the General Obligation Bonds - Series of 2012. The purpose of this issue is to (1) advance refund \$1,780,000 in principal amount of the GOB Series A of 2009 (2) and to advance refund \$7,170,000 in principal amount of the GOB Series of 2010 (3) and to pay costs of issuance.

In accordance with the Local Governmental Debt Act, a sinking fund has been established with the paying agent. The bonds mature from March 1, 2013 to March 1, 2024. Interest rates range from .55% to 2.25% with a total indebtedness of \$1,567,021.

On June 27, 2018, the District refunded a portion of the Series of 2012 (\$2,065,000), with interest rates at 2.0% with new debt in the amount of \$2,085,000 with a fixed interest rates that range from 1.8% to 2.5%.

On August 19, 2020 the District refunded a portion of the Series of 2012 (\$1,640,000) and fully refunded the GOB Series of 2015 (\$4,580,000) with interest rates that ranged from 2.0% to 3.0% with new debt in the amount of (\$4,695,000) with a fixed interest rates that range from 0.65% to 2.0%.

The remaining outstanding debt service requirements at June 30, 2021, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 210,000	\$ 56,670
2022-23	2,295,000	52,470
2023-24	190,000	4,275
SUB - TOTAL	\$ 2,695,000	\$ 113,415
Unamortized Premium	10,166	
Unamortized Discount	(946)	
TOTAL OUTSTANDING	\$ 2,704,220	

General Obligation Bonds – Series of 2015

On April 30, 2015, the District issued \$9,685,000 of General Obligation Bonds - Series of 2015. The proceeds of the bonds will be used to (1) advance refund all \$3,805,000 in principal amount of the GOB Series of 2010, (2) advance refund a portion of GOB Series of 2011 in the amount of \$5,680,000; (3) and to pay costs of issuance.

In accordance with the Local Governmental Debt Act, a sinking fund has been established with the paying agent. The bonds mature from March 1, 2016 to March 1, 2022. Interest rates range from 2.00% to 3.00% with a total indebtedness of \$954,403.

On August 19, 2020 the District refunded a portion of the Series of 2012 (\$1,640,000) and fully refunded the GOB Series of 2015 (\$4,580,000) with interest rates that ranged from 2.0% to 3.0% with new debt in the amount of (\$4,695,000) with a fixed interest rates that range from 0.65% to 2.0%.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

SOURCES

Gross Proceeds of Bonds	\$ 4,695,000
Plus: Accrued Interest	-
Premium	96,694
Less: Original Issue Discount	-
Underwriter's Discount	(41,081)
TOTAL SOURCES	<u>\$ 4,750,613</u>

USES

Escrow Deposit	\$ 4,643,507
Issuance Costs	102,471
Sinking Fund Deposit	4,636
TOTAL USES	<u>\$ 4,750,614</u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows	\$ 4,741,100
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 5,545,251
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	<u>(4,636)</u>
Net Cash Flows From New Debt	<u>5,540,615</u>
Net Difference in Cash Flows	<u><u>(799,515)</u></u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$ 4,639,240
Present Value of New Debt Service Cash Flows	\$ 4,648,142
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	<u>(4,636)</u>
Total	<u>4,643,506</u>
Economic Gain(Loss)	<u>\$ (4,266)</u>

General Obligation Notes – Series of A 2018

On June 27, 2018, the District issued \$11,310,000 of General Obligation Notes – Series A of 2018. The proceeds of the bonds will be used to (1) various capital improvement projects including energy savings, roofing, and other improvements to various public school buildings and (2) to pay the related costs and expenses, including the cost of issuing the notes. The bonds mature from March 1, 2024 to March 1, 2029. Interest rates range from 2.50 % to 3.00% with a total indebtedness of 3,717,626.67.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

The outstanding debt service requirements at June 30, 2021 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ -	\$ 452,400
2022-23	-	452,400
2023-24	550,000	452,400
2024-25	2,410,000	430,400
2025-26	2,505,000	334,000
2026-29	<u>5,845,000</u>	<u>384,600</u>
SUB - TOTAL	\$ 11,310,000	\$ 2,506,200
Unamortized Premium	436,789	
Unamortized Discount	<u>-</u>	
TOTAL OUTSTANDING	\$ 11,746,789	

General Obligation Notes – Series of B 2018

On June 27, 2018, the District issued \$2,085,000 of General Obligation Notes – Series B of 2018. The proceeds of the bonds will be used to (1) refund a portion of the GOB Series 2012 currently outstanding in the principal amount of \$8,625,000, of which \$2,065,000 shall be redeemed on August 1, 2018, and (2) to pay the related costs of issuing the debt.

In accordance with the Local Governmental Debt Act, a sinking fund has been established with the paying agent. The bonds mature from March 1, 2019 to March 1, 2024. Interest rates range from 1.80% to 2.50% with a total indebtedness of \$324,050.

The outstanding debt service requirements at June 30, 2021, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 5,000	\$ 58,210
2022-23	270,000	58,100
2023-24	<u>1,795,000</u>	<u>51,350</u>
SUB - TOTAL	\$ 2,070,000	\$ 167,660
Unamortized Premium	17,203	
Unamortized Discount	<u>-</u>	
TOTAL OUTSTANDING	\$ 2,087,203	

General Obligation Notes – Series of 2020

On August 19, 2020 the District issued \$4,695,000 of General Obligation Notes - Series of 2020. The proceeds of the notes will be used to refund a portion of the GOB Series 2012 currently outstanding in the principal amount of \$4,580,000, of which \$1,640,000 shall be refunded. Proceeds of the Notes also will be used for the refunding of all of the District's outstanding GOB Series of 2015 and to pay related costs of the issuing the debt.

In accordance with the Local Governmental Debt Act, a sinking fund was established with the paying agent. The bonds are scheduled to mature from March 1, 2020 to March 1, 2030. Interest rates range from 0.650% to 2.00% with a total interest indebtedness of \$850,251.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

The outstanding debt service requirements at June 30, 2021, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 5,000	\$ 93,625
2022-23	5,000	93,575
2023-24	5,000	93,525
2024-25	5,000	93,475
2025-26	5,000	93,400
2026-30	4,665,000	332,700
SUB - TOTAL	\$ 4,690,000	\$ 800,300
Unamortized Premium	85,690	
Unamortized Discount	-	
TOTAL OUTSTANDING	\$ 4,775,690	

Capital Lease – Technology Equipment

On August 5, 2019, the Districted entered into a lease purchase agreement with California First National Bank to lease new technology equipment. The present value of lease rental payments is \$142,292, with an interest rate of 5.722% per year.

The annual rental requirements at June 30, 2021 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 47,369	\$ 2,605
TOTAL OUTSTANDING	\$ 47,369	\$ 2,605

Capital Lease – Technology Equipment #15

On August 1, 2020, the Districted entered into a lease purchase agreement with California First National Bank to lease new technology equipment. The present value of lease rental payments is \$142,316, with an interest rate of 5.366% per year.

The annual lease rental requirements at June 30, 2021, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2021-22	\$ 44,923	\$ 5,077
2022-23	47,394	2,607
TOTAL OUTSTANDING	\$ 92,316	\$ 7,684

Lease Rental Debt

The Lehigh Career and Technical Institute (LCTI), with authority of the nine participating school districts, have agreed to borrow up to \$53,000,000 to refinance the State Public School Building/Authority, Lehigh Career and Technical Institute Revenue Bonds Series of 2001 and 2003. The participating districts, such as Northern Lehigh School District, will be required to pay their proportionate shares of the incurred debt under the Articles of Agreement in subsequent years as “Capital Costs” under Sections 4.1 and 4.2 of the Articles. The District’s proportionate share is based on each district’s percentage of their respective market value to the total market value of all participating districts.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Specifically, Lehigh Career and Technical Institute is authorized to issue up to \$53,000,000 of long-term bonds through the State Public School Building Authority or other appropriate financing authority. This issue is to refund LCTI revenue bonds, Series of 2001 and 2003 which were originally issued to improve the Institute's facilities.

The LCTI financing translates into an ongoing obligation of the participating districts for credit purposes; however, for purposes of the Local Governmental Unit Debt Act, this borrowing is not considered general obligation debt of the school districts; therefore, the future obligations of debt service are not recorded as a liability on Northern Lehigh's financial statements.

Combined Long Term Debt

The combined general long-term debt obligations for subsequent years, except for compensated absences and retirement benefits, are:

SUMMARY OF PRINCIPAL REQUIREMENTS

<u>FISCAL YEAR</u>	<u>G.O.B. SERIES OF 2012</u>	<u>G.O.N. SERIES A OF 2018</u>	<u>G.O.N. SERIES B OF 2018</u>	<u>G.O.N. SERIES OF 2020</u>	<u>CAPITAL LEASES</u>	<u>TOTAL PRINCIPAL PAYMENTS</u>
2021-22	\$ 210,000	\$ -	\$ 5,000	\$ 5,000	\$ 92,291	\$ 312,291
2022-23	2,295,000	-	270,000	5,000	47,393	2,617,393
2023-24	190,000	550,000	1,795,000	5,000	-	2,540,000
2024-25	-	2,410,000	-	5,000	-	2,415,000
2025-26	-	2,505,000	-	5,000	-	-
2026-30	-	5,845,000	-	4,665,000	-	10,510,000
TOTAL	2,695,000	11,310,000	2,070,000	4,690,000	139,684	18,394,684
LESS PAYABLE WITH- IN ONE YEAR	210,000	-	5,000	5,000	92,291	312,291
LONG-TERM PRINC. DUE AFTER						
ONE YEAR	\$ 2,485,000	\$ 11,310,000	\$ 2,065,000	\$ 4,685,000	\$ 47,393	\$ 18,082,393

SUMMARY OF PRINCIPAL AND INTEREST REQUIREMENTS

<u>FISCAL YEAR</u>	<u>G.O.B. SERIES OF 2012</u>	<u>G.O.N. SERIES A OF 2018</u>	<u>G.O.N. SERIES B OF 2018</u>	<u>G.O.N. SERIES OF 2020</u>	<u>CAPITAL LEASES</u>	<u>TOTAL DEBT SVC. PAYMENTS</u>
2021-22	\$ 266,670	\$ 452,400	\$ 63,210	\$ 98,625	\$ 99,973	\$ 980,878
2022-23	2,347,470	452,400	328,100	98,575	50,000	3,276,545
2023-24	194,275	1,002,400	1,846,350	98,525	-	3,141,550
2024-25	-	2,840,400	-	98,475	-	2,938,875
2025-26	-	2,839,000	-	98,400	-	-
2026-30	-	6,229,600	-	4,997,700	-	11,227,300
TOTAL	\$ 2,808,415	\$ 13,816,200	\$ 2,237,660	\$ 5,490,300	\$ 149,973	\$ 21,565,148

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Compensated Absences

Sick-Pay

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These accumulated sick days are non-vesting during the employee's tenure. Upon retirement, the eligible employees are entitled to the following remuneration:

Northern Lehigh Education Assn. Employees

\$36 per day for those days accumulated from 0-50, \$47 per day for those days accumulated from 51-100, and \$58 per day for those days accumulated from 101-150, and \$70 per day for those days accumulated from 151-200, and \$80 per day for those days accumulated over 200.

Custodial/Maintenance

\$10 per day for those days accumulated as of June 30, 1992, and \$12 per day for those days accumulated after July 1, 1990.

Administrators

\$35 per day for those days accumulated as of June 30, 1990, \$50 per day for those days accumulated, well as days transferred in from other Pennsylvania schools, \$45 per day for days accumulated after 6/30/90, and before 6/30/06, and \$65 per day for days accumulated after 6/30/06.

Support

\$35 per day for those days accumulated between 0-100, \$50 per day for those days accumulated after 101-200, and \$65 per day for those days accumulated over 200.

Food Service Director

\$10 per day for those days accumulated 0-100, and \$25 days accumulated over 100.

The District maintains a record of each employee's accumulated sick days, and has valued the accumulated sick days that are earned by employees who are eligible to retire. As a result, a liability of \$1,694,384 including fica tax (net of reimbursement) has been established as a long-term liability in the governmental activities column of the government-wide statement of net position. A liability of \$66,929 including fica tax (net of reimbursement), has been recorded in the General Fund for the portion of sick days earned that will use currently available financial resources. This amount is shown as a current liability in the governmental activities column of the government-wide statement of net position. A liability of \$9,677 including fica tax (net of reimbursement) has been established as a long-term liability in the business-type activities column of the government-wide financial statements and as a liability in the Food Service Fund.

Vacation Leave

The District maintains records of each employee's accumulated vacation days, and has valued the accumulated vacation days as of June 30, 2021. As a result, a liability of \$37,706, including fica tax and retirement (net of reimbursement) has been established as a long-term liability in the governmental activities column of the government-wide statement of net position. In addition, a liability of \$100,900, including fica tax and retirement (net of reimbursement) that will use currently available financial resources has been recorded in the General Fund and as a current liability in the governmental activities column of the government-wide statement of net position.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Defined Benefit Pension Plan

The Government Accounting Standards Board (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute.

General Information about the Pension Plan

Plan Description

The Public School Employees' Retirement System (PSERS) is a governmental cost-sharing multi-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.state.pa.gov.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits 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 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. 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. 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 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.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Contributions

Member Contributions

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

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

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

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011 who elect Class T-F membership contributes at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employer Contributions

The school districts' contractually required contribution rate for fiscal year ended June 30, 2021 was 33.69% covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$4,559,519 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$46,657,203 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2021, the District's proportion was 0.0954 percent, which was a decrease of 0.0016 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized pension expense of \$5,089,041. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 3,665	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual contributions made	-	60,149
Net difference between projected and actual earnings on pension plan investments	2,065,000	-
Difference between expected and actual experience	-	1,003,000
Changes in proportion of the Net Pension Liability	277,000	-
District contributions subsequent to the measurement date	4,559,519	-
Total	\$ 6,905,184	\$ 1,063,149

\$4,559,519 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2021	\$ (154,000)
2022	431,353
2023	403,069
2024	607,228
Thereafter	<u>(5,134)</u>
Total	<u>\$ 1,282,516</u>

Actuarial Assumptions

The total pension liability as of June 30, 2020, was determined by rolling forward the System's total pension liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 7.25%, includes inflation at 2.75%
- Salary increases - Effective average of 5.00%, which reflects an allowance for inflation of 2.75%, and 2.25% for real wage growth and merit or seniority increases
- Mortality rates were based on the RP-2014 Combined Healthy Annuitant Tables (male and female) adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	15.0%	5.2%
Private Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real estate	10.0%	5.5%
Risk parity	8.0%	3.3%
Cash	6.0%	-1.0%
Financing (LIBOR)	-14.0%	-0.7%
	100%	

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, 2020.

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.25%) or 1-percentage point higher (8.25%) than the current rate, using the net pension liability reported by PSERS before adjusting the differences on projected vs actual contributions made.

**Northern Lehigh School District
Notes To Basic Financial Statements
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	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
District's proportionate share of the net pension liability	\$ 58,117,000	\$ 46,974,000	\$ 37,535,000

Pension Plan Fiduciary Net Position

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

OTHER POSTEMPLOYMENT BENEFITS

General Information about the Health Insurance Premium Assistance Program – Multiple Employer OPEB Plan

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, 2020, there were no assumed future benefit increases to participating eligible retirees.

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, and
- Participate in the HOP or employer-sponsored health insurance program.

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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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. As of June 30, 2020, there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% 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 \$110,977 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of \$2,063,909 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, 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, 2019 to June 30, 2020. 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, 2021, the District's proportion was 0.0955 percent, which was a decrease of 0.0015 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the District recognized OPEB expense of \$103,961. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ 324	\$ -
Changes in Assumptions	39,000	-
Net difference between projected and actual contributions made	-	664
Net difference between projected and actual investment earnings	4,000	-
Difference between expected and actual experience	19,000	-
Changes in proportion of the Net OPEB Liability	17,000	-
District contributions subsequent to the measurement date	110,977	-
Total	<u>\$ 190,301</u>	<u>\$ 664</u>

\$110,977 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, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Year ended June 30:	<u>Amount</u>
2021	\$ 7,000
2022	5,961
2023	5,961
2024	33,961
2025	22,883
Thereafter	<u>2,894</u>
Total	<u>\$ 78,660</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2020, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 5.00%, comprised of inflation of 2.75% and 2.25% 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 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.
- 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, 2019 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- 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: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	-1.0%
US Core Fixed Income	46.5%	-0.1%
Non-US Developed Fixed	3.2%	-0.1%
	100%	

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, 2020.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 2.66%. 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 2.66% which represents the S&P 20 year Municipal Bond Rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System 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, 2020, 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, 2020, 93,693 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 688 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 System net OPEB liability for June 30, 2020, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 2,063,000	\$ 2,063,000	\$ 2,064,000

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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

The following presents the net OPEB liability, calculated using the discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage-point higher (3.66%) than the current rate:

	1% Decrease 1.66%	Current Discount Rate 2.66%	1% Increase 3.66%
District's proportionate share of the net OPEB liability	\$ 2,353,000	\$ 2,063,000	\$ 1,824,000

OPEB Plan Fiduciary Net Position

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Single Employer OPEB Plan

Plan Description – Northern Lehigh School District has one single-employer defined OPEB plan.

1. *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 age 65. This benefit has an implicit rate subsidy based upon GASB Statement NO. 45, since the retiree pays the premium at the insurance carrier's global rate charge to the School District versus an age-adjusted rate, as defined by the GASB statements. The following table reflects the benefits provided:*

Summary of Plan Provisions			
Group	Eligibility	Coverage And Premium Sharing	Duration
<u>I. ADMINISTRATORS</u>	Age 55 and at least 10 full years of service with the District – or – At least 10 full years with the District and 35 years of PSERS service.	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, and Dental. ● Premium Sharing: District will pay full premium share determined by the Act 93 agreement for Member only and spouse may elect medical, prescription drug, and dental by paying the full premiums. ● If an active member becomes disabled, the member and spouse may elect coverage by paying the full premiums. ● Dependents: Spouse included. 	Member – benefits cease upon Medicare age. Spouse – benefits cease upon the earlier of member Medicare age, Medicare age, and member death.
<u>II. ALL OTHER EMPLOYEES</u>	Upon retirement	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, and Dental. ● Premium Sharing: Member and spouse may elect medical, prescription drug, and dental by paying the full premiums. ● If an active member becomes disabled, the member and spouse may elect coverage by paying the full premiums. ● Dependents: Spouse included. 	Same as I

Notes: Act 110/43: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement

Act 110/43 Coverage and Premium Sharing: 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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Employees Covered by Benefit Terms

At June 30, 2021, the following employees were covered by the benefit terms:

Active Participants	176
Vested Former Participants	0
Retired Participants	<u>12</u>
Total	188

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$1,690,189, was measured as of June 30, 2021, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and Other Inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan Net Position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	State-mandated Healthcare Benefit
Actuarial Valuation Date	7/1/2019
Actuarial Cost Method	Entry Age Normal
Interest Rate	1.86%
Projected salary increases	3.50% to 6.25%
Healthcare inflation rate	5.5% in 2020, and 5.5% through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis

The discount rate is based on the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2020.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into our retirement table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.

Changes in the Total OPEB Liability

		<u>2020-21</u>
Total OPEB Liability		
Service Cost	\$	100,870
Interest		50,348
Changes in Benefit Terms		-
Difference between expected and actual experience		-
Changes in assumptions		168,202
Benefit payments		<u>(58,480)</u>
Net change in total OPEB Liability		260,940
Total OPEB Liability - beginning		<u>1,429,249</u>
Total OPEB Liability - ending	\$	<u>1,690,189</u>
Covered employee payroll	\$	<u>11,973,846</u>
Total OPEB Liability as a percentage of covered employee payroll		14.12%

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

For the year ended June 30, 2021, the School recognized OPEB expense of \$142,836. At June 30, 2021, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ 159,468	\$ -
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	251,778
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>51,613</u>	<u>-</u>
Total	<u>\$ 211,081</u>	<u>\$ 251,778</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

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

Year ended June 30:	<u>Amount</u>
2022	\$ (8,382)
2023	(8,382)
2024	(8,382)
2025	(8,382)
2026	(8,382)
Thereafter	<u>(50,400)</u>
Total	<u>\$ (92,310)</u>

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.86%) or 1-percentage point higher (2.86%) than the current discount rate:

	1% Decrease 0.86%	Current Discount Rate 1.86%	1% Increase 2.86%
District's proportionate share of the net OPEB liability	\$ 1,803,619	\$ 1,690,189	\$ 1,581,767

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 1,494,317	\$ 1,690,189	\$ 1,923,104

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021**

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other postemployment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

GOVERNMENTAL ACTIVITIES				
	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE
Change in Proportion	\$ 279,626	\$ -	\$ 16,455	\$ 296,081
Current Year Contributions	4,450,063	51,613	108,313	4,609,989
Change in Assumption	26,556	159,468	37,805	223,829
Diff in Projected Vs Actual Contributions	(58,388)	-	(646)	(59,034)
Difference in Investment Earnings	2,045,698	-	3,884	2,049,582
Diff. between Expected vs Actual Experience	(976,579)	(251,778)	18,440	(1,209,917)
Diff. between Prop. Share vs Actual POS	3,665	-	324	3,989
Net Pension Liability	\$ 45,297,279	\$ -	\$ -	\$ 45,297,279
Net OPEB Liability	\$ -	\$ 1,690,189	\$ 2,004,548	\$ 3,694,737

BUSINESS-TYPE ACTIVITIES				
	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE
Change in Proportion	\$ (2,626)	\$ -	\$ 545	\$ (2,081)
Current Year Contributions	109,456	-	2,664	112,120
Change in Assumption	(26,556)	-	1,195	(25,361)
Diff in Projected Vs Actual Contributions	(1,761)	-	(18)	(1,779)
Difference in Investment Earnings	19,302	-	116	19,418
Diff. between Expected vs Actual Experience	(26,421)	-	560	(25,861)
Diff. between Prop. Share vs Actual POS	-	-	-	-
Net Pension Liability	\$ 1,359,924	\$ -	\$ -	\$ 1,359,924
Net OPEB Liability	\$ -	\$ -	\$ 59,361	\$ 59,361

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	DR OR (CR) CURRENT YR BALANCE
Change in Proportion	\$ 294,000
Current Year Contributions	4,722,109
Change in Assumption	198,468
Diff in Projected Vs Actual Contributions	(60,813)
Difference in Investment Earnings	2,069,000
Diff. between Expected vs Actual Experience	(1,235,778)
Diff. between Prop. Share vs Actual POS	3,989
Net Pension Liability	\$ 46,657,203
Net OPEB Liability	\$ 3,754,098

RECONCILIATION TO FINANCIAL STATEMENTS		
<i>Pension Plan</i>	Governmental Activities	Business-Type Activities
Net Pension Liability	\$ 45,297,279	\$ 1,359,924
Deferred Outflow Related to Pension	(6,805,608)	(128,758)
Deferred Inflows Related to Pension	1,034,967	57,364
Total liab. Net deferred inflows/outflows	\$ 39,526,638	\$ 1,288,530
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 3,694,737	\$ 59,361
Deferred Outflows Related to OPEB	(396,302)	(5,080)
Deferred Inflows Related to OPEB	252,424	18
Total liab. Net deferred inflows/outflows	\$ 3,550,859	\$ 54,299

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Note 6 - Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury auto accidents, theft, etc. The District covers those risks through the purchase of commercial insurance. The District's Workmen's compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance company. Any settlements received by the District or its employees did not exceed insurance coverage in any of the last three years.

Note 7 - Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$72,374, in nonspendable fund balance at June 30, 2021, comprised, of inventories on hand at year-end, and prepaid expenditures.

Restricted Fund Balance

The Capital Reserve Fund's fund balance of \$143,995 at year-end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes. The General Fund has \$148,459 restricted for contributions not yet spent.

Committed Fund Balance

The School Board has chosen to commit \$803,867 for future health insurance rate increases, and \$1,854,115 for future retirement rate increases.

Assigned Fund Balance

The General Fund has \$386,592, assigned for balancing the 2021-22 budget, \$1,390,415 for replacement of equipment, \$1,865,587 for future maintenance, \$1,056,342 for technology issues, \$23,258 pertaining to the District's concessions, and \$40,497 for Elementary Student Activity Funds.

Note 8 - Net Asset Restrictions

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$49,508,147, with related debt of \$21,644,339, which includes unamortized bond discounts, premiums, and deferred refunding charges. The business-type activities column reflects \$76,289 invested in capital assets with no related debt. In addition, \$143,995 has been restricted for future capital projects in the governmental activities.

Note 9 - Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2021.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

Litigation

In accordance with the solicitor's legal letter, there is no pending litigation or contingent liabilities as of June 30, 2021, which would materially affect the financial position of the District.

Note 10 - New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- Statement No. 87, *Leases* – The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Effective date: Periods beginning after June 15, 2021.
- Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of the statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before construction ends. This standard requires expensing interest costs when incurred rather than capitalizing the costs. Effective date: Periods beginning after December 15, 2020.
- Statement No. 91, *Conduit Debt Obligations* – The primary objective is to provide a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Effective date: Periods beginning after December 15, 2021.
- Statement No. 92, *Omnibus 2020* – The primary objective is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including (1) effective date of Statement No 87, Leases for interim financial reports (2) Reporting of intra-entity transfers between primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan (3) Applicability of certain requirements of Statement No 84 (4) Measurement of liabilities related to AROs (5) Reporting risk pools for amounts that are recoverable from reinsurers or excess insurers (6) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (7) Terminology used to refer to derivative instruments. Effective date: Periods beginning after June 15, 2021.
- Statement No. 93, *Replacement of Interbank Offered Rates* – The primary objective of this Statement is to address the issue the London Interbank Offered Rate (LIBOR) is being replaced with an interbank offered rate (IBOR). Effective date: Periods beginning after June 15, 2021.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2021

- Statement No. 94, *PPP's* – The primary objective of this Statement is to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Effective date: Periods beginning after June 15, 2022.

- Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Effective date: Periods beginning after June 15, 2022.

**REQUIRED
SUPPLEMENTAL INFORMATION SECTION**

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.0954%	0.0970%	0.0922%	0.0912%	0.0956%	0.0932%	0.0939%
District's proportionate share of the net pension liability (asset)	\$ 46,974,000	\$ 45,379,000	\$ 44,261,000	\$ 45,042,000	\$ 47,376,000	\$ 40,370,000	\$ 37,167,000
District's covered employee payroll	13,533,746	13,417,331	13,332,997	12,500,677	12,131,466	12,022,556	11,943,557
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	347.09%	338.21%	331.97%	360.32%	390.52%	335.79%	311.19%
Plan fiduciary net position as a percentage of the total pension liability	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Contractually required contribution	\$ 4,559,519	\$ 4,488,097	\$ 4,346,557	\$ 3,967,715	\$ 3,542,388	\$ 3,005,639	\$ 2,448,429	\$ 1,941,654	\$ 1,393,209	\$ 977,034
Contributions in relation to the contractually required contribution	<u>4,559,519</u>	<u>4,488,097</u>	<u>4,346,557</u>	<u>3,967,715</u>	<u>3,542,388</u>	<u>3,005,639</u>	<u>2,448,429</u>	<u>1,941,654</u>	<u>1,393,209</u>	<u>977,034</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 13,533,746	\$ 13,417,331	\$ 13,332,997	\$ 12,500,677	\$ 12,131,466	\$ 12,022,556	\$ 11,943,557	\$ 12,135,340	\$ 12,114,863	\$ 12,212,930
Contributions as a percentage of covered employee payroll	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%	16.00%	11.50%	8.00%

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.0955%	0.0970%	0.0922%	0.0912%	0.0956%
District's proportionate share of the net OPEB liability (asset)	\$ 2,063,000	\$ 2,063,000	\$ 1,922,000	\$ 1,858,000	\$ 2,059,000
District's covered-employee payroll	13,533,746	13,417,331	13,332,997	12,500,677	12,131,466
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	15.24%	15.38%	14.42%	14.86%	16.97%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%	5.47%

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>
Contractually required contribution	\$ 110,977	\$ 112,706	\$ 110,664	\$ 103,756	\$ 100,691	\$ 100,989	\$ 107,492	\$ 112,859	\$ 104,187	\$ 79,383
Contributions in relation to the contractually required contribution	<u>110,977</u>	<u>112,706</u>	<u>110,664</u>	<u>103,756</u>	<u>100,691</u>	<u>100,989</u>	<u>107,492</u>	<u>112,859</u>	<u>104,187</u>	<u>79,383</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 13,533,746	\$ 13,417,331	\$ 13,332,997	\$ 12,500,677	\$ 12,131,466	\$ 12,022,556	\$ 11,943,557	\$ 12,135,340	\$ 12,114,863	\$ 12,212,930
Contributions as a percentage of covered employee payroll	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%	0.93%	0.86%	0.65%

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER HEALTH INSURANCE PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2021

	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability				
Service Cost	\$ 100,870	\$ 111,366	\$ 105,199	\$ 74,183
Interest	50,348	52,003	51,539	27,146
Changes in Benefit Terms	-	-	-	429,368
Difference between expected and actual experience	-	(297,556)	-	-
Changes in assumptions	168,202	(37,406)	3,542	49,800
Benefit payments	(58,480)	(71,676)	(63,653)	(45,023)
Net change in total OPEB Liability	260,940	(243,269)	96,627	535,474
Total OPEB Liability - beginning	1,429,249	1,672,518	1,575,891	1,040,417
Total OPEB Liability - ending	<u>\$ 1,690,189</u>	<u>\$ 1,429,249</u>	<u>\$ 1,672,518</u>	<u>\$ 1,575,891</u>
Covered employee payroll	<u>\$ 11,973,846</u>	<u>\$ 11,973,846</u>	<u>\$ 11,406,681</u>	<u>\$ 11,406,681</u>
Total OPEB Liability as a percentage of covered employee payroll	14.12%	11.94%	14.66%	13.82%

**Northern Lehigh School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2021**

Public School Employees' Retirement System

Changes of Benefit Terms

None.

Changes in Assumptions

During this fiscal year, there were no changes in assumptions used in the prior reporting period.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 7.25%, includes inflation at 2.75%.
- Salary increases – Effective average of 5.0%, which reflects an allowance for inflation of 2.75%, and 2.25% for real wage growth and merit or seniority increases.
- Benefit payments – no postretirement benefit increases assumed in the future.
- Multiple decrement tables – mortality, vesting, retirement age, and withdrawal estimates are based upon tables provided by the actuary.

Proportionate Share of the Net Pension Liability

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Postemployment Benefits – Teachers Health Insurance Assistance

Changes of Benefit Terms

None.

Changes in Assumptions

The discount rate used to measure the Total OPEB liability decreased from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 5.0%, which reflects an allowance for inflation of 2.75%, and 2.25% for real wage growth and 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.

Northern Lehigh School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2021

- Mortality rates were 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.
- 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 Following Assumptions Were Used to Determine the Contribution Rate:

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- 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: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates and retirement ages were based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 for both males and females for healthy annuitants and for dependent beneficiaries. For disabled annuitants, the RP-2000 Combined Disabled Tables with age set back 7 years for males and 3 years for females for disabled annuitants. (A unisex table based on the RP-2000 Combined Healthy Annuitant Tables with age set back 3 years for both genders assuming the population consists of 25% males and 75% females is used to determine actuarial equivalent benefits.)

Proportionate Share of the Net OPEB Liability

The amount reported as the District's proportionate share of the net OPEB liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

Other Postemployment Benefits – Single Employer Healthcare Plan

Changes of Benefit Terms

No changes in benefit terms.

Changes in Assumptions

The discount rate changed from 3.36% to 1.86%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 3.50% to 6.25%
- Healthcare cost trend rate – 5.5% in 2020 to 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Asset Valuation Method – Pay as you go basis
- Discount Rate – The rate of 1.86% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2020.

SUPPLEMENTAL INFORMATION SECTION

Northern Lehigh School District
Combining Balance Sheet
All Non-Major Governmental Funds
For the Year Ended June 30, 2021

	CAPITAL RESERVE FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 143,995	\$ -	\$ 143,995
Investments	-	-	-
Other Receivables	-	-	-
Due from other funds	-	-	-
Receivables from other governments	-	-	-
Prepaid Expenditures	-	-	-
Inventories	-	-	-
TOTAL ASSETS	\$ 143,995	\$ -	\$ 143,995
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 143,995	\$ -	\$ 143,995
<u>LIABILITIES</u>			
Accounts Payable	\$ -	\$ -	-
Due to other funds	-	-	-
Interest Payable	-	-	-
Payable to other governments	-	-	-
Prepayments	-	-	-
TOTAL LIABILITIES	-	-	-
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned/Unavailable Revenue	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	-	-
FUND BALANCES:			
Nonspendable	-	-	-
Restricted	143,995	-	143,995
Committed	-	-	-
Assigned	-	-	-
TOTAL FUND BALANCES	143,995	-	143,995
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 143,995	\$ -	\$ 143,995

Northern Lehigh School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Non-Major Governmental Funds
For the Year Ended June 30, 2021

	CAPITAL RESERVE FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 32	\$ -	\$ 32
State Sources	-	-	-
Federal Sources	-	-	-
TOTAL REVENUES	32	-	32
	-----	-----	-----
EXPENDITURES			
Instruction	-	-	-
Support Services	-	143,551	143,551
Operation of Non-Instructional Services	-	-	-
Capital Outlay	-	-	-
Debt Service	-	4,636	4,636
TOTAL EXPENDITURES	-	148,187	148,187
	-----	-----	-----
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	32	(148,187)	(148,155)
	-----	-----	-----
OTHER FINANCING SOURCES (USES)			
Proceeds of long-term capital-related debt	-	-	-
Proceeds from Refunding Bond Issues	-	4,695,000	4,695,000
Bond Premium	-	96,694	96,694
Payment to bond refunding escrow agent	-	(4,643,507)	(4,643,507)
Bond Discount	-	-	-
Sale/Compensation for Fixed Assets	-	-	-
Transfers in	-	-	-
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	-	148,187	148,187
	-----	-----	-----
NET CHANGE IN FUND BALANCES	32	-	32
FUND BALANCES - BEGINNING	143,963	-	143,963
FUND BALANCES - ENDING	\$ 143,995	\$ -	\$ 143,995

Northern Lehigh School District
Combining Statement of Fiduciary Net Position
All Custodial Funds
As of June 30, 2021

	High School Activity Fund	Middle School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 60,664	\$ 10,502	\$ 71,166
Investments	-	-	-
Due from Other Funds	-	-	-
Other Receivables	-	-	-
Prepaid Expenses	-	-	-
Other Current Assets	-	-	-
TOTAL ASSETS	<u>60,664</u>	<u>10,502</u>	<u>71,166</u>
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 60,664</u>	<u>\$ 10,502</u>	<u>\$ 71,166</u>
LIABILITIES			
Accounts Payable	\$ 200	\$ 649	\$ 849
Intergovernmental Payable	-	-	-
Due to Other Funds	-	831	831
Due to Student Clubs	-	-	-
Other Current Liabilities	61	-	61
TOTAL LIABILITIES	<u>261</u>	<u>1,480</u>	<u>1,741</u>
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>261</u>	<u>1,480</u>	<u>1,741</u>
NET POSITION			
Restricted for			
Individuals, organizations, and other governments	60,403	9,022	69,425
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	<u>\$ 60,664</u>	<u>\$ 10,502</u>	<u>\$ 71,166</u>

Northern Lehigh School District
Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
For the Year Ended June 30, 2021

	High School Activity Fund	Middle School Activity Fund	Total
ADDITIONS			
Contributions - Members	\$ 1,700	\$ 750	\$ 2,450
Contributions - Employer	-	-	-
Special Events	19,778	876	20,654
Other Income	2,400	538	2,938
INVESTMENT EARNINGS:			
Interest and Dividends	3	-	3
Net increase (decrease) in fair value of investments	-	-	-
Less investment expense	-	-	-
Tax collections for other governments	-	-	-
TOTAL ADDITIONS	<u>23,881</u>	<u>2,164</u>	<u>26,045</u>
DEDUCTIONS			
Administrative expense	-	-	-
Benefits paid to participants or beneficiaries	-	-	-
Payments for student club activities	22,617	2,082	24,699
Payments of tax collections to other governments	-	-	-
TOTAL DEDUCTIONS	<u>22,617</u>	<u>2,082</u>	<u>24,699</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	1,264	82	1,346
NET POSITION - BEGINNING OF YEAR	59,139	8,940	68,079
Prior Period Adjustment	-	-	-
NET POSITION - END OF YEAR	<u>\$ 60,403</u>	<u>\$ 9,022</u>	<u>\$ 69,425</u>

**Northern Lehigh School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2021**

	<u>SLATINGTON BOROUGH</u>	<u>WASHINGTON TOWNSHIP</u>	<u>WALNUTPORT BOROUGH</u>	<u>TOTAL</u>
CURRENT REAL ESTATE TAXES				
Assessed Value	\$ 174,004,100	\$ 480,961,200	\$ 42,275,000	\$ 697,240,300
Millage Rate	0.0230944	0.0230944	0.0654917	0.0230944
TOTAL TAX ASSESSMENT	4,018,517	11,107,514	2,768,664	17,894,695
Plus: Act 4 Properties	-	32,827	-	32,827
Less: Act 1 Deduction	222,417	575,493	154,081	951,991
TOTAL TAXABLE DUPLICATE	3,796,100	10,564,848	2,614,583	16,975,531
PLUS - Additions	-	4,680	-	4,680
- Penalties	10,825	25,533	4,359	40,717
CURRENT REAL ESTATE TAXES TO BE COLLECTED	3,806,925	10,595,061	2,618,942	17,020,928
LESS - Discount	62,360	171,904	43,135	277,399
- Reductions	-	-	-	-
- Refunds	1,602	3,193	1,264	6,059
- Rebates	-	-	-	-
- Returned to County	151,079	417,343	81,533	649,955
- Outstanding	-	5,335	-	5,335
NET CURRENT REAL ESTATE TAXES COLLECTED	\$ 3,591,884	\$ 9,997,286	\$ 2,493,010	\$ 16,082,180
CURRENT INTERIM REAL ESTATE TAXES COLLECTED	\$ 3,023	\$ 14,475	\$ 17,995	\$ 35,493
CURRENT PER CAPITA TAXES				
No. of Persons Assessed	2,345	5,098	1,430	8,873
Tax Rate	\$ 10	\$ 10	\$ 10	\$ 10
Taxable Valuation	23,450	50,980	14,300	88,730
Plus: Additions	-	-	-	-
District Collections	65	31	11	107
Penalties	109	227	107	443
Taxes to be Collected	23,624	51,238	14,418	89,280
Less: Discounts	256	682	180	1,118
Exonerations	1,170	780	60	2,010
Refunds	-	-	-	-
Collections	6,660	10,100	3,370	20,130
Reductions	-	-	-	-
NET CURRENT PER CAPITA TAXES COLLECTED	\$ 15,538	\$ 39,676	\$ 10,808	\$ 66,022

Northern Lehigh School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021

6000 - Revenue from Local Sources		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111	Current Real Estate Taxes	\$ 15,742,220	\$ 16,082,180	\$ 339,960
6112	Interim Real Estate Taxes	28,000	35,493	7,493
6113	Public Utility	16,000	16,302	302
6114	Payment in Lieu of Taxes	28,000	30,833	2,833
6120	Current Per Capita Taxes - 511	29,700	33,011	3,311
6141	Current Per Capita Taxes - 679	29,700	33,011	3,311
6143	Local Services Tax	9,000	11,733	2,733
6151	Earned Income Tax	1,230,000	1,569,777	339,777
6153	Real Estate Transfer Tax	180,000	288,869	108,869
6411	Delinquent Real Estate Taxes	775,000	876,046	101,046
6420	Delinquent Per Capita Taxes - 511	5,000	7,680	2,680
6441	Delinquent Per Capita Taxes - 679	5,000	7,680	2,680
6510	Interest	50,000	17,338	(32,662)
6530	Gains or Losses on Sale of Investments	-	-	-
6690	Other Food Service Revenues	-	-	-
6710	Admissions	30,200	-	(30,200)
6720	Bookstore Sales	-	-	-
6740	Fees	-	10,350	10,350
6790	Other Student Activity Income	37,900	-	(37,900)
6831	Federal Revenue Received From Other PA Public Schools	-	5,818	5,818
6832	I/U Services - Federal	272,000	294,019	22,019
6910	Rentals	19,500	14,025	(5,475)
6920	Contributions	2,500	149,602	147,102
6944	Receipts from Other LEA's - Education	-	2,200	2,200
6990	Refunds and Other Miscellaneous Revenue	-	50	50
6991	Refunds of Prior Yr. Expenditures	5,000	33,805	28,805
6992	Energy Efficiency Revenue	-	-	-
6999	Other Revenue not specified	233,738	39,265	(194,473)
TOTAL REVENUE FROM LOCAL SOURCES		\$ 18,728,458	\$ 19,559,087	\$ 830,629
7000 - Revenue from State Sources				
7111	Basic Education Funding - Formula	7,088,639	7,088,635	(4)
7112	Basic Education Funding - Social Security	531,758	558,482	26,724
7160	Orphan Tuition	25,000	50,976	25,976
7271	Special Education	1,297,891	1,297,839	(52)
7311	Transportation (Regular and Additional)	625,000	660,268	35,268
7312	Transportation (Nonpublic and Charter School)	16,000	16,170	170
7320	Rentals	16,000	59,083	43,083
7330	Health Services	26,000	28,316	2,316
7340	State Property Tax Allocation Reduction	952,401	952,401	-
7360	Safe Schools	-	-	-
7361	School Safety and Security Grants	282,765	188,490	(94,275)
7505	Ready to Learn Grant	298,608	298,608	-
7506	PA Smart Grants	-	-	-
7521	Continuity of Education and Equity Grants	-	-	-
7820	Retirement Revenue	2,439,188	2,557,338	118,150
TOTAL REVENUE FROM STATE SOURCES		13,599,250	13,756,606	157,356
8000 - Revenue from Federal Sources				
8512	IDEA, Part B	-	11,661	11,661
8514	Title I	409,440	406,598	(2,842)
8515	Title II	60,000	61,028	1,028
8517	Title IV	32,170	21,901	(10,269)
8741	ESSER I	556,899	374,376	(182,523)
8749	Other CARES Act Funding	-	148,354	148,354
8810	Medical Assistance Reimbursements (Access)	25,150	-	(25,150)
8820	Medical Assistance	5,000	6,127	1,127
TOTAL REVENUE FROM FEDERAL SOURCES		1,088,659	1,030,045	(58,614)

Northern Lehigh School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
9000 - Other Financing Sources			
9200	140,000	142,316	2,316
9990	-	-	-
9400	-	500	500
TOTAL OTHER FINANCING SOURCES	<u>140,000</u>	<u>142,816</u>	<u>2,816</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 33,556,367</u>	<u>\$ 34,488,554</u>	<u>\$ 932,187</u>
1000 - Instruction			
1110	\$ 12,469,478	\$ 12,434,993	\$ 34,485
1140	-	-	-
1190	485,700	485,564	136
1211	592,473	512,999	79,474
1221	1,000	120	880
1225	255,000	241,524	13,476
1231	957,185	866,625	90,560
1241	2,156,094	2,155,821	273
1243	133,809	132,977	832
1260	122,973	109,078	13,895
1270	3,000	73	2,927
1280	157,309	156,310	999
1290	1,161,516	1,127,025	34,491
1390	1,190,628	1,123,284	67,344
1410	-	-	-
1430	16,284	320	15,964
1441	5,000	4,415	585
1450	-	-	-
1500	9,950	9,187	763
1693	180,523	180,519	4
1700	25,000	6,918	18,082
Total Instruction	19,922,922	19,547,752	375,170
2000 - Support Services			
2111	-	-	-
2120	744,056	729,218	14,838
2125	24,000	23,573	427
2130	1,000	519	481
2140	294,081	289,382	4,699
2190	-	-	-
2220	-	-	-
2250	312,821	308,962	3,859
2260	378,333	377,985	348
2271	93,976	35,838	58,138
2272	1,300	314	986
2290	114,173	103,751	10,422
2310	54,100	53,865	235
2320	1,300	444	856
2330	92,248	84,034	8,214
2350	86,200	63,817	22,383
2360	676,420	676,372	48
2370	4,289	4,279	10
2380	1,443,598	1,421,865	21,733
2390	11,000	8,543	2,457
2420	401,258	401,129	129
2511	273,448	265,063	8,385
2514	106,901	106,658	243
2515	112,844	112,458	386
SUB-TOTAL - SUPPORT SERVICES	<u>5,227,346</u>	<u>5,068,069</u>	<u>159,277</u>

**Northern Lehigh School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SUB-TOTAL - SUPPORT SERVICES (CARRIED FORWARD)	\$ 5,227,346	\$ 5,068,069	\$ 159,277
2519 Other Fiscal Services	1,000	695	305
2530 Warehousing and Distribution Services	118,768	114,767	4,001
2540 Printing, Publishing, and Duplicating Services	-	-	-
2611 Supervision of Operation and Maintenance of Plant	149,991	149,284	707
2620 Operation of Building Services	2,509,344	2,460,505	48,839
2630 Care and Upkeep of Grounds Services	125,388	120,423	4,965
2640 Care and Upkeep of Equipment Services	118,404	5,229	113,175
2650 Vehicle Operation and Maintenance Services	20,900	20,512	388
2660 Security Services	657,071	188,023	469,048
2711 Supervision of Student Transportation Services	111,691	109,507	2,184
2720 Vehicle Operation Services	1,450,174	1,243,814	206,360
2740 Vehicle Servicing and Maintenance Services	140,000	63,964	76,036
2750 Nonpublic Transportation Services	120,710	115,710	5,000
2813 Evaluation Services	-	-	-
2818 System-Wide Technology Services	650,374	649,889	485
2819 Other Planning, Research, Development and Evaluation	-	-	-
2831 Supervision of Staff Services	91,970	89,148	2,822
2832 Recruitment and Placement Services	500	490	10
2833 Staff Accounting Services	14,141	13,178	963
2834 Staff Development Services - Non-Instructional, Ce	70,630	55,675	14,955
2836 Staff Development Services - Non-Instructional, Non	21,925	7,223	14,702
2839 Other Staff Services	1,000	342	658
2910 Support services not listed elsewhere in the 2000	19,551	18,268	1,283
	<hr/>	<hr/>	<hr/>
Total Support Services	11,620,878	10,494,715	1,126,163
<u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	103,840	89,373	14,467
3250 School Sponsored Athletics	653,089	588,956	64,133
3310 Community Recreation	7,250	6,505	745
3350 Welfare Activities	5,000	4,047	953
3390 Other Community Services	1,500	652	848
3400 Scholarships and Awards	56,000	55,556	444
	<hr/>	<hr/>	<hr/>
Total Non-Instructional Services	826,679	745,089	81,590
<u>4000 - Facilities Acquisition, Construction, and Improvement Services</u>			
4200 Existing Site Improvement Services	-	-	-
4400 Architecture and Engineering Services/ Educational	-	-	-
4600 Existing Building Improvement Services	250,000	249,590	410
	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition, Construction, and Improvement Services	250,000	249,590	410
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	1,117,911	1,026,269	91,642
5130 Refund of Prior Yr. Receipts	25,000	22,408	2,592
5230 Capital Projects Fund Transfers Out	-	-	-
5900 Budgetary Reserve	-	-	-
	<hr/>	<hr/>	<hr/>
Total Other Expenditures and Financing Uses	1,142,911	1,048,677	94,234
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 33,763,390	\$ 32,085,823	\$ 1,677,567

Northern Lehigh School District
General Fund
Statement of Revenue, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 33,556,367	\$ 34,488,554	\$ 932,187
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>33,763,390</u>	<u>32,085,823</u>	<u>1,677,567</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(207,023)	2,402,731	2,609,754
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(207,023)	2,402,731	2,609,754
FUND BALANCE - JULY 1, 2020	8,515,319	9,743,176	1,227,857
Prior Period Adjustment	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - JUNE 30, 2021	<u>\$ 8,308,296</u>	<u>\$ 12,145,907</u>	<u>\$ 3,837,611</u>

**Northern Lehigh School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2021**

FUND BALANCE - JULY 1, 2020		\$ 143,963
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$ 32	
Refund of Prior Year Expenditures	-	
Transfer from General Fund	-	<u>32</u>
TOTAL FUNDS AVAILABLE		<u>143,995</u>
 <u>EXPENDITURES</u>		
INSTRUCTIONAL SERVICES:		
Equipment	-	
SUPPORT SERVICES:		
Professional Services	-	
Equipment	-	
CAPITAL OUTLAY:		
Professional Services	-	
Advertising	-	
Equipment	-	
Construction Services	-	
Dues and Fees	-	<u>-</u>
 FUND BALANCE - JUNE 30, 2021		 <u>\$ 143,995</u>

**Northern Lehigh School District
Debt Service Fund - GON 2020
Statement of Revenues and Expenditures
For the Year Ended June 30, 2021**

FUND BALANCE - JULY 1, 2020	\$	-
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$	-
Proceeds from Refunding of Bonds		4,695,000
Bond premiums		96,694
Transfer from General Fund		-
TOTAL FUNDS AVAILABLE		4,791,694
 <u>EXPENDITURES</u>		
SUPPORT SERVICES:		
Professional Services		122,524
Insurance		13,227
Printing		7,800
Fees		-
DEBT SERVICE:		
Interest		4,636
Principal		-
Payments to Refunded Bonds Escrowed		4,643,507
Dues and Fees		-
		4,791,694
 FUND BALANCE - JUNE 30, 2021	 \$	 <u><u>-</u></u>

**Northern Lehigh School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2021**

REVENUES

Sales to Pupils	\$	1,299	
Breakfast		16	
Adult Sales		4,194	
Milk		37	
Ala Carte Sales		1,120	
Special Events		3,065	
Miscellaneous		10,590	
Interest		-	
State Subsidies		96,103	
Federal Subsidies		458,891	
Donated Commodities		37,475	
Transfer from General Fund		-	
Capital Contributions		-	
Gain or (Loss) on Sale of Fixed Assets		-	
TOTAL REVENUES		<u> </u>	\$ 612,790

COST OF COMMODITIES

Beginning Inventory	24,253	
Purchases	149,304	
Ending Inventory	<u>(22,323)</u>	
TOTAL COST OF COMMODITIES SOLD		<u>151,234</u>
GROSS PROFIT		461,556

OPERATING EXPENSES

Salaries	328,950	
Benefits	208,910	
Other Prof. Services	-	
Disposal Services	-	
Repairs and Maintenance	5,966	
Other Purchased Services	1,669	
Communications	417	
Advertising	-	
Supplies - Technology	1,548	
Travel	355	
Supplies	47,729	
Software	-	
Depreciation	4,508	
Other	<u>183</u>	
TOTAL EXPENSES		<u>600,235</u>

CHANGES IN FUND NET POSITION (138,679)

FUND NET POSITION - JULY 1, 2020 (1,081,370)

FUND NET POSITION - JUNE 30, 2021 **\$ (1,220,049)**

**Northern Lehigh School District
Student High School Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2021**

ADDITIONS

Interest Income	\$	3	
Admissions		-	
Book Store Sales		-	
Student Organization Membership Dues and Fees		-	
Student Fees		1,700	
Special Events		19,778	
Other Activity Income		2,400	
TOTAL ADDITIONS		23,881	\$ 23,881

DEDUCTIONS

Professional and Technical Services		240	
General Supplies		18,720	
Food		280	
Donations		3,000	
Miscellaneous Expenses		377	
TOTAL DEDUCTIONS		22,617	22,617

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **\$ 1,264**

FUND NET POSITION - JULY 1, 2020 **59,139**

FUND NET POSITION - JUNE 30, 2021 **\$ 60,403**

**Statement of Fiduciary Net Position
As of June 30, 2021**

ASSETS

Cash and Cash Equivalents	\$	60,664	
Due From Other Funds		-	
Other Receivables		-	
Prepaid Expenses		-	
Other Current Assets		-	
TOTAL ASSETS		60,664	\$ 60,664

LIABILITIES

Accounts Payable	\$	200	
Due to Other Funds		-	
Other Current Liabilities		61	
TOTAL LIABILITIES		261	\$ 261

NET POSITION

Restricted for Individuals, organizations, and other governments		60,403	
TOTAL LIABILITIES AND FUND NET POSITION		60,664	\$ 60,664

**Northern Lehigh School District
Student Middle School Activity Fund
Statement of Changes in Fiduciary Net Position**

ADDITIONS

Interest Income	\$	-	
Admissions		-	
Book Store Sales		750	
Student Organization Membership Dues and Fees		-	
Student Fees		-	
Special Events		876	
Other Activity Income		538	
TOTAL ADDITIONS		\$	2,164

DEDUCTIONS

Professional and Technical Services		-	
General Supplies		895	
Food		990	
Donations		197	
Miscellaneous Expenses		-	
TOTAL DEDUCTIONS		-	2,082

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **\$ 82**

FUND NET POSITION - JULY 1, 2020 **8,940**

FUND NET POSITION - JUNE 30, 2021 **\$ 9,022**

**Statement of Fiduciary Net Position
As of June 30, 2021**

ASSETS

Cash and Cash Equivalents	\$	10,502	
Due From Other Funds		-	
Other Receivables		-	
Prepaid Expenses		-	
Other Current Assets		-	
TOTAL ASSETS		\$	10,502

LIABILITIES

Accounts Payable	\$	649	
Due to Other Funds		831	
Other Current Liabilities		-	
TOTAL LIABILITIES		\$	1,480

NET POSITION

Restricted for Individuals, organizations, and other governments			9,022
TOTAL LIABILITIES AND FUND NET POSITION		\$	10,502

**Northern Lehigh School District
Schedule on General Obligation Bonds - Series of 2012
For the Year Ended June 30, 2021**

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2021-22	\$ 56,670	\$ 210,000
2022-23	52,470	2,295,000
2023-24	4,275	190,000
TOTAL OUTSTANDING	\$ 113,415	\$ 2,695,000

**Schedule on General Obligation Notes - Series A of 2018
For the Year Ended June 30, 2021**

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2021-22	\$ 452,400	\$ -
2022-23	452,400	-
2023-24	452,400	550,000
2024-25	430,400	2,410,000
2025-26	334,000	2,505,000
2026-27	233,800	2,605,000
2027-28	129,600	2,710,000
2028-29	21,200	530,000
TOTAL OUTSTANDING	\$ 2,506,200	\$ 11,310,000

**Schedule on General Obligation Notes - Series B of 2018
For the Year Ended June 30, 2021**

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2021-22	\$ 58,210	\$ 5,000
2022-23	58,100	270,000
2023-24	51,350	1,795,000
TOTAL OUTSTANDING	\$ 167,660	\$ 2,070,000

Northern Lehigh School District
Schedule on General Obligation Notes - Series of 2020
For the Year Ended June 30, 2021

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2021-22	\$ 93,625	\$ 5,000
2022-23	93,575	5,000
2023-24	93,525	5,000
2024-25	93,475	5,000
2025-26	93,400	5,000
2026-27	93,300	5,000
2027-28	93,200	5,000
2028-29	93,100	2,000,000
2029-30	53,100	2,655,000
TOTAL OUTSTANDING	\$ 800,300	\$ 4,690,000

S I N G L E A U D I T S E C T I O N

**Northern Lehigh School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	CFDA NUMBER	GRANTOR PASS-THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/20	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/21	DISCLOSURE FOOTNOTES
US DEPARTMENT OF TREASURY											
<u>PASSED THROUGH THE PA COMMISSION ON CRIME & DELINQUENCY(PCCD)</u>											
COVID-19 - CORONAVIRUS RELIEF FUND	I	21.019	2020-CS-01-33582	3/1/20 - 10/30/20	\$ 182,692	\$ 182,692	\$ 437	\$ 182,255	\$ 182,255	\$ -	2
TOTAL US DEPARTMENT OF TREASURY						182,692	437	182,255	182,255	-	
U.S. DEPT. OF EDUCATION											
<u>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION(PDE)</u>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-20-0299	07/01/19 - 09/30/20	\$ 412,557	87,789	87,789	-	-	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	013-21-0299	07/01/20 - 09/30/21	\$ 406,598	349,957	-	406,598	406,598	56,641	
TOTAL TITLE I PROGRAM						437,746	87,789	406,598	406,598	56,641	
<u>PASSED THROUGH THE PDE</u>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	020-20-0299	07/01/19 - 09/30/20	\$ 61,010	-	-	-	-	-	2
TITLE IIA - TEACHERS IN THE WORKPLACE	I	84.367	220-20-0299	11/20/19 - 09/30/21	\$ 25,000	9,091	-	1,642	1,642	(7,449)	
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	020-21-0299	07/01/20 - 09/30/21	\$ 59,386	59,985	-	59,386	59,386	(599)	7
TOTAL TITLE II PROGRAM						69,076	-	61,028	61,028	(8,048)	
<u>PASSED THROUGH THE PDE</u>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	144-20-0299	07/01/19 - 09/30/20	\$ 32,170	2,298	(1,471)	3,769	3,769	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	144-21-0299	07/01/20 - 09/30/21	\$ 30,413	13,034	-	18,131	18,131	5,097	
TOTAL TITLE IV PROGRAM						15,332	(1,471)	21,900	21,900	5,097	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND	I	84.425D	200-20-0299	3/13/20 - 9/30/21	\$ 329,372	329,372	-	329,372	329,372	-	2
<u>PASSED THROUGH THE PCCD</u>											
COVID-19 - ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND	I	84.425D	2020-ES-01-35071	3/13/20 - 9/30/22	\$ 45,004	-	-	45,004	45,004	45,004	2
TOTAL EDUCATION STABILIZATION FUND UNDER THE CORONAVIRUS AID, RELIEF, AND ECONOMIC SECURITY ACT						329,372	-	374,376	374,376	45,004	
<u>PASSED THROUGH CARBON-LEHIGH I.U.</u>											
TITLE III - ENGLISH LANGUAGE ACQUISITION	I	84.365	N/A	07/01/19-09/30/20	\$ 2,500	2,501	315	2,186	2,186	-	1
TITLE III - ENGLISH LANGUAGE ACQUISITION	I	84.365	N/A	07/01/20-09/30/22	\$ 2,574	-	-	2,046	2,046	2,046	1
TOTAL TITLE III PROGRAM						2,501	315	4,232	4,232	2,046	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 - SPECIAL EDUCATION COVID-19 IMPACT MITIGATION GRANT	I	84.027	252-20-0299	7/1/20 - 9/30/21	\$ 11,661	11,661	-	11,661	11,661	-	2
<u>PASSED THROUGH CARBON-LEHIGH I.U.</u>											
IDEA	I	84.027	N/A	07/01/19-09/30/20	\$ 285,523	88,848	88,848	-	-	-	1
IDEA	I	84.027	N/A	07/01/20-09/30/21	\$ 292,075	232,658	-	292,075	292,075	59,417	1
IDEA - SECTION 619A	I	84.173	N/A	07/01/19-09/30/20	\$ 2,097	-	-	-	-	-	1
IDEA - SECTION 619A	I	84.173	N/A	07/01/20-09/30/21	\$ 1,944	1,944	-	1,944	1,944	-	1
TOTAL IDEA CLUSTER						335,111	88,848	305,680	305,680	59,417	
TOTAL U.S. DEPARTMENT OF EDUCATION						1,189,138	175,481	1,173,814	1,173,814	160,157	

**Northern Lehigh School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Northern Lehigh School District under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Northern Lehigh School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northern Lehigh School District.

Note 2 - Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by generally accepted accounting principles, generally accepted in the United States of America.

Note 3 - Organization and Scope

The District recognized 3.9% of its total general fund revenue in federal awards, and 81.0% of its total enterprise fund revenue.

Note 4 - Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

Note 5 - Program Disclosure - Footnotes

1. The federal awards passed through the Carbon-Lehigh Intermediate Unit, under the U.S. Department of Education heading, are part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenue.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Commission on Crime & Delinquency	\$ 227,696	\$ 227,259
PA Department of Education	1,368,167	1,255,549
Carbon-Lehigh I.U.	586,713	298,251
PA Department of Public Welfare	N/A	6,127
PA Department of Agriculture	N/A	37,552
Totals	\$ 2,182,576	\$ 1,824,738

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$37,475 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2020-21 fiscal year, the District used \$37,552 in commodities and established a year-end inventory of \$1,429 at June 30, 2021.

**Northern Lehigh School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021**

4. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the basic financial statements.
5. The Transportation Access passed through the Carbon Lehigh I.U. is reflected as federal local source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Federal Awards.
6. The Medical Access grant passed through the PA Department of Education is reflected as federal local source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Federal Awards.
7. Of the \$599 reported in the Accrued or (Deferred) column at June 30, 2021, \$599 resulted in an overpayment by the Pennsylvania Department of Education(PDE) for the Title II Program. This amount was owed back to PDE as of June 30, 2021.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 1,030,045
Federal Grants in Local Sources	299,837
Food Service Fund Federal Revenue	<u>496,366</u>
Total Federal Revenue, per financial statements	1,826,248
Less - Medical Access Reimbursement	-
Less - Transportation Access Reimbursement	(1,587)
Plus - Change in Donated Commodities	<u>77</u>
Total Federal Revenue on SEFA	<u>\$ 1,824,738</u>



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

Board of School Directors
Northern Lehigh School District
1201 Shadow Oaks Lane
Slatington, PA 18080-1299

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Northern Lehigh School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Northern Lehigh School District's basic financial statements, and have issued our report thereon dated November 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Lehigh School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Lehigh School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Lehigh 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 may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Lehigh 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.

Respectfully submitted,



November 17, 2021



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

Board of School Directors
Northern Lehigh School District
1201 Shadow Oaks Lane
Slatington, PA 18080-1299

Report on Compliance for Each Major Federal Program

We have audited Northern Lehigh School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northern Lehigh School District's major federal programs for the year ended June 30, 2021. Northern Lehigh School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northern Lehigh School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northern Lehigh School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Northern Lehigh School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Northern Lehigh School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control over Compliance

Management of Northern Lehigh School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Northern Lehigh School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Northern Lehigh School District's 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 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 first paragraph of this section, and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Respectfully submitted,



November 17, 2021

**Northern Lehigh School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? yes no

Identification of major program:

CFDA Number(s)	Name of Federal Program or Cluster
84.010	Title I Program

Percentage of programs tested to total awards 22.3%

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

Auditee qualified as low-risk auditee? yes no

**Northern Lehigh School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021**

Section II - Financial Statement Findings

There were no findings discovered relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III - Findings and Questioned Costs for Federal Awards

There were no findings discovered, relating to the federal awards, which are required to be reported in accordance with Uniform Guidance, Section 200.516.

Audit Follow-up Procedures

We did not perform any follow-up procedures since there were no findings from the previous year.