

**REPORT ON
NORTHERN LEHIGH SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2023**

NORTHERN LEHIGH SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2023

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Single Audit Report

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INTRODUCTORY SECTION

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, 2023, 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.

Respectfully submitted,

Norman Associates, P.C.

December 21, 2023

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)

FEDERAL AUDIT CLEARINGHOUSE
GENERAL SERVICES ADMINISTRATION

ONE COPY TO:
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COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE BUDGET/BUREAU OF AUDITS

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4210 INDEPENDENCE DRIVE
SCHNECKSVILLE, PA 18078

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Change in Accounting Principle

As described in Note 2-G to the financial statements, in 2023, the District adopted new accounting guidance, GASB Statement No. 96, SBITA's. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-16, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 77-84, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

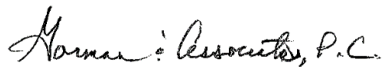
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Lehigh School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 20, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northern Lehigh School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Lehigh School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
November 20, 2023

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, 2023

The discussion and analysis of Northern Lehigh School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole and (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year's challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. 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, 2023, the District's,
 - District-wide total net position increased by \$2,609,353 to a balance of \$3,308,676
 - Governmental Net Position increased by \$1,784,819 to a balance of \$3,357,923
 - Business-Type Net Position increased by \$824,534 to a balance of (\$49,247)
 - General Fund Balance has increased by \$1,371,027 to a balance of \$16,047,541

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. They are organized for the reader to understand Northern Lehigh School District's operations as a whole as well as major individual funds. These statements further provide a detailed look at specific financial activities.

The first two provided statements are The Statement of Net Position and the Statement of Activities which provide both long-term and short-term information concerning the District's overall financial state.

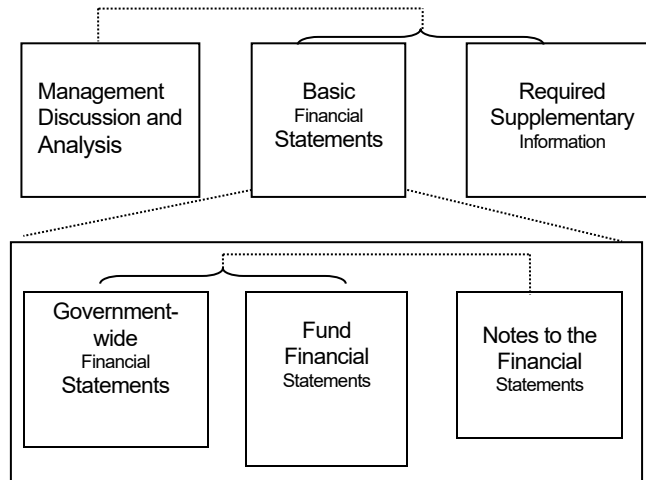
The remaining statements are more detailed fund financial statements which focus on individual parts of the District's operations. The governmental fund statements show how general District services were financed in the short term and remaining funds for future District spending. Proprietary fund statements offer both short-term and long-term financial information for the activities of the Food Service Fund which the District operates as a business. Fiduciary fund statements provide information on resources that do not belong to the District, however the District has a financial relationship acting solely as a trustee or agent for these funds.

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

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**

	Government-wide Statements	Fund 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 LEHIGH 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 (the "unrestricted net position") includes all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources similar to a bottom line for the District and its governmental and business-type activities. 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 Statement of Activities focuses on both the gross and net cost of activities, provided by general tax and other revenues. This is intended to summarize for the reader the cost of various governmental services and/or subsidies for various business-type activities.

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. Increases or decreases in the District's net position is an indication of the District's improving or deteriorating financial health, 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.

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

- *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.
- *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 DISTRICT AS A WHOLE

The total net position is \$3,308,676 at June 30, 2023. This is an increase in net position of \$2,609,353 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, 2023
Net Position**

	2022-2023			2021-2022		
	Govern- mental Activities	Business- Type Activities	Total (1) Primary Government	Govern- mental Activities	Business- Type Activities	Total (1) Primary Government
Current Assets	\$ 23,943,375	\$ 346,090	\$ 24,289,465	\$ 20,370,398	\$ 257,987	\$ 20,628,385
Non-Current Assets	46,362,051	743,585	47,105,636	48,106,309	85,005	48,191,314
Deferred Outflow of Resources	6,548,061	150,120	6,698,181	7,542,463	168,434	7,710,897
Total Assets & Deferred Outflow of Resources	\$ 76,853,487	\$ 1,239,795	\$ 78,093,282	\$ 76,019,170	\$ 511,426	\$ 76,530,596
Current and Other Liabilities	\$ 5,725,773	\$ 10,970	\$ 5,736,743	\$ 6,765,400	\$ 12,712	\$ 6,778,112
Long-term Liabilities	65,676,215	1,330,698	67,006,913	60,887,319	1,244,266	62,131,585
Deferred Inflow of Resources	1,993,326	47,624	2,040,950	6,723,719	197,857	6,921,576
Total Liabilities & Deferred Inflow of Resources	73,395,314	1,389,292	74,784,606	74,376,438	1,454,835	75,831,273
Net Position	-----					
Net Investment in Capital Assets	26,417,765	743,585	27,161,350	27,343,620	85,005	27,428,625
Restricted	219,516	-	219,516	144,183	-	144,183
Unrestricted	(23,279,358)	(792,832)	(24,072,190)	(25,914,699)	(958,786)	(26,873,485)
Total Net Position	3,357,923	(49,247)	3,308,676	1,573,104	(873,781)	699,323
Total Liabilities, Deferred Inflow of Resources, & Net Position	\$ 76,753,237	\$ 1,340,045	\$ 78,093,282	\$ 75,949,542	\$ 581,054	\$ 76,530,596

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

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

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.

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, 2023
Changes in Net Position**

	2022-2023			2021-2022		
	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	\$ 74,788	\$ 68,702	\$ 143,490	\$ 52,262	\$ 51,217	\$ 103,479
Operating Grants and Contributions	8,165,659	1,132,241	9,297,900	8,281,571	1,214,209	9,495,780
Capital Grants and Contributions	649,327	-	649,327	713,827	-	713,827
<i>General Revenues</i>						
Property Taxes	17,586,481	-	17,586,481	17,389,053	-	17,389,053
Other Taxes	2,289,331	-	2,289,331	2,168,572	-	2,168,572
Subsidies Not Restricted	9,029,067	-	9,029,067	8,192,659	-	8,192,659
Investment Earnings	617,255	-	617,255	38,119	-	38,119
Miscellaneous Revenues	336,715	41,912	378,627	260,479	16,769	277,248
Gain (Loss) on Sales of Capital Assets	-	(3,043)	(3,043)	-	-	-
Transfers	(655,490)	655,490	-	-	-	-
TOTAL REVENUES	\$ 38,093,133	\$ 1,895,302	\$ 39,988,435	\$ 37,096,542	\$ 1,282,195	\$ 38,378,737
EXPENSES						
Instruction	\$ 20,623,071	\$ -	\$ 20,623,071	\$ 17,981,151	\$ -	\$ 17,981,151
Pupil Support Services	2,597,453	-	2,597,453	2,474,960	-	2,474,960
Administrative/Business	4,260,806	-	4,260,806	3,708,505	-	3,708,505
Operation/Maintenance	3,007,697	-	3,007,697	2,752,337	-	2,752,337
Pupil Transportation	2,243,833	-	2,243,833	1,927,114	-	1,927,114
Student Activities	823,781	-	823,781	806,454	-	806,454
Community Services	22,660	-	22,660	15,323	-	15,323
Scholarships and Awards	53,121	-	53,121	86,680	-	86,680
Interest Expense	747,799	-	747,799	676,550	-	676,550
Unallocated Depreciation	1,928,093	-	1,928,093	1,963,746	-	1,963,746
Food Services	-	1,070,768	1,070,768	-	935,927	935,927
TOTAL EXPENSES	36,308,314	1,070,768	37,379,082	32,392,820	935,927	33,328,747
Income (Loss) Before Contributions	1,784,819	824,534	2,609,353	4,703,722	346,268	5,049,990
Total Net Position - Beginning	1,573,104	(873,781)	699,323	(3,130,618)	(1,220,049)	(4,350,667)
Prior Period Adjustment						
Total Net Position - Ending	\$ 3,357,923	\$ (49,247)	\$ 3,308,676	\$ 1,573,104	\$ (873,781)	\$ 699,323

NORTHERN LEHIGH 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, 2023
Governmental Activities

Functions/Programs	2022-2023		2021-2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 20,623,071	\$ 14,953,634	\$ 17,981,151	\$ 12,118,818
Pupil Support Services	2,597,453	1,799,685	2,474,960	1,770,575
Administrative/Business	4,260,806	3,743,652	3,708,505	2,966,067
Operation and Maintenance	3,007,697	2,130,178	2,752,337	1,968,715
Pupil Transportation	2,243,833	1,582,832	1,927,114	1,195,490
Interest on Long-Term Debt	823,781	656,111	676,550	617,263
Student Activities	22,660	22,357	806,454	642,715
Community Services	53,121	53,121	15,323	15,091
Scholarships and Awards	747,799	548,877	86,680	86,680
Unallocated Depreciation Expense	1,928,093	1,928,093	1,963,746	1,963,746
Total Governmental Activities	\$ 36,308,314	27,418,540	\$ 32,392,820	23,345,160
Less:				
Unrestricted Grants, Subsidies		9,029,067		8,192,659
Total Needs From Local Taxes and Other Revenues		\$ 18,389,473		\$ 15,152,501

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

Table 3-A
Fiscal Year Ended June 30, 2023
Business – Type Activities

Functions/Programs	2022-2023		2021-2022	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Services	\$ 1,070,768	\$ 130,175	\$ 935,927	\$ 329,499
Less:				
Investment Earnings & Other Misc.		41,912		16,769
Transfers In		655,490		-
Total Business-Type Activities		\$ 827,577		\$ 346,268

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

NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

THE DISTRICT FUNDS

At June 30, 2023, the District's governmental funds reported a combined fund balance of \$18,275,031, an increase of \$3,454,334 from the previous year.

General fund operating revenues exceeded expenditures by \$1,371,027 resulting in an ending total General Fund balance of \$16,047,541.

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. The Board of Education approved transfers to the Capital Reserve Fund for expenditures not charged, and donations received, based on an ongoing partnership with St. Luke's University Health Network. The Capital Reserve increased by \$75,333 and ended June 30, 2023 with a fund balance of \$219,516.

In the Capital Projects Fund, the District prepares for upgrades during the 2023-24 school year to the Baseball/Softball field and surrounding area. In order to fund these projects, the district secured a bond for these costs. Adjustments during the year occurred from expenses paid and interest received leaving the Capital Projects Fund with a fund balance as of June 30, 2023 of \$2,006,508 and a Debt Service fund balance of \$1,466.

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.

The General Fund overall operating revenues of \$39,347,002 were \$3,773,742 greater than originally budgeted. Local revenues were \$1,451,547 higher than budgeted due to real estate taxes, investments and other revenues exceeding budgeted levels. State subsidy revenues were \$1,408,813 due to higher revenues received than budgeted for basic education, special education, non-resident foster, State awarded grants, and retirement. Federal grant revenues were \$410,922 higher than budgeted due to the availability of ESSER relief funding. Proceeds from extended financing terms were \$502,460 higher than budgeted due to midyear new technology purchases.

Total expenditures of \$37,975,975 were \$144,061 higher than originally budgeted. Charter school costs, student outplacement, and additional support for special education students continue to exceed original budget projections, which were offset by positive budget variances in a majority of other categories.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2023, the District had \$46,362,051 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net decrease (including additions, deletions, and depreciation) of \$1,744,258 from the previous year.

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

**Table 4
Governmental Activities
Fiscal Year Ended June 30, 2023
Capital Assets – Net of Depreciation**

	<u>2022-2023</u>	<u>2021-2022</u>
Land	\$ 247,143	\$ 247,143
Site Improvements	1,381,464	1,477,292
Buildings	43,032,515	44,796,263
Construction in Progress	62,712	235,976
Furniture & Equipment - Governmental	1,638,217	1,349,635

**Table 4-A
Business Type Activities
Fiscal Year Ended June 30, 2023
Capital Assets – Net of Depreciation**

	<u>2022-2023</u>	<u>2021-2022</u>
Furniture & Equipment - Business-Type	\$ 743,585	\$ 85,005

Debt Administration

As of July 1, 2022, the District had total outstanding debt of \$20,545,000. During the year the district issued new debt and repaid \$1,490,000 in actual repayments resulting in an ending outstanding debt as of June 30, 2023 of \$21,225,000.

**Table 5
Outstanding Debt**

	<u>2022-2023</u>	<u>2021-2022</u>
General Obligation Notes/Bonds:		
- Bonds, Series of 2012	\$ -	\$ 2,485,000
- Bonds, Series A of 2018	-	11,310,000
- Notes, Series B of 2018	1,220,000	2,065,000
- Notes, Series of 2020	3,060,000	4,685,000
- Bonds, Series of 2022	8,860,000	-
- Notes, Series of 2022	3,440,000	-
- Bonds, Series of 2023	4,645,000	-

Detailed information on long-term liabilities for accrued vacation pay and sick leave obligations for specific employees is included in the notes to the financial statements.

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

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

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 continues to create budgetary concerns for the District. There is also a continuous need to replace and enhance technological aspects of the district 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.

NEXT YEAR'S BUDGET (2023-2024)

Some factors affecting budgeted revenues are:

* CARES Act ESSER Fund, ARP ESSER, and ARP ESSER 7% grant funding will continue for the 2023-2024 school year however, when these funds are no longer available the District will be forced to look at the added staffing, programs, and technology platforms funded through these grants to determine 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 and special education subsidy from the Department of Education and could even experience a decrease in funding due to the implementation of the state funding formula. Potential revenue shortfalls in the State budget and the limited ability to raise taxes in accordance with Act 1 of 2006, continues to be a concern for the District.

Items which could affect expenditures for the 2023-2024 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 significant reduction in salary and benefits.
- The District is also experiencing an increase in Special Education costs due to the number of students identified and the nature of their disability. To meet the needs of these students and remain in compliance with state regulations, additional staff may need to be employed.
- 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 of \$13,250 per regular education student and a rate of \$32,960 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.

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

**Table 6
BUDGETED REVENUES**

	2023-2024	2022-2023
Revenue from Local Sources	\$ 20,922,428	\$ 19,795,097
Revenue from State Sources	14,983,045	14,256,863
Revenue from Federal Sources	1,336,000	1,381,300
Other Financing Sources	140,000	140,000

**Table 6-A
BUDGETED EXPENDITURES**

	2023-2024	2022-2023
Instruction	\$ 22,532,543	\$ 21,217,823
Support Services	12,510,751	12,120,579
Operation of Non-Instructional Programs	904,697	906,966
Facility Improvements	-	-
Fund Transfers/Debt Services	2,550,198	3,586,546

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, 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, 2023**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 20,014,512	\$ 269,940	\$ 20,284,452
Investments	-	-	-
Receivables, Net	1,649,573	-	1,649,573
Internal Balances	7,423	107,673	-
Due From Other Governments	1,714,826	29,202	1,744,028
Lease Receivable	56,568	-	56,568
Other Receivables	28,853	751	29,604
Inventories	54,945	46,197	101,142
Prepaid Expenses	414,880	-	414,880
Other Current Assets	9,218	-	9,218
Total Current Assets	23,950,798	453,763	24,289,465
Non-Current Assets:			
Land	247,143	-	247,143
Site Improvements (Net of Depreciation)	1,381,464	-	1,381,464
Building and Bldg. Improvements (Net of Depreciation)	43,032,515	-	43,032,515
Furniture and Equipment (Net of Depreciation)	1,638,217	743,585	2,381,802
Construction in Progress	62,712	-	62,712
Total Non-Current Assets	46,362,051	743,585	47,105,636
Total Assets	70,312,849	1,197,348	71,395,101
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	6,266,426	145,457	6,411,883
Deferred Outflows of Resources - Related to OPEB	236,335	4,663	240,998
Deferred Outflows of Resources on Debt Refundings, Net	45,300	-	45,300
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 76,860,910	\$ 1,347,468	\$ 78,093,282
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 107,673	\$ 7,423	\$ -
Due to other governments	123,567	-	123,567
Accounts Payable	330,040	2,410	332,450
Current Portion of Long-Term Obligations	1,590,180	-	1,590,180
Accrued Salaries and Benefits	1,913,712	2,035	1,915,747
Payroll Deductions and Withholdings	1,319,962	-	1,319,962
Prepayments from Persons or Firms	215,683	6,525	222,208
Other Current Liabilities	232,629	-	232,629
Total Current Liabilities	5,833,446	18,393	5,736,743
Non-Current Liabilities:			
Bonds and Notes Payable	20,220,191	-	20,220,191
Finance Purchase Obligations	297,190	-	297,190
Long-Term Portion of Compensated Absences	652,922	5,009	657,931
Net OPEB Liability - Single Employer Plan	1,609,192	-	1,609,192
Net OPEB Liability - Multiple Employer Plan	1,729,434	50,237	1,779,671
Net Pension Liability	41,167,286	1,275,452	42,442,738
Total Liabilities	71,509,661	1,349,091	72,743,656
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pension	1,105,306	40,453	1,145,759
Deferred Inflows of Resources - Related to OPEB	568,350	7,171	575,521
Deferred Inflows of Resources - Debt Refundings, Net	263,102	-	263,102
Deferred Inflows of Resources - Related to Lease Receivable	56,568	-	56,568
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	73,502,987	1,396,715	74,784,606
NET POSITION			
Net Investment in Capital Assets	26,417,765	743,585	27,161,350
Restricted For:			
Capital Projects	219,516	-	219,516
Unrestricted (Deficit)	(23,279,358)	(792,832)	(24,072,190)
TOTAL NET POSITION	3,357,923	(49,247)	3,308,676
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 76,860,910	\$ 1,347,468	\$ 78,093,282

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, 2023**

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	\$ 20,623,071	\$ -	\$ 5,669,437	\$ -	\$ (14,953,634)	\$ -	\$ (14,953,634)
Instructional Student Support	2,597,453	-	792,829	4,939	(1,799,685)	-	(1,799,685)
Admin. & Fin'l Support Services	4,260,806	-	517,154	-	(3,743,652)	-	(3,743,652)
Oper. & Maint. of Plant Svcs.	3,007,697	-	432,053	445,466	(2,130,178)	-	(2,130,178)
Pupil Transportation	2,243,833	-	661,001	-	(1,582,832)	-	(1,582,832)
Student Activities	823,781	74,788	92,882	-	(656,111)	-	(656,111)
Community Services	22,660	-	303	-	(22,357)	-	(22,357)
Scholarships and Awards	53,121	-	-	-	(53,121)	-	(53,121)
Interest on Long-Term Debt	747,799	-	-	198,922	(548,877)	-	(548,877)
Unallocated Depreciation Expense	1,928,093	-	-	-	(1,928,093)	-	(1,928,093)
TOTAL GOVERNMENTAL ACTIVITIES	36,308,314	74,788	8,165,659	649,327	(27,418,540)	-	(27,418,540)
BUSINESS-TYPE ACTIVITIES:							
Food Services	1,070,768	68,702	1,132,241	-	-	130,175	130,175
TOTAL PRIMARY GOVERNMENT	\$ 37,379,082	\$ 143,490	\$ 9,297,900	\$ 649,327	\$ (27,418,540)	\$ 130,175	\$ (27,288,365)
GENERAL REVENUES:							
Property Taxes. Levied for General Purposes, Net					\$ 17,586,481	\$ -	\$ 17,586,481
Taxes Levied for Specific Purposes					2,289,331	-	2,289,331
Grants, Subsidies, & Contributions not Restricted					9,029,067	-	9,029,067
Investment Earnings					617,255	-	617,255
Miscellaneous Income					336,715	41,912	378,627
Special Item - Gain (Loss) on Sale of Capital Assets					-	(3,043)	(3,043)
Transfers					(655,490)	655,490	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					29,203,359	694,359	29,897,718
CHANGES IN NET POSITION					1,784,819	824,534	2,609,353
NET POSITION - BEGINNING					1,573,104	(873,781)	699,323
NET POSITION - ENDING					\$ 3,357,923	\$ (49,247)	\$ 3,308,676

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

Northern Lehigh School District
Balance Sheet
Governmental Funds
As of June 30, 2023

	GENERAL	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 17,775,571	\$ 2,238,940	\$ 20,014,511
Investments	-	-	-
Taxes Receivable, Net	1,649,573	-	1,649,573
Due from Other Funds	7,423	-	7,423
Due from Other Governments	1,714,826	-	1,714,826
Lease Receivable	56,568	-	56,568
Other Receivables	28,853	-	28,853
Inventories	54,945	-	54,945
Prepaid Expenditures	414,880	-	414,880
Other Current Assets	9,218	-	9,218
TOTAL ASSETS	21,711,857	2,238,940	23,950,797
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Refundings, Net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 21,711,857	\$ 2,238,940	\$ 23,950,797
LIABILITIES			
Due to Other Funds	\$ 107,673	\$ -	\$ 107,673
Due to Other Governments	123,567	-	123,567
Accounts Payable	318,590	11,450	330,040
Current Portion of Long-Term Debt	92,482	-	92,482
Accrued Salaries and Benefits	1,913,712	-	1,913,712
Payroll Deductions and Withholdings	1,319,962	-	1,319,962
Prepayments	215,683	-	215,683
Other Current Liabilities	-	-	-
TOTAL LIABILITIES	4,091,669	11,450	4,103,119
DEFERRED INFLOWS OF RESOURCES			
Unearned Revenue from Property Taxes	1,516,079	-	1,516,079
Lease Receivable	56,568	-	56,568
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	5,664,316	11,450	5,675,766
FUND BALANCES:			
Nonspendable Fund Balance	469,825	-	469,825
Restricted Fund Balance	170,122	2,227,490	2,397,612
Committed Fund Balance	2,363,243	-	2,363,243
Assigned Fund Balance	11,422,299	-	11,422,299
Unassigned Fund Balance	1,622,052	-	1,622,052
TOTAL FUND BALANCES	16,047,541	2,227,490	18,275,031
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 21,711,857	\$ 2,238,940	\$ 23,950,797

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, 2023**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 18,275,031

**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 \$78,652,991 and the accumulated depreciation is \$32,290,940. 46,362,051

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. 1,516,079

This represents deferred inflows and outflows of resources resulting in deferred charges on refunding prior bond issues. (217,802)

This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension Liability and the two Net OPEB Liabilities. 4,829,106

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: (67,406,542)

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES **\$ 3,357,923**

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, 2023

	<u>GENERAL</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Local Sources	\$ 21,246,644	\$ 66,898	\$ 21,313,542
State Sources	15,665,676	-	15,665,676
Federal Sources	<u>1,792,222</u>	<u>-</u>	<u>1,792,222</u>
TOTAL REVENUES	<u>38,704,542</u>	<u>66,898</u>	<u>38,771,440</u>
EXPENDITURES			
Instruction	22,108,613	-	22,108,613
Support Services	11,872,175	397,326	12,269,501
Operation of Non-Instructional Services	919,476	-	919,476
Capital Outlay	419,514	62,712	482,226
Debt Service	<u>2,586,197</u>	<u>2,042</u>	<u>2,588,239</u>
TOTAL EXPENDITURES	<u>37,905,975</u>	<u>462,080</u>	<u>38,368,055</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>798,567</u>	<u>(395,182)</u>	<u>403,385</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Bond Issues	-	2,078,471	2,078,471
Refunding Bond Proceeds	-	14,931,529	14,931,529
Bond Premiums	-	302,792	302,792
Proceeds from Extended Term Financing	642,460	-	642,460
Interfund Transfers In	-	2,077,713	2,077,713
Payment to Bond Refunding Escrow Agent	-	(14,841,426)	(14,841,426)
Bond Discounts	-	(62,877)	(62,877)
Operating Transfers Out	<u>(70,000)</u>	<u>(2,007,713)</u>	<u>(2,077,713)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>572,460</u>	<u>2,478,489</u>	<u>3,050,949</u>
SPECIAL/EXTRAORDINARY ITEMS			
Special Items - Insurance Proceeds	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,371,027	2,083,307	3,454,334
FUND BALANCES - BEGINNING	<u>14,676,514</u>	<u>144,183</u>	<u>14,820,697</u>
FUND BALANCES - ENDING	<u>\$ 16,047,541</u>	<u>\$ 2,227,490</u>	<u>\$ 18,275,031</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, 2023**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,454,334

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	\$ 2,280,975	
less - capital outlays	<u>536,715</u>	(1,744,260)

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. (22,817)

Repayment of bond, finance purchases, and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 1,772,282

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. (155,897)

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. 68,158

Bond, finance purchase, 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. (3,050,949)

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. 1,463,968

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 1,784,819**

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, 2023**

	FOOD SERVICE
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 269,940
Due from Other Funds	107,673
Due From Other Governments	29,202
Other Receivables	751
Inventories	46,197
TOTAL CURRENT ASSETS	453,763
NON-CURRENT ASSETS:	
Machinery & Equipment (net)	743,585
TOTAL NON-CURRENT ASSETS	743,585
TOTAL ASSETS	1,197,348
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources - Related to Pension	145,457
Deferred Outflows of Resources - Related to OPEB	4,663
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,347,468
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Due to Other Funds	\$ 7,423
Accounts Payable	2,410
Accrued Salaries and Benefits	2,035
Prepayments from Students	6,525
TOTAL CURRENT LIABILITIES	18,393
NON-CURRENT LIABILITIES:	
Long-Term Portion of Compensated Absences	5,009
Net Pension Liability	1,275,452
Net OPEB Liability - Multiple Employer Plan	50,237
TOTAL NON-CURRENT LIABILITIES	1,330,698
TOTAL LIABILITIES	1,349,091
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources - Related to Pension	40,453
Deferred Inflows of Resources - Related to OPEB	7,171
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,396,715
<u>FUND NET POSITION</u>	
Net Investment in Capital Assets	743,585
Unrestricted	(792,832)
TOTAL FUND NET POSITION	(49,247)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,347,468

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, 2023

	FOOD SERVICE
OPERATING REVENUES:	
Food Service Revenue	\$ 68,702
Other Operating Revenues	<u>41,912</u>
TOTAL OPERATING REVENUES	<u>110,614</u> -----
 OPERATING EXPENSES:	
Salaries	418,910
Employee Benefits	176,291
Purchased Property Service	5,785
Other Purchased Services	1,455
Supplies	438,874
Depreciation	26,231
Other Operating Expenses	<u>3,222</u>
TOTAL OPERATING EXPENSES	<u>1,070,768</u>
 OPERATING INCOME (LOSS)	 (960,154) -----
 NON-OPERATING REVENUES (EXPENSES)	
Gain/Loss on Sale of Fixed Assets	(3,043)
State Sources	184,795
Federal Sources	<u>947,446</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,129,198</u>
 INCOME (LOSS) BEFORE CONTRIBUTIONS	 169,044
Capital Contributions	-
Transfers in (out)	<u>655,490</u>
CHANGES IN FUND NET POSITION	<u>824,534</u>
 FUND NET POSITION - BEGINNING	 <u>(873,781)</u>
 FUND NET POSITION - ENDING	 <u>\$ (49,247)</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, 2023**

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 68,920
Cash Received from Other Operating Revenue	41,912
Cash Payments to Employees for Services	(557,417)
Cash Payments to Suppliers for Goods and Services	(478,165)
Cash Payments to Other Operating Expenses	(3,222)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(927,972)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	183,127
Federal Sources	850,025
Operating Transfers In (Out)	655,490
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	1,688,642
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Equipment	(687,854)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(687,854)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	72,816
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	197,124
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 269,940
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	
OPERATING INCOME (LOSS)	\$ (960,154)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Depreciation and Net Amortization	26,231
Donated Commodities Used	99,581
CHANGE IN ASSETS AND LIABILITIES:	
(Increase) Decrease in Accounts Receivable	134
(Increase) Decrease in Advances to Other Funds	95,061
(Increase) Decrease in Inventories	(15,997)
(Increase) Decrease in Deferred Outflows of Resources - Current Year Pension Contributions	(4,851)
(Increase) Decrease in Deferred Outflows of Resources - Changes in Assumptions	24,524
Increase (Decrease) in Accounts Payable	5,104
Increase (Decrease) in Accrued Salaries and Benefits	(11,635)
Increase (Decrease) in Advances from Other Funds	(125,599)
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	(13,998)
Increase (Decrease) in Net Pension Liability	100,359
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(158,829)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	414
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Change in Assumption	5,932
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Change of Proportion of NPL	4,339
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	(3,448)
Increase (Decrease) in Other Current Liabilities	4,860
TOTAL ADJUSTMENTS	32,182
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (927,972)

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, 2023

	CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	\$ 56,792
Other Receivables	18
TOTAL ASSETS	56,810
 DEFERRED OUTFLOWS OF RESOURCES	
	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 56,810

LIABILITIES	
Accounts Payable	\$ 1,773
Due to Other Funds	-
TOTAL LIABILITIES	1,773
 DEFERRED INFLOWS OF RESOURCES	
	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,773
 NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	55,037
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 56,810

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, 2023

	CUSTODIAL FUNDS
ADDITIONS	
Contributions - Students	\$ 15,829
Special Events	57,036
Other Income	6,839
INVESTMENT EARNINGS:	
Interest and Dividends	-
Net Increase (Decrease) in Fair Value of Investments	-
Less Investment Expense	-
Tax Collections for Other Governments	-
TOTAL ADDITIONS	79,704
DEDUCTIONS	
Administrative Expense	-
Benefits Paid to Participants or Beneficiaries	1,140
Payments for Student Club Activities	81,083
TOTAL DEDUCTIONS	82,223
 NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	 (2,519)
 NET POSITION - BEGINNING OF YEAR	 <u>57,556</u>
 NET POSITION - END OF YEAR	 <u>\$ 55,037</u>

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, 2023

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>GAAP BASIS</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 19,795,097	\$ 19,795,097	\$ 21,246,644	\$ 1,451,547
State Sources	14,256,863	14,256,863	15,665,676	1,408,813
Federal Sources	1,381,300	1,381,300	1,792,222	410,922
TOTAL REVENUES	<u>35,433,260</u>	<u>35,433,260</u>	<u>38,704,542</u>	<u>3,271,282</u>
EXPENDITURES				
Regular Instruction	13,869,979	14,416,112	14,416,112	-
Special Programs	5,759,173	6,119,446	6,119,446	-
Vocational Programs	1,364,975	1,324,111	1,324,111	-
Other Instructional Programs	16,366	63,396	63,396	-
Nonpublic School Programs	8,950	4,783	4,783	-
Adult Education Programs	173,380	173,380	173,380	-
Community/Junior College Ed. Programs	25,000	7,385	7,385	-
Pupil Personnel Services	1,120,532	1,159,212	1,159,212	-
Instructional Staff Services	1,191,130	1,085,329	1,085,329	-
Administrative Services	2,482,375	2,421,620	2,421,620	-
Pupil Health	424,886	506,715	506,715	-
Business Services	539,985	540,288	540,288	-
Operation & Maintenance of Plant Services	3,279,997	3,038,676	3,038,676	-
Student Transportation Services	2,182,545	2,263,117	2,263,117	-
Central Support Services	880,861	839,560	839,560	-
Other Support Services	18,268	17,658	17,658	-
Student Activities	906,216	843,568	843,568	-
Community Services	750	22,787	22,787	-
Scholarships and Awards	-	53,121	53,121	-
Facilities, Acquisition and Construction	-	419,514	419,514	-
Debt Service	3,586,546	2,512,136	2,586,197	(74,061)
TOTAL EXPENDITURES	<u>37,831,914</u>	<u>37,831,914</u>	<u>37,905,975</u>	<u>(74,061)</u>
Excess (deficiency) of Revenues over Expenditures	(2,398,654)	(2,398,654)	798,567	3,197,221
OTHER FINANCING SOURCES (USES)				
Proceeds From Extended Term Financing	140,000	140,000	642,460	502,460
Fund Transfers Out	-	-	(70,000)	(70,000)
Budgetary Reserve	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>140,000</u>	<u>140,000</u>	<u>572,460</u>	<u>432,460</u>
Special Items - Insurance Proceeds	-	-	-	-
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	(2,258,654)	(2,258,654)	1,371,027	3,629,681
FUND BALANCE - JULY 1, 2022	<u>12,617,824</u>	<u>12,617,824</u>	<u>14,676,514</u>	<u>2,058,690</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 10,359,170</u>	<u>\$ 10,359,170</u>	<u>\$ 16,047,541</u>	<u>\$ 5,688,371</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, 2023**

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.

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
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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 2022-23 was \$1,324,111.

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 4500 Education Park Drive, 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 2022-23 was \$173,380.

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 4525 Education 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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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 Slatington 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.

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.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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.

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 with in this fund

Capital Project Fund

This fund was created from the issuance of the General Obligation Notes Series of 2022 to finance various capital improvements to School District facilities.

Debt Service Fund

Debt Service Fund(s) account for resources accumulated to provide for payment of general long-term debt principal and interest. The Pennsylvania Local Government unit Debt Act authorized Pennsylvania public Schools to maintain this fund.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

2022 Debt Service Fund

This fund was created with the issuance of General Obligation Bonds Series of 2022, General Obligations Notes Series of 2022 & General Obligations Bonds Series of 2023 to record the transactions of the refunding of the General Obligations Notes Series A of 2018, restructuring a portion of the General Obligations Notes Series B of 2018, restructuring a portion of the General Obligation Notes Series of 2020, and refunding a portion of the General Obligation Series of 2012.

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 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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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.

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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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 2022-23 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 2022-23 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 81 (Conduit Debt Obligations). The objective of this Statement is provides 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.

GASB Statement No. 94 (PPP's). The objectives of the statement are 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.

GASB Statement No. 96 (SBITA's). - 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.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

GASB Statement No. 99 (Omnibus 2022). The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

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.

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

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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, 2023, 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, 2023, shows \$54,945 as an asset in the governmental activities column of the government-wide financial statements; a physical inventory taken on June 30, 2023 shows \$46,197 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, 2023; therefore, there is a nonspendable fund balance of \$46,197 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, 2023**

Inventories on hand at June 30, 2023, consist of:

Purchased Food	\$	35,860
Supplies		596
Donated Commodities		9,741
TOTAL	\$	46,197

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
Site Improvements	10 - 20 years	10 - 20 years
Buildings and Improvements	20 - 50 years	20 - 50 years
Furniture and Equipment	5 - 20 years	5 -20 years
Right-to-use Equipment	Length of Lease	Length of Lease

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.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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.

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.

Leases

Lessee:

The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities with an initial, individual value of \$20,000 or more.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

Lessor:

At the commencement of a lease, the District initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the District determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The District uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

The District monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

SBITAs (Subscription Based Information Technology Arrangements)

Occasionally the District enters into Subscription-Based Information Technology Arrangements. These arrangements grant the District the right to access use of software that is hosted by third-party vendors over a specified contract term. Unlike traditional software, the District does not take physical possession of or have the right to control the software; instead, it accesses the uses the software remotely.

In the entity-wide financial statements, SBITAs are reported as intangible assets based on the present value of future subscription payments to be made over the life of the arrangement. Correspondingly, a liability is recognized for the future payments, and it is amortized over the life of the SBITA. The amortization expense related to the intangible asset and any interest expense associated with the recognized liability are reported in the Statement of Activities.

In the fund financial statements, under the modified accrual basis of accounting, expenditures are recognized for SBITA payments when they are due. Therefore, no intangible asset or corresponding liability is reported in the governmental fund statements. The expenditures related to SBITA payments are recognized in the fund's Statement of Revenues, Expenditures, and Changes in Fund Balances in the period they payment is due.

Other 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, 2023, 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

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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:

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 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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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.

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 \$67,406,542 difference are:

Bonds payable	\$ 21,225,000
Less: Issuance discount (to be amortized as interest expense)	(60,965)
Add: Issuance premium (to be amortized as a contra to interest expense)	351,156
Accrued interest payable	232,629
Finance Purchase Obligations	499,888
Compensated absences	652,922
Net OPEB Liability - Single Employer Plan	1,609,192
Net OPEB Liability - Multiple Employer Plan	1,729,434
Net Pension Liability	41,167,286
 Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	 \$ 67,406,542

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.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

- 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.

	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	\$ 17,609,298	\$ (22,817)	\$ -	\$ -	\$ 17,586,481
Taxes Levied for Specific Purposes	2,289,331	-	-	-	2,289,331
Interest and Investment Earnings	617,255	-	-	-	617,255
Miscellaneous	125,812	-	-	-	125,812
Contributions and Donations	210,903	-	-	-	210,903
Charges for Services	74,788	-	-	-	74,788
Grants, Subsidies & Contributions not Restricted	9,029,067	-	-	-	9,029,067
STATE SOURCES:					
Operating & Capital Grants and Contributions	6,636,609	-	-	-	6,636,609
FEDERAL SOURCES:					
Operating & Capital Grants and Contributions	2,178,377	-	-	-	2,178,377
SPECIAL AND EXTRAORDINARY SOURCES:					
Proceeds from Bond Issues	17,010,000	-	-	(17,010,000)	-
Bond Premiums	302,792	-	-	(302,792)	-
Proceeds from Extended Term Financing	642,460	-	-	(642,460)	-
TOTAL REVENUES	56,726,692	(22,817)	-	(17,955,252)	38,748,623
EXPENDITURES/EXPENSES					
Instruction	22,108,614	(961,245)	(524,298)	-	20,623,071
Instructional Student Support	2,751,256	(153,803)	-	-	2,597,453
Admin. & Fin'l Support Services	4,216,451	(127,154)	171,509	-	4,260,806
Oper. & Maint. Of Plant Svcs.	3,038,676	(18,697)	(12,282)	-	3,007,697
Pupil Transportation	2,263,117	(8,454)	(10,830)	-	2,243,833
Student Activities	843,568	(38,592)	18,805	-	823,781
Community Services	22,787	(127)	-	-	22,660
Scholarships and Awards	53,121	-	-	-	53,121
Capital Outlay	482,226	-	(482,226)	-	-
Debt Service	17,492,542	-	-	(16,744,743)	747,799
Transfers Out	-	-	655,490	-	655,490
Depreciation - Unallocated	-	-	1,928,093	-	1,928,093
TOTAL EXPENDITURES/EXPENSES	53,272,358	(1,308,072)	1,744,261	(16,744,743)	36,963,804
NET CHANGE FOR THE YEAR	\$ 3,454,334	\$ 1,285,255	\$ (1,744,261)	\$ (1,210,509)	\$ 1,784,819

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, 2023, except the business-type activities (food service fund), has a deficit of \$49,247.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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.

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, 2023. 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, 2023, \$11,583,720 of the District's bank balance of \$12,085,187 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		11,583,720
TOTAL	\$	<u>11,583,720</u>

Reconciliation to Financial Statements

Uncollateralized Amount above	\$	11,583,720
Plus: Insured Amount		501,466
Less: Outstanding Checks		<u>(338,710)</u>
Carrying Amount - Cash Balances		11,746,476
Plus: Petty Cash		906
Deposit in Pooled Investments Considered Cash Equivalents		8,593,862
Deposit in Money Market Mutual Funds Considered Cash Equivalents		-
Less: Certificates of Deposit considered Investments by School Code		<u>-</u>
TOTAL CASH PER FINANCIAL STATEMENTS	\$	<u>20,341,244</u>

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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 evidence 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 more than 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 the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - 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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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, 2023, the District had the following investments:

<i>Investment</i>	Maturities	Fair Value
PLGIT		\$ 288,602
PSDLAF		\$ 8,305,260
TOTAL		\$ 8,593,862

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, 2023, the District did not have any investment subject to credit risk. The District's investments in the PA School District Liquid Asset Fund on the PA Local Government Investment Trust was rated AAAM 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, 2023, the District did not have any investments subject to concentration of credit risk.

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	\$ 8,593,862
Less: Deposits in Investment Pool Considered Cash Equivalents	(8,593,862)
Deposits in Money Market Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	\$ -

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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 \$703,002,900. In accordance with Act 1 of 2006, the District received \$1,194,665 in property tax reduction funds for the 2022-23 fiscal year. The tax rate for the year was \$2.40684 per \$100 of assessed valuation or 24.0684 mills for Lehigh County and \$6.88022 per \$100 of assessed valuation or 68.8022 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.

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	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,649,573	-	-	-	1,649,573
Accounts	28,853	751	-	18	29,622
Lease	56,568	-	-	-	56,568
Intergovernmental	1,714,826	29,202	-	-	1,744,028
GROSS RECEIVABLES	3,449,820	29,953	-	18	3,479,791
Less: Allowance for Uncollectibles	-	-	-	-	-
NET RECEIVABLES	\$ 3,449,820	\$ 29,953	\$ -	\$ 18	\$ 3,479,791

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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	\$ 1,516,079	\$ -
Lease Receivable - General Fund	-	56,568
TOTAL	\$ 1,516,079	\$ 56,568

Capital Assets

Capital asset balances and activity for the year ending June 30, 2023, were:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 247,143	\$ -	\$ -	\$ 247,143
Construction in Progress	235,976	508,476	(681,740)	62,712
Total Capital Assets not being depreciated	483,119	508,476	(681,740)	309,855
Capital Assets being depreciated:				
Site Improvements	3,178,932	45,439	-	3,224,371
Buildings and Improvements	71,252,383	-	-	71,252,383
Furniture and Equipment	3,201,842	664,540	-	3,866,382
TOTAL CAPITAL ASSETS BEING DEPRECIATED	77,633,157	709,979	-	78,343,136
Less accumulated depreciation for:				
Site Improvements	(1,701,640)	(141,267)	-	(1,842,907)
Buildings and Improvements	(26,456,120)	(1,763,748)	-	(28,219,868)
Furniture and Equipment	(1,852,207)	(375,958)	-	(2,228,165)
TOTAL ACCUMULATED DEPRECIATION	(30,009,967)	(2,280,973)	-	(32,290,940)
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	47,623,190	(1,570,994)	-	46,052,196
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 48,106,309	\$ (1,062,518)	\$ (681,740)	\$ 46,362,051
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 531,593	\$ 687,854	\$ (30,427)	\$ 1,189,020
Less accumulated depreciation	(446,588)	(26,231)	27,384	(445,435)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 85,005	\$ 661,623	\$ (3,043)	\$ 743,585

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

Instruction	\$ 118,161
Admin. & Fin'l Support Services	171,508
Oper. & Maint. of Plant Svcs.	43,836
Pupil Transportation	570
Student activities	18,805
Depreciation - unallocated	1,928,093
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	\$ 2,280,973

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

The district's governmental activities did not dispose of any equipment during the year. The business-type activities disposed of \$30,427 of equipment during the year, with accumulated depreciation of \$27,384 showing a loss on disposition of \$3,043.

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 had the following Long-Term Construction Commitments as of June 30, 2023.

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED 6/30/2023</u>	<u>OUTSTANDING COMMITMENTS</u>
<u>Softball & Baseball Field Renovation</u>			
ELA Group	\$ 84,500	\$ 32,712	\$ 51,788
TOTAL	\$ 84,500	\$ 32,712	\$ 51,788

Short-Term Debt

Interfund balances between funds represent temporary loans recorded at year end subsequent to a final allocation of expenses. The balances generally are paid shortly after year end. Transfers represent funds set aside for the anticipation of future capital needs.

Interfund receivables and payables

The following interfund receivables and payables were in existence on June 30, 2023 were:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 7,423	\$ 107,673
Enterprise (Food Service) Fund	107,673	7,423
Custodial (Activity) Funds	-	-
TOTAL	\$ 115,096	\$ 115,096

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2023 were:

	TRANSFER IN	TRANSFER OUT
General Fund	\$ -	\$ 725,490
Capital Reserve Fund	70,000	-
Capital Projects Fund	2,007,713	
Debt Service Fund		2,007,713
Enterprise (Food Service) Fund	655,490	-
TOTAL	\$ 2,733,203	\$ 2,733,203

Finance Purchase – Technology Equipment #16

On August 1, 2021, the District entered into a lease purchase agreement with California First Leasing Corporation to lease new technology equipment. The present value of lease rental payments is \$142,316, with an interest rate of 5.5% per year.

The annual lease rental requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 47,393	\$ 2,607
TOTAL OUTSTANDING	\$ 47,393	\$ 2,607

Finance Purchase – Technology Equipment #17

On August 1, 2022, the District entered a finance purchase arrangement with California First Leasing Corporations to purchase 325 Chromebooks and 26 LCD projectors. The present value of the lease rental payments was \$139,630 with an interest rate of 7.37%.

The remaining principle and interest lease payments as of June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 43,170	\$ 6,830
2024-25	46,460	3,540
TOTAL OUTSTANDING	\$ 89,630	\$ 10,370

Finance Purchase – Technology Equipment #18

On March 1, 2023, the District entered a finance purchase arrangement with California First Leasing Corporations to purchase 600 Chromebooks and 300 Laptops. The present value of the lease rental payments was \$502,830 with an interest rate of 7.41%.

The remaining principle and interest lease payments as of June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 112,134	\$ 27,832
2024-25	120,735	19,231
2025-26	129,995	9,971
TOTAL OUTSTANDING	\$ 362,864	\$ 57,034

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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 0.55% 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%.

On October 19, 2022 the District refunded the General Obligation Bonds Series 2012 with a portion of the issuance of the General Obligation Notes Series of 2022. Below is the economic loss calculation of the following refunding.

SOURCES

Gross Proceeds of Bonds	\$ 1,386,529
Plus: Premium	-
Less: Original Issue Discount	(15,583)
Underwriter's Discount	(12,132)
TOTAL SOURCES	<u>\$ 1,358,814</u>

USES

Escrow Deposit	\$ 1,339,327
Issuance Costs	19,487
Sinking Fund Deposit	-
TOTAL USES	<u>\$ 1,358,814</u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows		\$ 1,353,435
Cash Flows From New Debt:		
New Debt Service Cash Flow	\$ 2,121,148	
Less: Sinking Fund Deposit	-	
Net Cash Flows From New Debt		<u>2,121,148</u>
Net Difference in Cash Flows		<u>\$ (767,713)</u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows		\$ 1,324,260
Present Value of New Debt Service Cash Flows	\$ 1,339,327	
Less: Sinking Fund Deposit	-	
TOTAL		<u>1,339,327</u>
ECONOMIC LOSS		<u>\$ (15,067)</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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 \$3,717,627.

On October 19, 2022, the District issued \$8,900,000 of General Obligation Bonds - Series of 2022. The purpose of this issuance was to facilitate the restructuring of a portion of the GON Series A of 2018, a portion of GON Series B of 2018, and a portion of GON Series of 2020, with principal amounts refunded as follows: \$6,510,000, \$575,000, and \$1,620,000, respectively. Below is the economic loss calculation of the following refunding's.

SOURCES

Gross Proceeds of Bonds	\$ 8,900,000
Plus: Premium	-
Less: Original Issue Discount	(23,935)
Underwriter's Discount	(77,875)
TOTAL SOURCES	<u>\$ 8,798,190</u>

USES

Escrow Deposit	\$ 8,665,983
Issuance Costs	130,165
Sinking Fund Deposit	2,042
TOTAL USES	<u>\$ 8,798,190</u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows		\$ 10,014,075
Cash Flows From New Debt:		
New Debt Service Cash Flow	\$ 13,644,722	
Less: Sinking Fund Deposit	(2,042)	
Net Cash Flows From New Debt		<u>13,642,680</u>
Net Difference in Cash Flows		<u>\$ (3,628,605)</u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows		\$ 8,090,168
Present Value of New Debt Service Cash Flows	\$ 8,668,024	
Less: Sinking Fund Deposit	(2,042)	
TOTAL		<u>8,665,982</u>
ECONOMIC LOSS		<u>\$ (575,814)</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

On June 5, 2023, the District issued the GOB Series of 2023 with principal amount of 4,645,000. The proceeds of the issue was to refund all of the remaining unrefunded outstanding GON, Series A of 2018 which at the time was currently outstanding in the amount of \$4,800,000. Below is the economic gain calculation on that refunding.

SOURCES

Gross Proceeds of Bonds	\$ 4,645,000
Plus: Premium	302,792
Less: Original Issue Discount	-
Underwriter's Discount	<u>(39,483)</u>
TOTAL SOURCES	<u>\$ 4,908,309</u>

USES

Escrow Deposit	\$ 4,836,117
Issuance Costs	70,726
Sinking Fund Deposit	<u>1,466</u>
TOTAL USES	<u>\$ 4,908,309</u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows	\$ 5,481,400
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 5,410,829
Less: Sinking Fund Deposit	<u>(1,466)</u>
Net Cash Flows From New Debt	<u>5,409,363</u>
Net Difference in Cash Flows	<u>\$ 72,037</u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$ 4,900,156
Present Value of New Debt Service Cash Flows	\$ 4,837,583
Less: Sinking Fund Deposit	<u>(1,466)</u>
TOTAL	<u>4,836,117</u>
ECONOMIC GAIN	<u>\$ 64,039</u>

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.

On October 19, 2022, the District issued \$8,900,000 of General Obligation Bonds - Series of 2022. The purpose of this issuance was to facilitate the restructuring of a portion of the GON Series A of 2018, a portion of GON Series B of 2018, and a portion of GON Series of 2020, with principal amounts refunded as follows: \$6,510,000, \$575,000, and \$1,620,000, respectively. The economic gain or loss calculation is shown under the GON Series of A 2018.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

The remaining debt service requirements after partial refunding as of June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 1,220,000	\$ 34,100
SUB - TOTAL	\$ 1,220,000	\$ 34,100
Unamortized Premium	3,295	
Unamortized Discount	-	
TOTAL OUTSTANDING	\$ 1,223,295	

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 0.65% to 2.00% with a total interest indebtedness of \$850,251.

On October 19, 2022, the District issued \$8,900,000 of General Obligation Bonds - Series of 2022. The purpose of this issuance was to facilitate the restructuring of a portion of the GON Series A of 2018, a portion of GON Series B of 2018, and a portion of GON Series of 2020, with principal amounts refunded as follows: \$6,510,000, \$575,000, and \$1,620,000, respectively. The economic gain or loss calculation is shown under the GON Series of A 2018.

The remaining debt service requirements after partial refunding as of June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 61,125
2024-25	5,000	61,075
2025-26	5,000	61,000
2026-27	5,000	60,900
2027-28	5,000	60,800
2028-30	3,035,000	91,400
SUB - TOTAL	\$ 3,060,000	\$ 396,300
Unamortized Premium	45,068	
Unamortized Discount	-	
TOTAL OUTSTANDING	\$ 3,105,068	

General Obligation Notes – Series of 2022

On October 19, 2022, the District issued \$3,465,000 of General Obligation Notes - Series of 2022. The purpose of this issuance was to facilitate the restructuring of a portion of the GOB Series of 2020 in the amount of \$1,335,000. The remaining proceeds were used to fund various capital improvements to School District facilities.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

In accordance with the Local Governmental Debt Act, a sinking fund was established with the paying agent. The notes are scheduled to mature from March 1, 2023 to March 1, 2037. Interest rate is fixed at 4.00% with a total interest indebtedness of \$1,832,220.

The outstanding debt service requirements as of June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 25,000	\$ 137,600
2024-25	25,000	136,600
2025-26	25,000	135,600
2026-27	25,000	134,600
2027-28	30,000	133,600
2028-33	155,000	651,200
2033-37	<u>3,155,000</u>	<u>452,200</u>
SUB - TOTAL	\$ 3,440,000	\$ 1,781,400
Unamortized Premium	-	
Unamortized Discount	<u>(37,863)</u>	
TOTAL OUTSTANDING	\$ 3,402,137	

General Obligation Bonds – Series of 2022 (Taxable)

On October 19, 2022, the District issued \$8,900,000 of General Obligation Bonds - Series of 2022. The purpose of this issuance was to facilitate the restructuring of a portion of the GON Series A of 2018, a portion of GON Series B of 2018, and a portion of GON Series of 2020, with principal amounts refunded as follows: \$6,510,000, \$575,000, and \$1,620,000, respectively.

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, 2023 to March 1, 2036. Interest rates range from 4.24% to 5.39% with a total interest indebtedness of \$4,744,722.

The outstanding debt service requirements as of June 30, 2023 are

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 40,000	\$ 447,906
2024-25	40,000	446,170
2025-26	40,000	444,394
2026-27	40,000	442,594
2027-28	40,000	440,774
2028-33	4,555,000	1,970,740
2033-36	<u>4,105,000</u>	<u>387,290</u>
SUB - TOTAL	\$ 8,860,000	\$ 4,579,868
Unamortized Premium	-	
Unamortized Discount	<u>(23,103)</u>	
TOTAL OUTSTANDING	\$ 8,836,897	

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

General Obligation Bonds – Series of 2023 (Taxable)

On June 5, 2023, the District issued \$4,645,000 of General Obligation Bonds - Series of 2023. The purpose of this issuance was to facilitate the refunding of the remaining GON Series A of 2018 with principal amounts refunded of \$4,800,000.

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, 2024 to March 1, 2028. Interest rates range from 4.25% to 5.00% with a total interest indebtedness of \$765,829.

The outstanding debt service requirements as of June 30, 2023 are

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 171,579
2024-25	1,075,000	232,000
2025-26	1,130,000	178,250
2026-27	1,190,000	121,750
2027-28	1,245,000	62,250
SUB - TOTAL	\$ 4,645,000	\$ 765,829
Unamortized Premium	302,792	
Unamortized Discount	-	
TOTAL OUTSTANDING	\$ 4,947,792	

Lease Rental Debt

The Lehigh Career and Technical Institute (LCTI), with authority of the nine participating school districts, have agreed to borrow \$45,865,000 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.

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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Combined Long Term Debt

The combined general debt obligations for subsequent years are:

Bonds						
Fiscal Year Ended <u>June 30</u>	GO Bonds - 2022		GO Bonds - 2023		Totals	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 447,906	\$ 40,000	\$ 171,579	\$ 5,000	\$ 619,485	\$ 45,000
2025	446,170	40,000	232,000	1,075,000	678,170	1,115,000
2026	444,394	40,000	178,250	1,130,000	622,644	1,170,000
2027	442,594	40,000	121,750	1,190,000	564,344	1,230,000
2028	440,774	40,000	62,250	1,245,000	503,024	1,285,000
2029-2033	1,970,740	4,555,000	-	-	1,970,740	4,555,000
2034-2037	387,290	4,105,000	-	-	387,290	4,105,000
TOTAL	<u>\$ 4,579,868</u>	<u>\$ 8,860,000</u>	<u>\$ 765,829</u>	<u>\$ 4,645,000</u>	<u>\$ 5,345,697</u>	<u>\$ 13,505,000</u>

Direct Borrowing								
Fiscal Year Ended <u>June 30</u>	GO Notes - 2018B		GO Notes - 2020		GO Notes 2022		Totals	
	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>
2024	\$ 34,100	\$ 1,220,000	\$ 61,125	\$ 5,000	\$ 137,600	\$ 25,000	\$ 232,825	\$ 1,250,000
2025	-	-	61,075	5,000	136,600	25,000	197,675	30,000
2026	-	-	61,000	5,000	135,600	25,000	196,600	30,000
2027	-	-	60,900	5,000	134,600	25,000	195,500	30,000
2028	-	-	60,800	5,000	133,600	30,000	194,400	35,000
2029-2033	-	-	91,400	3,035,000	651,200	155,000	742,600	3,190,000
2034-2037	-	-	-	-	452,200	3,155,000	452,200	3,155,000
TOTAL	<u>\$ 34,100</u>	<u>\$ 1,220,000</u>	<u>\$ 396,300</u>	<u>\$ 3,060,000</u>	<u>\$ 1,781,400</u>	<u>\$ 3,440,000</u>	<u>\$ 2,211,800</u>	<u>\$ 7,720,000</u>

Bonds and Direct Borrowing		
Fiscal Year Ended <u>June 30</u>	Totals	
	<u>Interest</u>	<u>Principal</u>
2024	\$ 852,310	\$ 1,295,000
2025	875,845	1,145,000
2026	819,244	1,200,000
2027	759,844	1,260,000
2028	697,424	1,320,000
2029-2033	2,713,340	7,745,000
2034-2037	839,490	7,260,000
TOTAL	<u>\$ 7,557,497</u>	<u>\$ 21,225,000</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2023 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>						
Bonds	\$ 2,489,893	\$ 13,849,126	\$ 2,554,329	\$ 13,784,690	\$ 45,000	
Notes	18,504,218	3,187,855	13,961,572	7,730,501	1,250,000	
Total general obligation debt	20,994,111	17,036,981	16,515,901	21,515,191	1,295,000	
<i>Other liabilities:</i>						
Finance Purchases	139,709	642,460	282,281	499,888	202,698	
<i>Vested employee benefits:</i>						
Vacation pay	175,386	-	8,097	167,289	57,621	
Sick pay	575,810	2,305	-	578,115	34,861	
Net OPEB Liability - Single Employer Plan	1,939,127	-	329,935	1,609,192	-	
Net OPEB Liability - Multiple Employer Plan	2,202,570	-	473,136	1,729,434	-	
Net Pension Liability	37,777,093	3,390,193	-	41,167,286	-	
Total other liabilities	42,809,695	4,034,958	1,093,449	45,751,204	295,180	
TOTAL GOVERNMENTAL ACTIVITY						
LONG-TERM LIABILITIES	\$ 63,803,806	\$ 21,071,939	\$ 17,609,350	\$ 67,266,395	\$ 1,590,180	
BUSINESS TYPE ACTIVITIES						
<i>Other liabilities:</i>						
<i>Vested employee benefits:</i>						
Vacation pay	-	-	-	-	-	
Sick pay	4,938	71	-	5,009	-	
Net OPEB Liability - Multiple Employer Plan	64,235	-	13,998	50,237	-	
Net Pension Liability	1,175,093	100,359	-	1,275,452	-	
TOTAL BUSINESS-TYPE ACTIVITY						
LONG-TERM LIABILITIES	\$ 1,244,266	\$ 100,430	\$ 13,998	\$ 1,330,698	\$ -	

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	\$ 634,877	\$ 703,035
Finance Purchases	7,683	7,683
Refunds of Prior Year Receipts	105,239	105,239
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 747,799	\$ 815,957

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 School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Northern Lehigh Education Assn. Employees

\$40 per day for those days accumulated from 0-50, \$50 per day for those days accumulated from 51-100, and \$60 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 \$18 per day for those days accumulated after July 1, 1992.

Administrators

\$50 per day for those day accumulated from 0-50, \$60 per day for those days accumulated from 51-100, \$70 per day for those days accumulated from 101-150, \$80 per day for those days accumulated from 151-200, and \$90 per day for those days accumulated over 200.

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.

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 \$543,254 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 \$34,861 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 \$5,009 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, 2023. As a result, a liability of \$109,668, 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 \$57,621, 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.

Defined Benefit Pension Plan

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Public School Employees' Retirement System (PSERS) and additions to/deductions from PSERS' fiduciary net position have been determined on the same basis as they are reported by

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
T-C	On or after July 22, 1983	6.25%	N/A	6.25%
T-D	Prior to July 22, 1983	6.50%	N/A	6.50%
T-D	On or after July 22, 1983	7.50%	N/A	7.50%
T-E	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$5,001,757 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$42,442,738 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2023, the District's proportion was 0.0964 percent, which was an increase of 0.0007 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$3,488,212. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions 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	\$ -	\$ 3,996
Changes in Assumptions	1,280,000	-
Net difference between projected and actual contributions made	-	55,636
Net difference between projected and actual earnings on pension plan investments	-	727,000
Difference between expected and actual experience	-	352,000
Changes in proportion of the Net Pension Liability	123,000	-
District contributions subsequent to the measurement date	<u>5,001,757</u>	<u>-</u>
Total	<u>\$ 6,404,757</u>	<u>\$ 1,138,632</u>

\$5,001,757 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2023	\$ 76,000
2024	250,371
2025	(1,054,991)
2026	1,002,145
Thereafter	<u>(9,157)</u>
Total	<u>\$ 264,368</u>

Changes in Actuarial Assumptions

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

- Valuation Date - June 30, 2021
- Actuarial cost method - Entry Age Normal - level % of pay.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

- Investment return - 7.00%, includes inflation at 2.75%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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	28.0%	5.3%
Private Equity	12.0%	8.0%
Fixed Income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	100%	

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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, 2022.

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 55,434,000	\$ 42,858,000	\$ 32,255,000

Pension Plan Fiduciary Net Position

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

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2023, the School District recognized revenue of \$3,025,556 as reimbursement from the State for its current year pension payments.

Payables to the Pension Plan

As of June 30, 2023, the School District had \$1,596,981 included in accrued wages liability, of which \$1,137,060 is for the contractually required contribution for the second quarter of 2023 and \$459,921 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

Other Postemployment Benefits

Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Summary of Significant Accounting Policies

Other Postemployment Benefits

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' fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2022 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

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

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

Pension Plan Description

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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.

Contributions

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$109,336 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of \$1,779,671 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2021 to June 30, 2022. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was 0.0968 percent, which was an increase of 0.0011 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$55,866. At June 30, 2023, 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	\$ 108	\$ -
Changes in Assumptions	-	223,000
Net difference between projected and actual contributions made	-	923
Net difference between projected and actual investment earnings	5,000	-
Difference between expected and actual experience	6,000	-
Changes in proportion of the Net OPEB Liability	40,000	-
District contributions subsequent to the measurement date	109,336	-
Total	<u>\$ 160,444</u>	<u>\$ 223,923</u>

\$109,336 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, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Year ended June 30:	<u>Amount</u>
2023	\$ (41,000)
2024	(13,134)
2025	(23,212)
2026	(46,116)
2027	(49,180)
Thereafter	<u>(173)</u>
Total	<u>\$ (172,815)</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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

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

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	0.5%
	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, 2022.

Discount Rate

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

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

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 1,782,000	\$ 1,782,000	\$ 1,782,000

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

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

	<u>1% Decrease 3.09%</u>	<u>Current Discount Rate 4.09%</u>	<u>1% Increase 5.09%</u>
District's proportionate share of the net OPEB liability	\$ 2,015,000	\$ 1,782,000	\$ 1,587,000

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.

Payables to the Multiple Employer OPEB Plan

As of June 30, 2023, the School District had \$34,707 included in accrued wages liability, of which \$24,712 is for the contractually required contribution for the second quarter of 2023 and \$9,995 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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 less 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, 2023**

Employees Covered by Benefit Terms

At June 30, 2023, the following employees were covered by the benefit terms:

Active Participants	160
Vested Former Participants	0
Retired Participants	<u>15</u>
Total	175

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$1,609,192, was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

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	7/1/2021
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.06%
Projected salary increases	4.00% to 6.75%
Healthcare inflation rate	6.5% in 2022, 6.0% in 2023, 5.5% in 2024-2025. Rates gradually decrease from 5.4% in 2026 to 3.9% 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, 2022.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Changes in the Total OPEB Liability

	<u>2022-23</u>
Total OPEB Liability	
Service Cost	\$ 124,456
Interest	46,068
Changes in Benefit Terms	-
Difference between expected and actual experience	-
Changes in assumptions	(420,945)
Benefit payments	<u>(79,514)</u>
Net change in total OPEB Liability	(329,935)
Total OPEB Liability - beginning	<u>1,939,127</u>
Total OPEB Liability - ending	<u>\$ 1,609,192</u>
Covered employee payroll	<u>\$ 11,505,416</u>
Total OPEB Liability as a percentage of covered employee payroll	13.99%

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

For the year ended June 30, 2023, the School recognized OPEB expense of \$138,044. At June 30, 2023, 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	\$ -	\$ 299,871
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	51,727
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>80,553</u>	<u>-</u>
Total	<u>\$ 80,553</u>	<u>\$ 351,598</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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>
2024	\$ (32,480)
2025	(32,480)
2026	(32,480)
2027	(32,480)
2028	(32,480)
Thereafter	<u>(189,198)</u>
Total	<u>\$ (351,598)</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 (3.06%) or 1-percentage point higher (5.06%) than the current discount rate:

	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
District's proportionate share of the net OPEB liability	\$ 1,718,344	\$ 1,609,192	\$ 1,506,460

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	\$ 1,452,639	\$ 1,609,192	\$ 1,791,483

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

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>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 130,126	\$ -	\$ 38,813	\$ 168,939
Current Year Contributions	4,857,514	80,553	106,183	5,044,250
Change in Assumption	1,278,786	(299,871)	(215,854)	763,061
Diff in Projected Vs Actual Contributions	(54,069)	-	(898)	(54,967)
Difference in Investment Earnings	(705,396)	-	4,855	(700,541)
Diff. between Expected vs Actual Experience	(341,845)	(51,727)	5,823	(387,749)
Diff. between Prop. Share vs Actual POS	(3,996)	-	108	(3,888)
Net Pension Liability	\$ 41,167,286	\$ -	\$ -	\$ 41,167,286
Net OPEB Liability	\$ -	\$ 1,609,192	\$ 1,729,434	\$ 3,338,626

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>
	DR OR (CR)	DR OR (CR)	DR OR (CR)	DR OR (CR)
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ (7,126)	\$ -	\$ 1,187	\$ (5,939)
Current Year Contributions	144,243	-	3,153	147,396
Change in Assumption	1,214	-	(7,146)	(5,932)
Diff in Projected Vs Actual Contributions	(1,567)	-	(25)	(1,592)
Difference in Investment Earnings	(21,604)	-	145	(21,459)
Diff. between Expected vs Actual Experience	(10,155)	-	177	(9,978)
Diff. between Prop. Share vs Actual POS	-	-	-	-
Net Pension Liability	\$ 1,275,452	\$ -	\$ -	\$ 1,275,452
Net OPEB Liability	\$ -	\$ -	\$ 50,237	\$ 50,237

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
	DR OR (CR)
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	CURRENT YR
	BALANCE
Change in Proportion	\$ 163,000
Current Year Contributions	5,191,646
Change in Assumption	757,129
Diff in Projected Vs Actual Contributions	(56,559)
Difference in Investment Earnings	(722,000)
Diff. between Expected vs Actual Experience	(397,727)
Diff. between Prop. Share vs Actual POS	(3,888)
Net Pension Liability	\$ 42,442,738
Net OPEB Liability	\$ 3,388,863

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental Activities	Business-Type Activities
<i>Pension Plan</i>		
Net Pension Liability	\$ 41,167,286	\$ 1,275,452
Deferred Outflow Related to Pension	(6,266,426)	(145,457)
Deferred Inflows Related to Pension	1,105,306	40,453
Total liab. Net deferred inflows/outflows	\$ 36,006,166	\$ 1,170,448
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 3,338,626	\$ 50,237
Deferred Outflows Related to OPEB	(236,335)	(4,663)
Deferred Inflows Related to OPEB	568,350	7,171
Total liab. Net deferred inflows/outflows	\$ 3,670,641	\$ 52,745

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023

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 \$469,825, in nonspendable fund balance at June 30, 2023, comprised, of inventories on hand at year-end, and prepaid expenditures.

Restricted Fund Balance

The Capital Reserve Fund's fund balance of \$219,516 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 \$170,122 restricted for contributions not yet spent.

Committed Fund Balance

The School Board has chosen to commit \$509,128 for future health insurance rate increases, and \$1,854,115 for future retirement rate increases.

Assigned Fund Balance

The General Fund has \$1,116,716, assigned for balancing the 2023-24 budget, \$3,250,100 for replacement of equipment, \$2,786,469 for future maintenance, \$1,575,311 for technology issues, \$53,732 pertaining to the District's concessions, and \$37,972 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 \$46,362,050, \$2,006,508 in unspent proceeds with related debt of \$21,950,793, which includes unamortized bond discounts, premiums. The business-type activities column reflects \$743,585 invested in capital assets with no related debt. In addition, \$219,516 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, 2023.

Litigation

In accordance with the solicitor's legal letter, there is no pending litigation or contingent liabilities as of June 30, 2023, which would materially affect the financial position of the District.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2023**

Note 10 - New Accounting Pronouncements

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

- Statement No. 100, *Accounting Changes and Error Corrections - an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

**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, 2023

	<u>2022-23</u>	<u>2021-22</u>	<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)	0.0964%	0.0957%	0.0954%	0.0970%	0.0922%	0.0912%	0.0956%	0.0932%	0.0939%
District's proportionate share of the net pension liability (asset)	\$ 42,858,000	\$ 39,291,000	\$ 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	14,578,132	14,199,364	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	293.99%	276.71%	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	61.34%	63.67%	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, 2023

	<u>2022-23</u>	<u>2021-22</u>	<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>
Contractually required contribution	\$ 5,001,757	\$ 4,847,663	\$ 4,559,519	\$ 4,488,097	\$ 4,346,557	\$ 3,967,715	\$ 3,542,388	\$ 3,005,639	\$ 2,448,429	\$ 1,941,654
Contributions in relation to the contractually required contribution	<u>5,001,757</u>	<u>4,847,663</u>	<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>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 14,578,132	\$ 14,199,364	\$ 13,533,746	\$ 13,417,331	\$ 13,332,997	\$ 12,500,677	\$ 12,131,466	\$ 12,022,556	\$ 11,943,557	\$ 12,135,340
Contributions as a percentage of covered employee payroll	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%	16.00%

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, 2023

	<u>2022-23</u>	<u>2021-22</u>	<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	0.0968%	0.0957%	0.0955%	0.0970%	0.0922%	0.0912%	0.0956%
District's proportionate share of the net OPEB liability (asset)	\$ 1,782,000	\$ 2,267,000	\$ 2,063,000	\$ 2,063,000	\$ 1,922,000	\$ 1,858,000	\$ 2,059,000
District's covered-employee payroll	14,230,189	13,562,275	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	12.52%	16.72%	15.24%	15.38%	14.42%	14.86%	16.97%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	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, 2023

	<u>2022-23</u>	<u>2021-22</u>	<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>
Contractually required contribution	\$ 109,336	\$ 113,595	\$ 110,977	\$ 112,706	\$ 110,664	\$ 103,756	\$ 100,691	\$ 100,989	\$ 107,492	\$ 112,859
Contributions in relation to the contractually required contribution	<u>109,336</u>	<u>113,595</u>	<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>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 14,578,132	\$ 14,199,364	\$ 13,533,746	\$ 13,417,331	\$ 13,332,997	\$ 12,500,677	\$ 12,131,466	\$ 12,022,556	\$ 11,943,557	\$ 12,135,340
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%	0.93%

**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, 2023**

	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability						
Service Cost	\$ 124,456	\$ 135,340	\$ 100,870	\$ 111,366	\$ 105,199	\$ 74,183
Interest	46,068	33,435	50,348	52,003	51,539	27,146
Changes in Benefit Terms	-	-	-	-	-	429,368
Difference between expected and actual experience	-	185,127	-	(297,556)	-	-
Changes in assumptions	(420,945)	(53,351)	168,202	(37,406)	3,542	49,800
Benefit payments	<u>(79,514)</u>	<u>(51,613)</u>	<u>(58,480)</u>	<u>(71,676)</u>	<u>(63,653)</u>	<u>(45,023)</u>
Net change in total OPEB Liability	(329,935)	248,938	260,940	(243,269)	96,627	535,474
Total OPEB Liability - Beginning	<u>1,939,127</u>	<u>1,690,189</u>	<u>1,429,249</u>	<u>1,672,518</u>	<u>1,575,891</u>	<u>1,040,417</u>
Total OPEB Liability - Ending	<u>\$ 1,609,192</u>	<u>\$ 1,939,127</u>	<u>\$ 1,690,189</u>	<u>\$ 1,429,249</u>	<u>\$ 1,672,518</u>	<u>\$ 1,575,891</u>
Covered employee payroll	<u>\$ 11,505,416</u>	<u>\$ 11,505,416</u>	<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	13.99%	16.85%	14.12%	11.94%	14.66%	13.82%

**Northern Lehigh School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2023**

Public School Employees' Retirement System

Changes of Benefit Terms

None.

Changes in Assumptions

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:

- Valuation Date -- June 30, 2021
- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 7.00% includes inflation at 2.75%.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.0% as of June 30, 2021 and as of June 30, 2022.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

**Northern Lehigh School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2023**

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 – 4.09% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.5%, which reflects an allowance for inflation of 2.50%, and 2.00% 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.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSER'S experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The Following Assumptions Were Used to Determine the Contribution Rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSER'S experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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 2.28% to 4.06%. 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 6.75%

**Northern Lehigh School District
Notes to Required Supplemental Information
Fiscal Year Ended June 30, 2023**

- Healthcare cost trend rate – 6.5% in 2022, 6.0% in 2023 and 5.0% in 2024-25. Rates gradually decrease from 5.4% in 2026 to 3.9% 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 4.06% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

SUPPLEMENTAL INFORMATION SECTION

Northern Lehigh School District
Combining Balance Sheet
All Non-Major Governmental Funds
For the Year Ended June 30, 2023

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
ASSETS				
Cash and cash equivalents	\$ 219,516	\$ 2,017,958	\$ 1,466	\$ 2,238,940
Other Receivables	-	-	-	-
TOTAL ASSETS	\$ 219,516	\$ 2,017,958	\$ 1,466	\$ 2,238,940
DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 219,516	\$ 2,017,958	\$ 1,466	\$ 2,238,940
LIABILITIES				
Accounts Payable	\$ -	\$ 11,450	\$ -	\$ 11,450
Due to other funds	-	-	-	-
TOTAL LIABILITIES	-	11,450	-	11,450
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	11,450	-	11,450
FUND BALANCES:				
Restricted	219,516	2,006,508	1,466	2,227,490
Assigned	-	-	-	-
TOTAL FUND BALANCES	219,516	2,006,508	1,466	2,227,490
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 219,516	\$ 2,017,958	\$ 1,466	\$ 2,238,940

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, 2023

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ 5,333	\$ 61,565	\$ -	\$ 66,898
State Sources	-	-	-	-
Federal Sources	-	-	-	-
TOTAL REVENUES	<u>5,333</u>	<u>61,565</u>	<u>-</u>	<u>66,898</u>
EXPENDITURES				
Instruction	-	-	-	-
Support Services	-	58	397,268	397,326
Operation of Non-Instructional Services	-	-	-	-
Capital Outlay	-	62,712	-	62,712
Debt Service	-	-	2,042	2,042
TOTAL EXPENDITURES	<u>-</u>	<u>62,770</u>	<u>399,310</u>	<u>462,080</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>5,333</u>	<u>(1,205)</u>	<u>(399,310)</u>	<u>(395,182)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds of long-term capital-related debt	-	-	2,078,471	2,078,471
Proceeds from Refunding Bond Issues	-	-	14,931,529	14,931,529
Bond Premium	-	-	302,792	302,792
Payment to bond refunding escrow agent	-	-	(14,841,426)	(14,841,426)
Bond Discount	-	-	(62,877)	(62,877)
Transfers in	70,000	2,007,713	-	2,077,713
Transfers out	-	-	(2,007,713)	(2,007,713)
TOTAL OTHER FINANCING SOURCES AND USES	<u>70,000</u>	<u>2,007,713</u>	<u>400,776</u>	<u>2,478,489</u>
NET CHANGE IN FUND BALANCES	75,333	2,006,508	1,466	2,083,307
FUND BALANCES - BEGINNING	<u>144,183</u>	<u>-</u>	<u>-</u>	<u>144,183</u>
FUND BALANCES - ENDING	<u>\$ 219,516</u>	<u>\$ 2,006,508</u>	<u>\$ 1,466</u>	<u>\$ 2,227,490</u>

Northern Lehigh School District
Combining Statement of Fiduciary Net Position
All Custodial Funds
As of June 30, 2023

	High School Activity Fund	Middle School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 46,017	\$ 10,775	\$ 56,792
Other Receivables	18	-	18
TOTAL ASSETS	46,035	10,775	56,810
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 46,035	\$ 10,775	\$ 56,810

LIABILITIES			
Accounts Payable	\$ 1,773	\$ -	\$ 1,773
Due to Other Funds	-	-	-
TOTAL LIABILITIES	1,773	-	1,773
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,773	-	1,773
NET POSITION			
Restricted for			
Individuals, organizations, and other governments	44,262	10,775	55,037
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 46,035	\$ 10,775	\$ 56,810

Northern Lehigh School District
Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
For the Year Ended June 30, 2023

	<u>High School Activity Fund</u>	<u>Middle School Activity Fund</u>	<u>Total</u>
ADDITIONS			
Contributions - Members	\$ 14,096	\$ 1,733	\$ 15,829
Special Events	49,335	7,701	57,036
Other Income	3,989	2,850	6,839
INVESTMENT EARNINGS:	-	-	-
Interest and Dividends	-	-	-
Net increase (decrease) in fair value of investments	-	-	-
Less investment expense	-	-	-
TOTAL ADDITIONS	<u>67,420</u>	<u>12,284</u>	<u>79,704</u>
DEDUCTIONS			
Administrative expense	-	-	-
Benefits paid to participants or beneficiaries	-	1,140	1,140
Payments for student club activities	<u>71,151</u>	<u>9,932</u>	<u>81,083</u>
TOTAL DEDUCTIONS	<u>71,151</u>	<u>11,072</u>	<u>82,223</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(3,731)	1,212	(2,519)
NET POSITION - BEGINNING OF YEAR	<u>47,993</u>	<u>9,563</u>	<u>57,556</u>
NET POSITION - END OF YEAR	<u>\$ 44,262</u>	<u>\$ 10,775</u>	<u>\$ 55,037</u>

**Northern Lehigh School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2023**

	<u>SLATINGTON BOROUGH</u>	<u>WASHINGTON TOWNSHIP</u>	<u>WALNUTPORT BOROUGH</u>	<u>TOTAL</u>
<u>CURRENT REAL ESTATE TAXES</u>				
Assessed Value	\$ 174,753,600	\$ 485,651,100	\$ 42,598,200	\$ 703,002,900
Millage Rate	<u>0.0240684</u>	<u>0.0240684</u>	<u>0.0688022</u>	Avg.
TOTAL TAX ASSESSMENT	4,206,040	11,688,842	2,930,850	18,825,732
Plus: Act 4 Properties	-	35,017	-	35,017
Less: Act 1 Deduction	<u>275,824</u>	<u>723,575</u>	<u>195,266</u>	<u>1,194,665</u>
TOTAL TAXABLE DUPLICATE	3,930,216	11,000,284	2,735,584	17,666,084
PLUS - Additions	-	-	-	-
- Penalties	<u>11,455</u>	<u>26,524</u>	<u>6,407</u>	<u>44,386</u>
CURRENT REAL ESTATE TAXES TO BE COLLECTED	3,941,671	11,026,808	2,741,991	17,710,470
LESS - Discount	65,813	181,531	46,700	294,044
- Refunds	-	2,493	-	2,493
- Returned to County	129,302	465,259	61,362	655,923
- Exonerations	<u>-</u>	<u>-</u>	<u>702</u>	<u>702</u>
NET CURRENT REAL ESTATE TAXES COLLECTED	<u>\$ 3,746,556</u>	<u>\$ 10,377,525</u>	<u>\$ 2,633,227</u>	<u>\$ 16,757,308</u>
<u>CURRENT INTERIM REAL ESTATE TAXES COLLECTED</u>	<u>\$ 458</u>	<u>\$ 39,823</u>	<u>\$ 583</u>	<u>\$ 40,864</u>
<u>CURRENT PER CAPITA TAXES</u>				
No. of Persons Assessed	2,449	4,916	1,408	8,773
Tax Rate	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>	<u>\$ 10</u>
Taxable Valuation	24,490	49,160	14,080	87,730
PLUS - Additions	-	-	-	-
District Collections	63	21	52	135
Penalties	<u>131</u>	<u>253</u>	<u>89</u>	<u>473</u>
Taxes to be Collected	24,684	49,434	14,221	88,339
LESS - Discounts	219	645	161	1,025
Exonerations	3,460	1,470	280	5,210
Collections	<u>6,790</u>	<u>9,450</u>	<u>3,540</u>	<u>19,780</u>
NET CURRENT PER CAPITA TAXES COLLECTED	<u>\$ 14,215</u>	<u>\$ 37,869</u>	<u>\$ 10,240</u>	<u>\$ 62,324</u>

Northern Lehigh School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

6000 - Revenue from Local Sources		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111	Current Real Estate Taxes	\$ 16,565,059	\$ 16,757,308	\$ 192,249
6112	Interim Real Estate Taxes	28,000	40,864	12,864
6113	Public Utility	16,000	18,416	2,416
6114	Payment in Lieu of Taxes	28,000	16,399	(11,601)
6120	Current Per Capita Taxes - 511	32,200	31,162	(1,038)
6141	Current Per Capita Taxes - 679	32,200	31,162	(1,038)
6143	Local Services Tax	9,000	15,141	6,141
6151	Earned Income Tax	1,450,000	1,845,641	395,641
6153	Real Estate Transfer Tax	220,000	320,264	100,264
6411	Delinquent Real Estate Taxes	775,000	811,126	36,126
6420	Delinquent Per Capita Taxes - 511	5,000	5,573	573
6441	Delinquent Per Capita Taxes - 679	5,000	5,573	573
6510	Interest	30,000	550,357	520,357
6710	Admissions	29,500	37,301	7,801
6720	Bookstore Sales	-	3,970	3,970
6740	Fees	5,000	1,320	(3,680)
6790	Other Student Activity Income	29,825	32,197	2,372
6831	Federal Revenue Received From Other PA Public Schools	-	5,434	5,434
6832	I/U Services - Federal	292,000	309,559	17,559
6833	Federal ARP Act IDEA Revenue Received as Pass Through	71,161	71,162	1
6910	Rentals	21,600	27,044	5,444
6920	Contributions	2,500	210,903	208,403
6991	Refunds of Prior Yr. Expenditures	5,000	70,931	65,931
6999	Other Revenue not specified	143,052	27,837	(115,215)
TOTAL REVENUE FROM LOCAL SOURCES		19,795,097	21,246,644	1,451,547
7000 - Revenue from State Sources				
7111	Basic Education Funding - Formula	7,242,354	7,831,384	589,030
7112	Basic Education Funding - Social Security	570,040	594,750	24,710
7160	Orphan Tuition	25,000	105,383	80,383
7271	Special Education	1,360,612	1,638,220	277,608
7311	Transportation (Regular and Additional)	630,000	603,144	(26,856)
7312	Transportation (Nonpublic and Charter School)	16,000	13,860	(2,140)
7320	Rentals	321,926	198,922	(123,004)
7330	Health Services	26,000	27,058	1,058
7340	State Property Tax Allocation Reduction	1,197,683	1,197,683	-
7361	School Safety and Security Grants	-	45,597	45,597
7362	School Mental Health & Safety and Security Grants	-	138,802	138,802
7369	Other Safe School Grants	-	25,733	25,733
7505	Ready to Learn Grant	298,608	298,608	-
7599	Other State revenue not listed elsewhere in the 70	-	7,385	7,385
7820	Retirement Revenue	2,568,640	2,939,147	370,507
TOTAL REVENUE FROM STATE SOURCES		14,256,863	15,665,676	1,408,813
8000 - Revenue from Federal Sources				
8514	Title I	465,000	464,035	(965)
8515	Title II	70,000	71,308	1,308
8517	Title IV	29,000	30,391	1,391
8743	ESSER II	229,300	803,569	574,269
8744	ARP ESSER (ESSER III)	583,000	363,472	(219,528)
8751	ARP ESSER Learning Loss	-	23,289	23,289
8752	ARP ESSER Summer Programs	-	14,474	14,474
8753	ARP ESSER Afterschool Programs	-	3,309	3,309
8820	Medical Assistance	5,000	18,375	13,375
TOTAL REVENUE FROM FEDERAL SOURCES		\$ 1,381,300	\$ 1,792,222	\$ 410,922

Northern Lehigh School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
9000 - Other Financing Sources			
9290 Other Extended Term Financing Proceeds	\$ 140,000	\$ 642,460	\$ 502,460
TOTAL OTHER FINANCING SOURCES	<u>140,000</u>	<u>642,460</u>	<u>502,460</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 35,573,260</u>	<u>\$ 39,347,002</u>	<u>\$ 3,773,742</u>
1000 - Instruction			
1110 Regular Programs - Elem./Secondary	\$ 13,876,415	\$ 13,876,415	\$ -
1190 Federally Funded Regular Programs	539,697	539,697	-
1211 Life Skills Support	521,213	521,213	-
1221 Deaf or Hearing Impaired Support	26,758	26,758	-
1225 Speech & Language Impaired	183,285	183,285	-
1231 Emotional Support - Public	970,436	970,436	-
1241 Learning Support - Public	2,094,917	2,094,917	-
1243 Gifted Support	96,660	96,660	-
1260 Physical Support	103,328	103,328	-
1270 Multi-Handicapped Support	1,815	1,815	-
1280 Early Intervention Support	202,640	202,640	-
1290 Other Support	1,918,394	1,918,394	-
1390 Other Vocational Education Programs	1,324,111	1,324,111	-
1420 Summer School	52,159	52,159	-
1430 Homebound Instruction	6,518	6,518	-
1450 Instructional Programs Outside the Established Sch	4,719	4,719	-
1500 Nonpublic School Programs	4,783	4,783	-
1693 Community College Sponsorship	173,380	173,380	-
1700 Higher Education Programs	<u>7,385</u>	<u>7,385</u>	<u>-</u>
Total Instruction	22,108,613	22,108,613	-
2000 - Support Services			
2120 Guidance Services	751,135	751,135	-
2125 Record Maintenance Services	25,924	25,924	-
2126 Placement Services	33	33	-
2130 Attendance Services	12	12	-
2140 Psychological Services	299,811	299,811	-
2153 Audiology Services	2,507	2,507	-
2160 Social Work Services	62,022	62,022	-
2170 Student Accounting Services	17,768	17,768	-
2220 Technology Support Services	179,591	179,591	-
2250 School Library Services	331,978	331,978	-
2260 Instructional & Curriculum Dev. Service	379,940	379,940	-
2271 Instructional Staff Development Services	72,100	72,100	-
2272 Instructional Staff Development Services (Non-Certified)	916	916	-
2290 Other Instructional Staff Services	120,804	120,804	-
2310 Board Services	52,286	52,286	-
2320 Board Treasurer Services	269	269	-
2330 Tax Assessment & Collection Services	84,078	84,078	-
2340 Staff Relations and Negotiations Services	41,566	41,566	-
2350 Legal Services	78,792	78,792	-
2360 Office of the Superintendent Services	712,508	712,508	-
2370 Community Relations Services	3,589	3,589	-
2380 Office of the Principal Services	1,442,518	1,442,518	-
2390 Other Administration Services	6,014	6,014	-
2420 Medical Services	506,715	506,715	-
2511 Supervision of Fiscal Service	148,830	148,830	-
2514 Payroll Services	125,259	125,259	-
2515 Financial Accounting Services	<u>138,897</u>	<u>138,897</u>	<u>-</u>
SUB-TOTAL - SUPPORT SERVICES	<u>\$ 5,585,862</u>	<u>\$ 5,585,862</u>	<u>\$ -</u>

**Northern Lehigh School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2023**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SUB-TOTAL - SUPPORT SERVICES (CARRIED FORWARD)	\$ 5,585,862	\$ 5,585,862	\$ -
2519 Other Fiscal Services	1,738	1,738	-
2530 Warehousing and Distribution Services	125,564	125,564	-
2611 Supervision of Operation and Maintenance of Plant	4,834	4,834	-
2620 Operation of Building Services	2,514,375	2,514,375	-
2630 Care and Upkeep of Grounds Services	114,869	114,869	-
2640 Care and Upkeep of Equipment Services	132,405	132,405	-
2650 Vehicle Operation and Maintenance Services	41,900	41,900	-
2660 Security Services	230,293	230,293	-
2711 Supervision of Student Transportation Services	112,404	112,404	-
2720 Vehicle Operation Services	1,505,262	1,505,262	-
2730 Monitoring Services	168,097	168,097	-
2740 Vehicle Servicing and Maintenance Services	213,482	213,482	-
2750 Nonpublic Transportation Services	263,872	263,872	-
2818 System-Wide Technology Services	560,152	560,152	-
2823 Public Information Services	2,806	2,806	-
2831 Supervision of Staff Services	216,428	216,428	-
2832 Recruitment and Placement Services	264	264	-
2833 Staff Accounting Services	14,354	14,354	-
2834 Staff Development Services - Non-Instructional, Ce	36,130	36,130	-
2836 Staff Developent Services - Non-Instructional, Non	9,426	9,426	-
2910 Support services not listed elsewhere in the 2000	<u>17,658</u>	<u>17,658</u>	<u>-</u>
Total Support Services	11,872,175	11,872,175	-
<u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	126,602	126,602	-
3250 School Sponsored Athletics	716,966	716,966	-
3350 Welfare Activities	19,447	19,447	-
3390 Other Community Services	3,340	3,340	-
3400 Scholarships and Awards	<u>53,121</u>	<u>53,121</u>	<u>-</u>
Total Non-Instructional Services	919,476	919,476	-
<u>4000 - Facilities Acquisition, Construction, and Improvement Services</u>			
4600 Existing Building Improvement Services	<u>419,514</u>	<u>419,514</u>	<u>-</u>
Total Facilities Acquisition, Construction, and Improvement Services	419,514	419,514	-
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	2,487,136	2,480,958	6,178
5130 Refund of Prior Yr. Receipts	25,000	105,239	(80,239)
5230 Capital Projects Fund Transfers Out	<u>-</u>	<u>70,000</u>	<u>(70,000)</u>
Total Other Expenditures and Financing Uses	<u>2,512,136</u>	<u>2,656,197</u>	<u>(144,061)</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 37,831,914	\$ 37,975,975	\$ (144,061)

Northern Lehigh School District
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
 For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 35,573,260	\$ 39,347,002	\$ 3,773,742
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>37,831,914</u>	<u>37,975,975</u>	<u>(144,061)</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(2,258,654)	1,371,027	3,629,681
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	(2,258,654)	1,371,027	3,629,681
FUND BALANCE - JULY 1, 2022	<u>12,617,824</u>	<u>14,676,514</u>	<u>2,058,690</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 10,359,170</u>	<u>\$ 16,047,541</u>	<u>\$ 5,688,371</u>

**Northern Lehigh School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ 144,183
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$ 5,333	75,333
TOTAL FUNDS AVAILABLE		<u>219,516</u>
 <u>EXPENDITURES</u>		
		<u>-</u>
 FUND BALANCE - JUNE 30, 2023		 <u>\$ 219,516</u>

**Capital Projects Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ -
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$ 61,565	
Transfer from Debt Service Fund	<u>2,007,713</u>	<u>2,069,278</u>
TOTAL FUNDS AVAILABLE		2,069,278
 <u>EXPENDITURES</u>		
SUPPORT SERVICES:		
General Supplies	58	
CAPITAL OUTLAY:		
Professional Services	<u>62,712</u>	<u>62,770</u>
 FUND BALANCE - JUNE 30, 2023		 <u>\$ 2,006,508</u>

**Northern Lehigh School District
Debt Service Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022	\$	-
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$	-
Face Value of Bonds Issued		2,078,471
Proceeds from Refunding Bonds/Notes		14,931,529
Bond Premiums		302,792
TOTAL FUNDS AVAILABLE		<u>17,312,792</u>
 <u>EXPENDITURES</u>		
SUPPORT SERVICES:		
Professional Services		341,830
Insurance		53,038
Printing		2,400
OTHER FINANCING USES		
Debt Service - Interest		2,042
Payments to Refunded Bonds Escrow Agent		14,841,426
Bond Discounts		62,877
Transfers Out to Capital Projects Fund		2,007,713
		<u>17,311,326</u>
 FUND BALANCE - JUNE 30, 2023	 \$	 <u>1,466</u>

Northern Lehigh School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023

REVENUES

Sales to Pupils	\$	1,407	
Adult Sales		9,801	
Milk		105	
Ala Carte Sales		57,389	
Special Events		27,621	
Miscellaneous		14,291	
State Subsidies		184,795	
Federal Subsidies		847,865	
Donated Commodities		99,581	
Transfer from General Fund		655,490	
Gain or (Loss) on Sale of Fixed Assets		<u>(3,043)</u>	
TOTAL REVENUES			\$ 1,895,302

COST OF COMMODITIES

Beginning Inventory		30,200	
Purchases		417,966	
Ending Inventory		<u>(46,197)</u>	
TOTAL COST OF COMMODITIES SOLD			<u>401,969</u>
GROSS PROFIT			<u>1,493,333</u>

OPERATING EXPENSES

Salaries		418,910	
Benefits		176,291	
Repairs and Maintenance		5,485	
Other Purchased Services		300	
Communications		414	
Advertising		33	
Supplies - Technology		4,795	
Travel		1,008	
Supplies		32,110	
Depreciation		26,231	
Other		<u>3,222</u>	
TOTAL EXPENSES			<u>668,799</u>

CHANGES IN FUND NET POSITION 824,534

FUND NET POSITION - JULY 1, 2022 (873,781)

FUND NET POSITION - JUNE 30, 2023 \$ (49,247)

**Northern Lehigh School District
High School Student Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2023**

ADDITIONS

Admissions	\$ 5,371	
Book Store Sales	1,600	
Student Fees	7,125	
Special Events	49,335	
Other Activitiy Income	3,989	
TOTAL ADDITIONS		\$ 67,420

DEDUCTIONS

Professional and Technical Services	8,048	
Rental	1,209	
Transportation	3,051	
General Supplies	41,526	
Food	7,826	
Dues & Fees	25	
Donations	1,375	
Miscellaneous Expenses	8,091	
TOTAL DEDUCTIONS		<u>71,151</u>

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **\$ (3,731)**

FUND NET POSITION - JULY 1, 2022 **47,993**

FUND NET POSITION - JUNE 30, 2023 **\$ 44,262**

**Statement of Fiduciary Net Position
As of June 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 46,017	
Other Receivables	18	
TOTAL ASSETS		<u><u>\$ 46,035</u></u>

LIABILITIES

Accounts Payable	\$ 1,773	
Other Current Liabilities	-	
TOTAL LIABILITIES		\$ 1,773

NET POSITION

Restricted for		
Individuals, organizations, and other governments		44,262
TOTAL LIABILITIES AND FUND NET POSITION		<u><u>\$ 46,035</u></u>

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

ADDITIONS

Admissions	\$ 903	
Book Store Sales	830	
Special Events	7,701	
Other Activitiy Income	2,850	
TOTAL ADDITIONS	12,284	\$ 12,284

DEDUCTIONS

Professional and Technical Services	1,972	
General Supplies	5,940	
Food	2,020	
Dues & Fees	-	
Donations	1,140	
Miscellaneous Expenses	-	
TOTAL DEDUCTIONS	11,072	11,072

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **\$ 1,212**

FUND NET POSITION - JULY 1, 2022 **9,563**

FUND NET POSITION - JUNE 30, 2023 **\$ 10,775**

**Statement of Fiduciary Net Position
As of June 30, 2023**

ASSETS

Cash and Cash Equivalents	\$ 10,775	
TOTAL ASSETS	10,775	<u>\$ 10,775</u>

LIABILITIES

Accounts Payable	\$ -	
TOTAL LIABILITIES	-	\$ -

NET POSITION

Restricted for		
Individuals, organizations, and other governments	10,775	
TOTAL LIABILITIES AND FUND NET POSITION	10,775	<u>\$ 10,775</u>

Northern Lehigh School District
Schedule on General Obligation Notes - Series B of 2018
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 34,100	\$ 1,220,000
TOTAL OUTSTANDING	\$ 34,100	\$ 1,220,000

Schedule on General Obligation Notes - Series of 2020
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 61,125	\$ 5,000
2024-25	61,075	5,000
2025-26	61,000	5,000
2026-27	60,900	5,000
2027-28	60,800	5,000
2028-29	60,700	1,500,000
2029-30	30,700	1,535,000
TOTAL OUTSTANDING	\$ 396,300	\$ 3,060,000

Schedule on General Obligation Bonds - Series of 2022
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 447,906	\$ 40,000
2024-25	446,170	40,000
2025-26	444,394	40,000
2026-27	442,594	40,000
2027-28	440,774	40,000
2028-29	438,946	45,000
2029-30	436,831	45,000
2030-31	434,698	1,425,000
2031-32	366,441	1,485,000
2032-33	293,824	1,555,000
2033-34	215,452	1,635,000
2034-35	131,413	1,720,000
2035-36	40,425	750,000
TOTAL OUTSTANDING	\$ 4,579,868	\$ 8,860,000

Northern Lehigh School District
Schedule on General Obligation Notes - Series of 2022
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 137,600	\$ 25,000
2024-25	136,600	25,000
2025-26	135,600	25,000
2026-27	134,600	25,000
2027-28	133,600	30,000
2028-29	132,400	25,000
2029-30	131,400	25,000
2030-31	130,400	30,000
2031-32	129,200	35,000
2032-33	127,800	40,000
2033-34	126,200	40,000
2034-35	124,600	40,000
2035-36	123,000	1,115,000
2036-37	78,400	1,960,000
TOTAL OUTSTANDING	\$ 1,781,400	\$ 3,440,000

Schedule on General Obligation Bonds - Series of 2023
For the Year Ended June 30, 2023

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	\$ 171,579	\$ 5,000
2024-25	232,000	1,075,000
2025-26	178,250	1,130,000
2026-27	121,750	1,190,000
2027-28	62,250	1,245,000
TOTAL OUTSTANDING	\$ 765,829	\$ 4,645,000

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, 2023 (continued)**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS-THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/22	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/23	FOOT- NOTES
U.S. DEPT. OF EDUCATION											
<u>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)</u>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-0299	07/01/21 - 09/30/22	\$ 402,928	\$ 57,073	\$ 57,073	\$ -	\$ -	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0299	07/01/22 - 09/30/23	\$ 478,999	369,009	-	464,035	464,035	95,026	
TOTAL TITLE I PROGRAM						426,082	57,073	464,035	464,035	95,026	
<u>PASSED THROUGH THE PDE</u>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-0299	07/01/21 - 09/30/22	\$ 60,448	101	101	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0299	07/01/22 - 09/30/23	\$ 71,476	71,197	-	71,308	71,308	111	
TOTAL TITLE II PROGRAM						71,298	101	71,308	71,308	111	
<u>PASSED THROUGH THE PDE</u>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-0299	07/01/21 - 09/30/22	\$ 29,709	17	17	-	-	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0299	07/01/22 - 09/30/23	\$ 30,710	29,255	-	30,391	30,391	1,136	
TOTAL TITLE IV PROGRAM						29,272	17	30,391	30,391	1,136	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND (ESSER II)	I	84.425D	FA-200-21-0299	03/13/20 - 09/30/23	\$ 1,458,824	814,227	92,140	803,569	803,569	81,482	2 4
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	223-21-0299	03/13/20 - 09/30/24	\$ 2,950,778	751,107	155,184	393,886	393,886	(202,037)	
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0299	03/13/20 - 09/30/24	\$ 163,816	53,612	17,417	23,289	23,289	(12,906)	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0299	03/13/20 - 09/30/24	\$ 32,763	10,722	(4,492)	14,474	14,474	(740)	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0299	03/13/20 - 09/30/24	\$ 32,763	10,722	8,526	3,309	3,309	1,113	
TOTAL EDUCATION STABILIZATION FUND						1,640,390	268,775	1,238,527	1,238,527	(133,088)	
<u>PASSED THROUGH CARBON-LEHIGH I.U.</u>											
TITLE III - ENGLISH LANGUAGE ACQUISITION	I	84.365	N/A	07/01/21 - 09/30/22	\$ 2,686	2,686	2,313	373	373	-	2 1
TITLE III - ENGLISH LANGUAGE ACQUISITION	I	84.365	N/A	07/01/22 - 09/30/23	\$ 5,061	-	-	5,061	5,061	5,061	1
TOTAL TITLE III PROGRAM						2,686	2,313	5,434	5,434	5,061	
<u>PASSED THROUGH CARBON-LEHIGH I.U.</u>											
IDEA, PART B	I	84.027	N/A	07/01/21 - 09/30/22	\$ 301,416	82,738	82,738	-	-	-	2 1
IDEA, PART B	I	84.027	N/A	07/01/22 - 09/30/23	\$ 307,865	209,630	-	307,865	307,865	98,235	1
COVID-19 ARP-IDEA	I	84.027X	N/A	07/01/21 - 09/30/23	\$ 71,162	71,162	-	71,162	71,162	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	07/01/22 - 09/30/23	\$ 1,694	1,694	-	1,694	1,694	-	1
TOTAL IDEA CLUSTER						365,224	82,738	380,721	380,721	98,235	
TOTAL U.S. DEPARTMENT OF EDUCATION						2,534,952	411,017	2,190,416	2,190,416	66,481	

SOURCE: D - DIRECT; I - INDIRECT

**Northern Lehigh School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023 (continued)**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS-THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/22	REVENUE	EXPEN- TURES	ACCRUED OR (DEFERRED) AT 6/30/23	FOOT- NOTES
<u>U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES</u>											
<u>PASSES THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE</u>											
TITLE 19 - MEDICAL REIMBURSEMENT	I	93.778	N/A	07/01/22-06/30/23	N/A	18,375	-	18,375	18,375	-	2
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						18,375	-	18,375	18,375	-	
<u>U.S. DEPARTMENT OF AGRICULTURE</u>											
<u>PASSED THROUGH THE PDE</u>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/21-06/30/22	N/A	20,786	20,786	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/22-06/30/23	N/A	577,537	-	597,772	597,772	20,235	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	48,993	-	48,993	48,993	-	
SEVERE NEED BREAKFAST PROGRAM	I	10.553	N/A	07/01/21-06/30/22	N/A	8,000	8,000	-	-	-	
SEVERE NEED BREAKFAST PROGRAM	I	10.553	N/A	07/01/22-06/30/23	N/A	163,667	-	170,058	170,058	6,391	
<u>PASSED THROUGH THE PA DEPARTMENT OF AGRICULTURE</u>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	07/01/21-06/30/22	N/A	92,116	(17,206)	99,581	99,581	(9,741)	2
TOTAL CHILD NUTRITION CLUSTER						911,099	11,580	916,404	916,404	16,885	3
<u>PASSED THROUGH THE PDE</u>											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	628	-	628	628	-	2
TOTAL U.S. DEPARTMENT OF AGRICULTURE						911,727	11,580	917,032	917,032	16,885	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 3,465,054	\$ 422,597	\$ 3,125,823	\$ 3,125,823	\$ 83,366	

SOURCE: D - DIRECT; I - INDIRECT

**Northern Lehigh School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

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, 2023. 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 5.5% of its total general fund revenue in federal awards, and 50.0% 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 Department of Education	5,713,214	2,621,712
Carbon-Lehigh I.U.	689,884	386,155
PA Department of Public Welfare	N/A	18,375
PA Department of Agriculture	N/A	99,581
Totals	\$ 6,403,098	\$ 3,125,823

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$92,116 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2022-23 fiscal year, the District used \$99,581 in commodities and established a year-end inventory of \$9,741 at June 30, 2023.

**Northern Lehigh School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

4. The amount of ESSER II expenditures reported on the Schedule of Expenditures of Federal Awards. For the 2020-2021 fiscal year, was overstated by \$25,790. The opening accrual on 7/1/2022 has been reduced by \$25,790 to account for the changes needed on the 2020-2021 fiscal year's Schedule of Expenditures of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 1,792,222
Federal Grants in Local Sources	386,155
Food Service Fund Federal Revenue	<u>947,446</u>
Total Federal Revenue, per financial statements	3,125,823
Less - Medical Access Reimbursement	-
Less - Transportation Access Reimbursement	-
Total Federal Revenue on SEFA	<u>\$ 3,125,823</u>



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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, 2023, 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 20, 2023.

Report On 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.

Report On 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,



Northampton, Pennsylvania
November 20, 2023



**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

Opinion on 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Northern Lehigh School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Northern Lehigh School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Northern Lehigh School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Northern Lehigh School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

Northern Lehigh School District

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,

Manna Associates, P.C.

Northampton, Pennsylvania
November 20, 2023

**Northern Lehigh School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

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:

AL Number(s)	Name of Federal Program or Cluster
84.425D, 84.425U	Education Stabilization Fund

Percentage of programs tested to total awards 39.6%

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, 2023**

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.