

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

NORTHWESTERN LEHIGH SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2023

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board
Northwestern Lehigh School District
6493 Route 309
New Tripoli, PA 18066-9409

We have performed the Single Audit of the Northwestern 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 Uniform Guidance, explained above, and our report thereon.

Respectfully submitted,

Gorman & Associates, P.C.

December 21, 2023

REPORT DISTRIBUTION LIST

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

ONE COPY TO: FEDERAL AUDIT CLEARINGHOUSE
(Electronically Submitted) GENERAL SERVICES ADMINISTRATION

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA
(Electronically Submitted) OFFICE OF THE BUDGET/BUREAU OF AUDITS

ONE COPY TO: CARBON-LEHIGH INTERMEDIATE UNIT #21
4210 INDEPENDENCE DRIVE
SCHNECKSVILLE, PA 18078

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Northwestern Lehigh School District
6493 Route 309
New Tripoli, PA 18066-9409

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 Northwestern 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 Northwestern 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 Northwestern 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 Northwestern 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 2022-23, 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 Northwestern 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 Northwestern 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 Northwestern 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 6-13, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 81-90, 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 Northwestern 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 15, 2023, on our consideration of the Northwestern 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 Northwestern 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 Northwestern Lehigh School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
November 15, 2023

NORTHWESTERN LEHIGH SCHOOL DISTRICT
New Tripoli, Pennsylvania

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2023

The Northwestern Lehigh School District's (the "District") discussion and analysis is designed to (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.

FINANCIAL HIGHLIGHTS

- As of June 30, 2023, the District's net position equaled (\$5,133,516) for an increase of \$4,801,602.
- The governmental net position equaled (\$4,710,639), for an increase of \$4,575,181.
- The business-type net position equaled (\$422,877), for an increase of \$226,421.

USING THIS ANNUAL REPORT

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

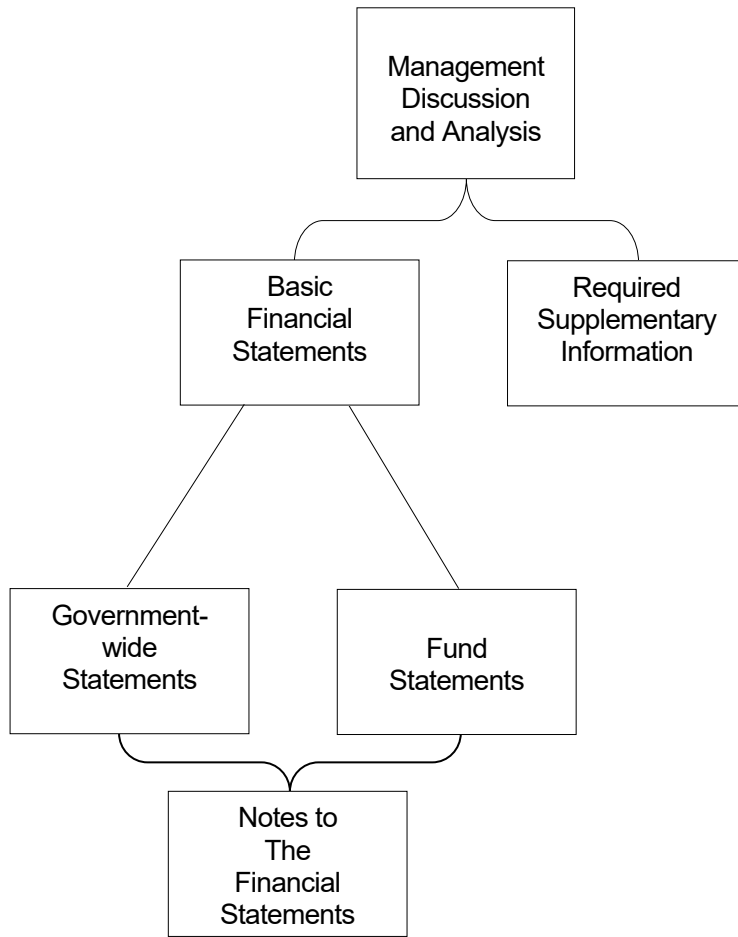
The first two statements are government-wide financial statements: The Statement of Net Position and the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short-term as well as what remains for future spending. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For the District these are our Food Service Fund and Tiger Concessions Fund. Fiduciary fund statements provide information about financial relationships where the District acts solely as a trustee or agent for the benefit of others, to whom the resources belong.

**NORTHWESTERN 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
Northwestern Lehigh School District's
Financial Report**



**NORTHWESTERN 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's financial operations they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis explains the structure and contents of each of the statements.

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

	FUND STATEMENTS			
	Government-wide Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as education, administration and community services	Activities the District operates similar to private business - Food Services and Tiger Concessions	Instances in which the District is the trustee or agent to someone else's resources- Custodial 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 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

NORTHWESTERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide 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 focus of the Statement of Net Position (the "unrestricted net position") is designed to be similar to a bottom line for the District and its governmental and business-type activities. This statement combines and consolidates governmental fund's current financial resources (short-term spendable resources) with capital assets and long-term obligations.

The Statement of Activities is focused on both the gross and net cost of various activities, which are provided by the government's general tax and other revenues. This is intended to summarize and simplify the user's analysis of the cost of various governmental services and/or subsidies to 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. Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

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, state and federal subsidies, and grants finance most of these activities.
- Business-type activities - The District conducts food service and stadium concession (Tiger Concession) operations and charges fees to staff, students, and visitors to cover the costs.

Fund Statements

The District's fund 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 less 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. Governmental funds include the General Fund, Capital Reserve Fund, and Capital Projects Funds.
- Proprietary Funds - These funds are used to account for the District's activities that are similar to business operations in the private sector, or where the reporting is on determining net income, financial position, or changes in financial position. These funds have a significant portion of funding through user charges. When the District charges customers for services, these services are generally reported in proprietary funds. The Food Service and Tiger Concession Funds are the

NORTHWESTERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

District's proprietary funds and are the same as the business-type activities reported in the government-wide statements, but provide additional detail and information, such as cash flows.

- **Fiduciary Funds** - The District is the trustee, or fiduciary. Custodial funds are used to account for assets held by the District as an agent for individuals, private organizations, other governmental entities and/or other funds. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. We exclude these activities from the District's other fund statements because the District cannot use these assets to finance its operations.

OVERALL FINANCIAL HIGHLIGHTS

Governmental Activities

General Fund - The District received \$946,769 more in General Fund revenue and other financing sources than originally budgeted. This positive variance is primarily attributed to the local revenues. There were net positive budget variances in total expenditures and other financing uses amounting to \$730,978.

The District budgeted for a planned transfer to Capital Reserve for future anticipated capital projects.

As of June 30, 2023, the District has committed and assigned \$9,037,190 and \$6,223,999, respectively for Other Post-Employment Benefits (OPEB), proposed future PSERS contributions, capital projects, energy stabilization, variable rate debt increases, future textbook purchases, millage rate stabilization and increases in medical insurance. As of June 30, 2023, the district has an unassigned fund balance of \$1,486,299.

Business-Type Activities

- **Food Service Fund** - The Food Service operations experienced net income of \$224,213, during the 2022-2023 fiscal year, with depreciation expense of \$11,867.

Government-wide Statements

Most of the District's net position is invested in capital assets (buildings, land and equipment). The District's restricted net position is for capital projects, retirement of long-term debt and other restrictions. The remaining unrestricted net position is a combination of committed, assigned and unassigned amounts. The categories of fund balances are amounts set-aside to fund the future year's appropriations, future PSERS and GASB #45 obligations, future medical rate increases, capital projects, millage rate stabilization and buses as planned by the District.

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

Statement of Net Position

The following table reflects the Condensed Statement of Net Position:

	<u>2023</u>			<u>2022</u>		
	Govern- mental Activities	Business- Type Activities	Total (1)	Govern- mental Activities	Business- Type Activities	Total (1)
Current & Other Assets	\$ 39,233,616	\$ 1,105,754	\$ 40,339,370	\$ 29,475,667	\$ 2,085,123	\$ 31,560,790
Non-Current Assets	74,997,782	147,839	75,145,621	71,988,543	156,720	72,145,263
Deferred Outflows of Resources	9,317,811	123,261	9,441,072	10,266,554	131,799	10,398,353
Total Assets & Deferred Outflows of Resources	\$ 123,549,209	\$ 1,376,854	\$ 124,926,063	\$ 111,730,764	\$ 2,373,642	\$ 114,104,406
Current Liabilities	\$ 11,814,481	\$ 727,691	\$ 12,542,172	\$ 10,429,511	\$ 1,893,271	\$ 12,322,782
Non-Current Liabilities	112,280,591	1,044,260	113,324,851	99,162,708	996,361	100,159,069
Deferred Inflows of Resources	4,164,776	27,780	4,192,556	11,424,365	133,308	11,557,673
Total Liabilities & Deferred Inflows of Resources	128,259,848	1,799,731	130,059,579	121,016,584	3,022,940	124,039,524
Net Position:						
Net Investment in Capital Assets	31,519,369	147,839	31,667,208	30,277,144	156,720	30,433,864
Restricted	4,313,715	-	4,313,715	3,579,044	-	3,579,044
Unrestricted	(40,543,723)	(570,716)	(41,114,439)	(43,142,008)	(806,018)	(43,948,026)
Total Net Position	(4,710,639)	(422,877)	(5,133,516)	(9,285,820)	(649,298)	(9,935,118)
Total Liabilities, Deferred Inflows of Resources, & Net Position	\$ 123,549,209	\$ 1,376,854	\$ 124,926,063	\$ 111,730,764	\$ 2,373,642	\$ 114,104,406

(1) Internal balances are not eliminated in the total column.

NORTHWESTERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

Statement of Activities

The following table reflects the Condensed Statement of Activities

	<u>2023</u>			<u>2022</u>		
	Govern- mental Activities	Business- Type Activities	Total	Govern- mental Activities	Business- Type Activities	Total
REVENUES						
Program revenues:						
Charges for services	\$ 203,272	\$ 490,499	\$ 693,771	\$ 164,151	\$ 168,989	\$ 333,140
Operating grants & contributions	8,691,820	639,434	9,331,254	8,742,414	1,196,156	9,938,570
Capital grants & contributions	420,423	-	420,423	416,852	-	416,852
General revenues:						
Property taxes	28,758,292	-	28,758,292	27,739,143	-	27,739,143
Other taxes	3,626,381	-	3,626,381	3,482,024	-	3,482,024
Grants, subsidies & contributions, not restricted	7,027,670	-	7,027,670	6,547,479	-	6,547,479
Investment earnings	594,799	413	595,212	213,724	82	213,806
Other	260,465	-	260,465	316,661	-	316,661
Gain (Loss) on sale of capital assets	(7,989)	-	(7,989)	-	-	-
Extraordinary items	-	-	-	-	-	-
TOTAL REVENUES	<u>49,575,133</u>	<u>1,130,346</u>	<u>50,705,479</u>	<u>47,622,448</u>	<u>1,365,227</u>	<u>48,987,675</u>
EXPENSES						
Instruction	25,342,907	-	25,342,907	24,168,933	-	24,168,933
Instructional student support	2,934,861	-	2,934,861	2,672,445	-	2,672,445
Admin. & Fin'l support services	4,235,534	-	4,235,534	4,103,794	-	4,103,794
Oper. & Maint. of plant svcs.	4,600,305	-	4,600,305	4,131,647	-	4,131,647
Pupil Transportation	2,947,203	-	2,947,203	2,573,637	-	2,573,637
Student activities	1,071,398	-	1,071,398	1,015,683	-	1,015,683
Community services	30,599	-	30,599	26,178	-	26,178
Debt Service	-	-	-	-	-	-
Scholarships and Awards	22,146	-	22,146	20,374	-	20,374
Interest on Long-Term Debt	1,516,980	-	1,516,980	953,003	-	953,003
Unallocated depreciation expense	2,302,206	-	2,302,206	2,302,331	-	2,302,331
Proprietary Funds	-	899,718	899,718	-	943,766	943,766
TOTAL EXPENSES	<u>45,004,139</u>	<u>899,718</u>	<u>45,903,857</u>	<u>41,968,025</u>	<u>943,766</u>	<u>42,911,791</u>
Income (Loss) Before Contributions	4,570,994	230,608	4,801,602	5,654,423	421,461	6,075,884
Transfers In (Out)	4,187	(4,187)	-	(21,905)	21,905	-
Changes in Net Position	4,575,181	226,421	4,801,602	5,632,518	443,366	6,075,884
Total Net Position - Beginning	(9,285,820)	(649,298)	(9,935,118)	(14,918,338)	(1,092,664)	(16,011,002)
Prior Period Adjustment	-	-	-	-	-	-
Total Net Position - Ending	<u>\$ (4,710,639)</u>	<u>\$ (422,877)</u>	<u>\$ (5,133,516)</u>	<u>\$ (9,285,820)</u>	<u>\$ (649,298)</u>	<u>\$ (9,935,118)</u>

NORTHWESTERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

THE DISTRICT FUNDS

Governmental Funds

As of June 30, 2023, the governmental funds reported a combined fund balance of \$30,170,191, which increased from the prior year by \$8,524,532.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of June 30, 2023, the District had \$74,814,218 invested in a broad range of capital assets including land, buildings, furniture and equipment, which represents a net increase (additions less retirements and depreciation) of \$2,986,941 from the end of last year. Detailed information regarding capital asset activity is included in the notes to the basic financial statements (Note 5).

Debt Outstanding

As of June 30, 2023, the District had \$51,995,430 in debt (bonds and notes) outstanding compared to \$42,030,196 as of June 30, 2022. This represents an increase of \$9,965,234. Other obligations include accrued vacation pay and sick leave for specific employees of the District.

More detailed information regarding our long-term liabilities is included in the notes to the basic financial statements (Note 5).

ECONOMIC CONSIDERATIONS

The District expects minimal growth in real estate assessed value due to the economic conditions. The District expects earned income tax revenues to be consistent with prior year collections.

During 2022-2023 the District stayed within the adjusted ECI/SAWW and did not utilize any exceptions.

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 the District receives. If you have questions about this report or wish to request additional financial information, please contact Christie Steigerwalt, Business Administrator, at Northwestern Lehigh School District, 6493 Route 309, New Tripoli, PA 18066, (610) 298-8661.

BASIC FINANCIAL STATEMENTS

Northwestern 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	\$ 16,535,794	\$ 60,446	\$ 16,596,240
Investments	17,973,567	-	17,973,567
Receivables, net	902,056	-	902,056
Internal Balances	626,786	895,402	-
Due From Other Governments	2,293,398	72,266	2,365,664
Other Receivables	59,201	17,101	76,302
Inventories	155,966	60,539	216,505
Prepaid Expenses	686,848	-	686,848
Total Current Assets	39,233,616	1,105,754	38,817,182
Non-Current Assets:			
Restricted Cash and Cash Equivalents	183,564	-	183,564
Land	406,148	-	406,148
Site Improvements (net of depreciation)	518,578	-	518,578
Building and Bldg. Improvements (net of depreciation)	66,574,555	22,391	66,596,946
Furniture and Equipment (net of depreciation)	2,175,294	125,448	2,300,742
Construction in Progress	5,139,643	-	5,139,643
Total Non-Current Assets	74,997,782	147,839	75,145,621
Total Assets	114,231,398	1,253,593	113,962,803
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	8,687,405	120,844	8,808,249
Deferred Outflows of Resources - Related to OPEB	320,365	2,417	322,782
Deferred Amount on Debt Refundings, net	310,041	-	310,041
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 123,549,209	\$ 1,376,854	\$ 123,403,875
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 895,402	\$ 626,786	-
Due to Other Governments	513,377	-	513,377
Accounts Payable	1,985,722	38,829	2,024,551
Current Portion of Long-Term Obligations	3,213,370	-	3,213,370
Accrued Salaries and Benefits	2,779,741	653	2,780,394
Payroll Deductions and Withholdings	1,996,819	-	1,996,819
Prepayments from Students	-	61,423	61,423
Other Current Liabilities	430,050	-	430,050
Total Current Liabilities	11,814,481	727,691	11,019,984
Non-Current Liabilities:			
Bonds and Notes Payable	48,878,430	-	48,878,430
Long-Term Portion of Compensated Absences	522,052	-	522,052
Net Pension Liability	57,692,588	1,005,832	58,698,420
Net Defined Contribution Pension Liability	48,222	-	48,222
Net OPEB Liability - Single Employer Plan	2,717,784	-	2,717,784
Net OPEB Liability - Multiple Employer Plan	2,421,515	38,428	2,459,943
Total Liabilities	124,095,072	1,771,951	124,344,835
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pension	2,577,422	23,110	2,600,532
Deferred Inflows of Resources - Related to OPEB	1,587,354	4,670	1,592,024
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	128,259,848	1,799,731	128,537,391
NET POSITION			
Net Investment in Capital Assets	31,519,369	147,839	31,667,208
Restricted For:			
Capital Projects	4,313,715	-	4,313,715
Unrestricted (deficit)	(40,543,723)	(570,716)	(41,114,439)
TOTAL NET POSITION	(4,710,639)	(422,877)	(5,133,516)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 123,549,209	\$ 1,376,854	\$ 123,403,875

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

(1) Internal Balance 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).

**Northwestern Lehigh School District
Statement of Activities
For the Year Ended June 30, 2023**

FUNCTION/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	\$ 25,342,907	\$ 3,162	\$ 5,699,123	\$ -	\$ (19,640,622)	\$ -	\$ (19,640,622)
Instructional Student Support	2,934,861	9,418	808,718	-	(2,116,725)	-	(2,116,725)
Admin. & Fin'l Support Services	4,235,534	-	523,560	-	(3,711,974)	-	(3,711,974)
Oper. & Maint. Of Plant Svcs.	4,600,305	-	383,288	-	(4,217,017)	-	(4,217,017)
Pupil Transportation	2,947,203	-	1,163,462	-	(1,783,741)	-	(1,783,741)
Student Activities	1,071,398	190,692	113,669	-	(767,037)	-	(767,037)
Community Services	30,599	-	-	-	(30,599)	-	(30,599)
Scholarships and Awards	22,146	-	-	-	(22,146)	-	(22,146)
Interest on Long-Term Debt	1,516,980	-	-	420,423	(1,096,557)	-	(1,096,557)
Unallocated Depreciation Expense	2,302,206	-	-	-	(2,302,206)	-	(2,302,206)
TOTAL GOVERNMENTAL ACTIVITIES	45,004,139	203,272	8,691,820	420,423	(35,688,624)	-	(35,688,624)
BUSINESS-TYPE ACTIVITIES:							
Food Services	868,715	454,178	638,750	-	-	224,213	224,213
Other Enterprise Funds	31,003	36,321	664	-	-	5,982	5,982
TOTAL PRIMARY GOVERNMENT	\$ 45,903,857	\$ 693,771	\$ 9,331,234	\$ 420,423	\$ (35,688,624)	\$ 230,195	\$ (35,458,429)
GENERAL REVENUES:							
Property taxes. Levied for General Purposes, net					\$ 28,758,292	\$ -	\$ 28,758,292
Taxes Levied for Specific Purposes					3,626,381	-	3,626,381
Grants, Subsidies, & Contributions Not Restricted					7,027,670	-	7,027,670
Investment Earnings					594,799	413	595,212
Miscellaneous Income					260,465	-	260,465
Special item - Gain (Loss) on Sale of Capital Assets					(7,989)	-	(7,989)
Transfers					4,187	(4,187)	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					40,263,805	(3,774)	40,260,031
CHANGES IN NET POSITION					4,575,181	226,421	4,801,602
NET POSITION - BEGINNING					(9,285,820)	(649,298)	(9,935,118)
NET POSITION - ENDING					\$ (4,710,639)	\$ (422,877)	\$ (5,133,516)

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

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

	GENERAL	CAPITAL PROJECT FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS:</u>				
Cash and Cash Equivalents	\$ 2,738,449	\$ 13,738,984	\$ 58,360	\$ 16,535,793
Restricted Cash	183,564	-	-	183,564
Investments	17,973,567	-	-	17,973,567
Taxes Receivable, net	902,056	-	-	902,056
Due from Other Funds	627,924	-	-	627,924
Due from Other Governments	2,293,398	-	-	2,293,398
Other Receivables	5,380	-	-	5,380
Prepaid Expenditures	686,848	-	-	686,848
TOTAL ASSETS	25,411,186	13,738,984	58,360	39,208,530
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 25,411,186	\$ 13,738,984	\$ 58,360	\$ 39,208,530
<u>LIABILITIES:</u>				
Due to Other Funds	\$ 895,402	\$ -	\$ 465	\$ 895,867
Due to Other Governments	513,377	-	-	513,377
Accounts Payable	639,641	1,344,771	1,288	1,985,700
Current Portion of Long-Term Debt	96,370	-	-	96,370
Accrued Salaries and Benefits	2,779,741	-	-	2,779,741
Payroll Deductions and Withholdings	1,996,819	-	-	1,996,819
Other Current Liabilities	38,211	-	-	38,211
TOTAL LIABILITIES	6,959,561	1,344,771	1,753	8,306,085
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned Revenue from Property Taxes/Grants	732,254	-	-	732,254
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	7,691,815	1,344,771	1,753	9,038,339
<u>FUND BALANCES:</u>				
Nonspendable Fund Balance	686,848	-	-	686,848
Restricted Fund Balance	285,035	12,394,213	-	12,679,248
Committed Fund Balance	9,037,190	-	-	9,037,190
Assigned Fund Balance	6,223,999	-	56,607	6,280,606
Unassigned Fund Balance	1,486,299	-	-	1,486,299
TOTAL FUND BALANCES	17,719,371	12,394,213	56,607	30,170,191
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 25,411,186	\$ 13,738,984	\$ 58,360	\$ 39,208,530

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

**Northwestern 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	\$ 30,170,191
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 \$112,776,381 and the accumulated depreciation is \$37,962,163.	74,814,218
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.	53,127
This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues.	310,041
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.	732,254
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.	155,966
This represents deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability	4,842,994
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:	<u>(115,789,430)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	<u>\$ (4,710,639)</u>

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

Northwestern 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>CAPITAL PROJECT FUNDS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 33,534,707	\$ 137,291	\$ 85,306	\$ 33,757,304
State Sources	14,441,657	-	-	14,441,657
Federal Sources	1,301,513	-	-	1,301,513
TOTAL REVENUES	<u>49,277,877</u>	<u>137,291</u>	<u>85,306</u>	<u>49,500,474</u>
EXPENDITURES				
Instruction	27,299,840	-	-	27,299,840
Support Services	15,783,043	59,398	-	15,842,441
Operation of Non-Instructional Services	1,125,037	-	95,107	1,220,144
Capital Outlay	-	5,226,588	-	5,226,588
Debt Service	4,391,116	-	-	4,391,116
TOTAL EXPENDITURES	<u>48,599,036</u>	<u>5,285,986</u>	<u>95,107</u>	<u>53,980,129</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>678,841</u>	<u>(5,148,695)</u>	<u>(9,801)</u>	<u>(4,479,655)</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	13,000,000	-	13,000,000
Transfers In	4,187	853,983	-	858,170
Transfers Out	(853,983)	-	-	(853,983)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(849,796)</u>	<u>13,853,983</u>	<u>-</u>	<u>13,004,187</u>
NET CHANGE IN FUND BALANCES	(170,955)	8,705,288	(9,801)	8,524,532
FUND BALANCES - BEGINNING	<u>17,890,326</u>	<u>3,688,925</u>	<u>66,408</u>	<u>21,645,659</u>
FUND BALANCES - ENDING	<u>\$ 17,719,371</u>	<u>\$ 12,394,213</u>	<u>\$ 56,607</u>	<u>\$ 30,170,191</u>

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

**Northwestern Lehigh School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balance
to the Statement of Activities
For the Year Ended June 30, 2023**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 8,524,532**

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	\$ 2,678,127	
less - capital outlays	<u>5,673,055</u>	2,994,928

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold. (7,989)

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. 29,518

Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 2,996,000

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. (124,583)

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. (121,864)

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available. 53,127

Bond and Note 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 the difference between bond proceeds and refunding payments made to paying agents. (13,000,000)

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. 11,641

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. 3,219,871

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES **\$ 4,575,181**

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

Northwestern Lehigh School District
Statement of Fund Net Position
Proprietary Funds
As of June 30, 2023

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
ASSETS			
CURRENT ASSETS:			
Cash and cash equivalents	\$ -	\$ 60,446	\$ 60,446
Due from other funds	895,402	-	895,402
Due From Other Governments	72,266	-	72,266
Other Receivables	17,101	-	17,101
Inventories	59,858	681	60,539
TOTAL CURRENT ASSETS	1,044,627	61,127	1,105,754
NON-CURRENT ASSETS:			
Building & Bldg. Improvements (net)	22,391	-	22,391
Machinery & Equipment (net)	55,791	69,657	125,448
TOTAL NON-CURRENT ASSETS	78,182	69,657	147,839
TOTAL ASSETS	1,122,809	130,784	1,253,593
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	120,844	-	120,844
Deferred Outflows of Resources - Related to OPEB	2,417	-	2,417
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,246,070	\$ 130,784	\$ 1,376,854
LIABILITIES			
CURRENT LIABILITIES:			
Due to Other Funds	\$ 603,369	\$ 23,417	\$ 626,786
Accounts Payable	38,829	-	38,829
Accrued Salaries and Benefits	653	-	653
Prepayments	58,143	3,280	61,423
TOTAL CURRENT LIABILITIES	700,994	26,697	727,691
NON-CURRENT LIABILITIES:			
Net Pension Liability	1,005,832	-	1,005,832
Net OPEB Liability - Multiple Employer Plan	38,428	-	38,428
TOTAL NON-CURRENT LIABILITIES	1,044,260	-	1,044,260
TOTAL LIABILITIES	1,745,254	26,697	1,771,951
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pension	23,110	-	23,110
Deferred Inflows of Resources - Related to OPEB	4,670	-	4,670
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,773,034	26,697	1,799,731
FUND NET POSITION			
Net Investment in Capital Assets	78,182	69,658	147,840
Unrestricted	(605,146)	34,429	(570,717)
TOTAL FUND NET POSITION	(526,964)	104,087	(422,877)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,246,070	\$ 130,784	\$ 1,376,854

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

Northwestern Lehigh School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2023

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
OPERATING REVENUES:			
Food Service Revenue	\$ 446,438	\$ 31,004	\$ 477,442
Other Operating Revenues	7,740	5,317	13,057
TOTAL OPERATING REVENUES	<u>454,178</u>	<u>36,321</u>	<u>490,499</u>
	-----	-----	-----
OPERATING EXPENSES:			
Salaries	287,546	3,589	291,135
Employee benefits	74,139	1,327	75,466
Purchased Property Service	21,087	-	21,087
Other Purchased Services	115	-	115
Supplies	473,361	17,457	490,818
Depreciation	11,867	7,261	19,128
Other Operating Expenses	600	1,369	1,969
TOTAL OPERATING EXPENSES	<u>868,715</u>	<u>31,003</u>	<u>899,718</u>
	-----	-----	-----
OPERATING INCOME (LOSS)	<u>(414,537)</u>	<u>5,318</u>	<u>(409,219)</u>
	-----	-----	-----
<u>NON-OPERATING REVENUES (EXPENSES)</u>			
Earnings on investments	-	413	413
State Sources	135,142	664	135,806
Federal Sources	503,608	-	503,608
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>638,750</u>	<u>1,077</u>	<u>639,827</u>
	-----	-----	-----
INCOME (LOSS) BEFORE CONTRIBUTIONS	224,213	6,395	230,608
Transfers in (out)	-	(4,187)	(4,187)
CHANGES IN FUND NET POSITION	224,213	2,208	226,421
FUND NET POSITION - BEGINNING	<u>(751,177)</u>	<u>101,879</u>	<u>(649,298)</u>
FUND NET POSITION - ENDING	<u>\$ (526,964)</u>	<u>\$ 104,087</u>	<u>\$ (422,877)</u>

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

**Northwestern Lehigh School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2023**

	FOOD SERVICE	NON-MAJOR FUNDS	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 433,743	\$ 34,616	\$ 468,359
Cash Received from Other Operating Revenue	14,856	5,317	20,173
Cash Payments to Employees for Services	(412,624)	(4,916)	(417,540)
Cash Payments to Suppliers for Goods and Services	(714,132)	(22,491)	(736,623)
Cash Payments to Other Operating Expenses	(600)	(1,369)	(1,969)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(678,757)</u>	<u>11,157</u>	<u>(667,600)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State Sources	126,393	664	127,057
Federal Sources	562,570	-	562,570
Operating Transfers In (Out)	-	(4,187)	(4,187)
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>688,963</u>	<u>(3,523)</u>	<u>685,440</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Facilities Acquisition/Const./Improvement Svcs.	(10,247)	-	(10,247)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(10,247)</u>	<u>-</u>	<u>(10,247)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	-	413	413
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>-</u>	<u>413</u>	<u>413</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(41)	8,047	8,006
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>41</u>	<u>52,399</u>	<u>52,440</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ -</u>	<u>\$ 60,446</u>	<u>\$ 60,446</u>

**Northwestern Lehigh School District
Statement of Cash Flows
Proprietary Funds
As of June 30, 2023**

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

	<u>FOOD SERVICE</u>	<u>NON-MAJOR FUNDS</u>	<u>TOTAL</u>
OPERATING INCOME (LOSS)	\$ (414,537)	\$ 5,318	\$ (409,219)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	11,867	7,261	19,128
Donated Commodities Used	(124)	-	(124)
CHANGE IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	(8,532)	-	(8,532)
(Increase) Decrease in Advances to Other Funds	946,467	3,612	950,079
(Increase) Decrease in Inventories	(5,768)	(26)	(5,794)
(Increase) Decrease in Prepaid Expenses	1,533	-	1,533
(Increase) Decrease in Deferred Outflows of Resources	12,551	-	12,551
Increase (Decrease) in Accounts Payable	(37,764)	-	(37,764)
Increase (Decrease) in Accrued Salaries and Benefits	(3,059)	-	(3,059)
Inc (Dec) in Net OPEB Liability - Multiple Employer Plan	(9,551)	-	(9,551)
Increase (Decrease) in Net Pension Liability	58,661	-	58,661
Increase (Decrease) in Deferred Inflows of Resources	(109,541)	-	(109,541)
Increase (Decrease) in Advances from Other Funds	(1,149,075)	641	(1,148,434)
Increase (Decrease) in Prepayment from Students	28,115	(5,649)	22,466
TOTAL ADJUSTMENTS	<u>(264,220)</u>	<u>5,839</u>	<u>(258,381)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (678,757)</u>	<u>\$ 11,157</u>	<u>\$ (667,600)</u>

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

**Northwestern Lehigh School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2023**

	CUSTODIAL FUNDS
ASSETS	
Cash and cash equivalents	\$ 95,656
Due from Other Funds	22
TOTAL ASSETS	\$ 95,678

LIABILITIES	
Accounts Payable	\$ 3,999
Due to Other Funds	695
TOTAL LIABILITIES	4,694
 NET POSITION	
Restricted for Individuals, organizations, and other governments	90,984
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 95,678

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

**Northwestern Lehigh School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2023**

	CUSTODIAL FUNDS
ADDITIONS	
Contributions - Students	\$ 23,596
Special Events	25,431
Other Income	21,712
INVESTMENT EARNINGS:	
Interest and Dividends	270
Net increase (decrease) in fair value of investments	-
Less investment expense	-
TOTAL ADDITIONS	71,009
DEDUCTIONS	
Administrative expense	-
Payments for student club activities	61,804
TOTAL DEDUCTIONS	61,804
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	9,205
NET POSITION - BEGINNING OF YEAR	81,779
NET POSITION - END OF YEAR	\$ 90,984

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

Northwestern 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>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>GAAP</u> <u>BASIS</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 32,950,412	\$ 32,950,412	\$ 33,534,707	\$ 584,295
State Sources	14,169,305	14,169,305	14,441,657	272,352
Federal Sources	<u>1,215,579</u>	<u>1,215,579</u>	<u>1,301,513</u>	<u>85,934</u>
TOTAL REVENUES	<u>48,335,296</u>	<u>48,335,296</u>	<u>49,277,877</u>	<u>942,581</u>
	-----	-----	-----	-----
EXPENDITURES				
Regular Instruction	18,834,139	18,797,277	18,797,277	-
Special Programs	7,004,535	6,707,531	6,707,531	-
Vocational Programs	1,595,175	1,595,175	1,560,001	35,174
Adult Education Programs	262,187	262,187	235,031	27,156
Pupil Personnel Services	1,775,475	1,749,012	1,732,515	16,497
Instructional Staff Services	1,032,926	1,111,526	1,100,914	10,612
Administrative Services	2,834,748	2,831,952	2,819,650	12,302
Pupil Health	473,992	374,067	372,975	1,092
Business Services	808,328	703,328	697,578	5,750
Operation & Maintenance of Plant Services	4,589,146	4,961,603	4,959,604	1,999
Student Transportation Services	3,269,718	3,315,303	3,096,369	218,934
Central Support Services	1,000,569	1,016,683	961,422	55,261
Other Support Services	40,000	42,016	42,016	-
Student Activities	1,028,085	1,073,643	1,073,643	-
Community Services	35,000	40,574	29,248	11,326
Scholarships and Awards	20,000	22,146	22,146	-
Debt Service	<u>4,515,975</u>	<u>4,515,975</u>	<u>4,391,116</u>	<u>124,859</u>
TOTAL EXPENDITURES	<u>49,119,998</u>	<u>49,119,998</u>	<u>48,599,036</u>	<u>520,962</u>
Excess (deficiency) of revenues over expenditures	<u>(784,702)</u>	<u>(784,702)</u>	<u>678,841</u>	<u>1,463,543</u>
	-----	-----	-----	-----
OTHER FINANCING SOURCES (USES)				
Interfund Transfers In	-	-	4,187	4,187
Fund Transfers Out	(664,000)	(664,000)	(853,983)	(189,983)
Budgetary Reserve	<u>(400,000)</u>	<u>(400,000)</u>	<u>-</u>	<u>400,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,064,000)</u>	<u>(1,064,000)</u>	<u>(849,796)</u>	<u>214,204</u>
NET CHANGE IN FUND BALANCE	(1,848,702)	(1,848,702)	(170,955)	1,677,747
FUND BALANCE - JULY 1, 2022	<u>16,452,454</u>	<u>16,452,454</u>	<u>17,890,326</u>	<u>1,437,872</u>
FUND BALANCE - JUNE 30, 2023	<u>\$ 14,603,752</u>	<u>\$ 14,603,752</u>	<u>\$ 17,719,371</u>	<u>\$ 3,115,619</u>

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

**Northwestern 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 Northwestern Lehigh School District is located in New Tripoli, Pennsylvania. The District tax base consists of the Townships of Heidelberg, Lowhill, Lynn, and Weisenberg.

The Northwestern 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 Northwestern 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 Administrator, 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 ensure that all work accomplished by him/her, or by persons under his/her supervision, is in the best interests of the Northwestern Lehigh School District. The Business Administrator is directly responsible to the Superintendent.

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

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 Northwestern Lehigh School District, this includes general operations, food service, and student related activities of the School District.

Northwestern Lehigh School District is a municipal Corporation governed by an elected nine-member board. As required by accounting principles, generally accepted in the United States of America, these financial statements are to present Northwestern 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. Based upon the above criteria, the Northwestern Lehigh Education Foundation is not considered to be a component unit of the School District.

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's operating costs for 2022-23 was \$1,560,001.

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 for a residual interest in the net position of LCTI upon dissolution that should not be reported 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 \$232,901.

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

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 for a residual interest in the net position of LCCC upon dissolution that should not be reported 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

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 boards of directors of the participating districts must approve the CLIU's annual operating budget. However, the CLIU is self-sustaining by providing services for fees to participating districts. The District has no on-going financial interest or 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.

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 two business-type activities 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 program. 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

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

program revenues identifies the extent to which each business activity or governmental function is self-financing or draws from the general revenues of the School District.

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

B. Fund Accounting

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

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

General Fund

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

Special Revenue Funds

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

Student Sponsored Activity Fund

This fund is set up in accordance with Section 511 of the PA School Code for student sponsored school organizations and publication which do not meet the criteria to be reported as custodial funds per GASB Statement 84.

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.

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

The District has the following Capital Project Funds:

Capital Projects Fund (37)

This Fund received the proceeds of General Obligation Notes – Series of 2018 to fund renovations and improvements to various facilities.

Capital Projects Fund (38)

This fund received the proceeds of General Obligation Notes – Series of 2022 to fund renovations and improvements to District facilities.

Capital Reserve Fund

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

Proprietary Funds Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise 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 fca 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 one Fiduciary Fund:

Student Activity Fund

This fund is considered a custodial fund and is 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.

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

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 therefore include reconciliations 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 fund 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.

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

Accelerated Budget Process Option

Under this option, a preliminary budget must be prepared 150 days prior to the primary election. Under this Option, the preliminary budget must be available for public inspection at least 110 days prior to the primary election. The Board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption. The adoption must occur at least 90 days prior to the primary election. If the preliminary budget exceeds the increase authorized by the Index, an application for an exception may be filed with either a Court of Common Pleas with jurisdiction or PDE and made available for public inspection. The Board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

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

Board Resolution Option

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

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

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

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

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.

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.

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

Restricted Cash

Certain of the District's cash is restricted for the following purposes:

<u>Cash and Cash equivalents:</u>	
PLIGIT - Emmaus Debt Service	\$ 38,575
PLIGIT - Procurement Card	7
Scholarships	137,307
Special Education Settlements	7,676
Total restricted cash and cash equivalents	<u>\$ 183,564</u>

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 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".

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

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 \$155,966 in the governmental activities column and \$60,539 in the business-type activities column of the government-wide statement of net position.

Inventory type items in governmental funds utilize the purchase method; that is, they are charged to expenditures when purchased. There is no inventory shown as of June 30, 2023; therefore, there is no nonspendable fund balance. Inventory type items in Proprietary Funds use the consumption method, in which items are purchased for inventory and charged to expenses when used. The District has the following Proprietary Funds: (1) Food Service Fund and (2) Tiger Concession Fund. Inventory within these funds consists of donated commodities, which are valued at U.S.D.A.'s approximate costs, supplies, and purchased food.

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

Purchased Food	\$ 12,112
Purchased Supplies	5,952
Donated Commodities	<u>42,475</u>
TOTAL	<u>\$ 60,539</u>

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.

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

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 acquisition 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
Vehicles	8 years	8 years
Right-to-use Equipment	Length of Lease	Length of Lease

Leases

The District recognizes a lease liabilities and an intangible right-to-use lease asset(s) (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.

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

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

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.

Compensated Absences

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

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

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.

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 refundings 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 refundings 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.

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

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 on the modified accrual basis.

Net Position

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

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

Fund Balance Categories

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

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

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

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 Business manager are responsible to make these assignments.

Unassigned Fund Balance

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

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

Contributions of Capital

Contributions of capital in proprietary fund financial statements arise from outside contributions of fixed assets, or from grants or outside contributions of resources restricted to capital acquisition and construction. The proprietary funds did not receive any capital contributions during the current 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 \$115,789,430 difference are:

Bonds and Notes Payable	\$ 51,845,000
Less: Issuance Discount (to be amortized as interest expense)	(9,828)
Add: Issuance Premium (to be amortized as a contra to interest expense)	160,258
Accrued Interest Payable	391,839
Accounts Payable	-
Compensated absences	522,052
Net Defined Benefit Pension Liability	57,692,588
Net Defined Contribution Pension Liability	48,222
Net OPEB Liability - Single Employer Plan	2,717,784
Net OPEB Liability - Multiple Employer Plan	<u>2,421,515</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<u>\$ 115,789,430</u>

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

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

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

The amounts shown in the columns on the following page represent:

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

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

Explanation of Differences between Governmental Fund Statements and District-Wide Statements

	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	\$ 28,728,773	\$ 29,519	\$ -	\$ -	\$ 28,758,292
Taxes levied for specific purposes	3,626,381	-	-	-	3,626,381
Interest and investment earnings	541,672	53,127	-	-	594,799
Miscellaneous	50,167	-	-	-	50,167
Contributions and Donations	210,298	-	-	-	210,298
Charges for Services	193,854	-	-	-	193,854
Grants, subsidies & contributions not restricted	7,027,670	-	-	-	7,027,670
Transfers In	4,187	-	-	-	4,187
STATE SOURCES:					
Operating and Capital grants and contributions	7,413,987	-	-	-	7,413,987
FEDERAL SOURCES:					
Operating and Capital grants and contributions	1,707,674	-	-	-	1,707,674
SPECIAL AND EXTRAORDINARY ITEMS:					
Proceeds from Bond/Note Issues	13,000,000	-	-	(13,000,000)	-
Gain or (Loss) on disposal of assets	-	-	(7,989)	-	(7,989)
TOTAL REVENUES	62,504,663	82,646	(7,989)	(13,000,000)	49,579,320
EXPENDITURES/EXPENSES					
Instruction	27,299,840	(1,913,964)	(42,969)	-	25,342,907
Instructional Student Support	3,206,404	(271,543)	-	-	2,934,861
Admin. & Fin'l Support Services	4,580,064	(355,546)	11,016	-	4,235,534
Oper. & Maint. of Plant Svcs.	4,959,604	(256,077)	(103,222)	-	4,600,305
Pupil Transportation	3,096,369	(226,584)	77,418	-	2,947,203
Student activities	1,168,752	(83,213)	(14,141)	-	1,071,398
Community Services	29,248	-	1,351	-	30,599
Scholarships and Awards	22,146	-	-	-	22,146
Capital Outlay	5,226,588	-	(5,226,588)	-	-
Debt Service	4,391,116	-	-	(2,874,136)	1,516,980
Depreciation - unallocated	-	-	2,302,206	-	2,302,206
TOTAL EXPENDITURES/EXPENSES	53,980,131	(3,106,927)	(2,994,929)	(2,874,136)	45,004,139
NET CHANGE FOR THE YEAR	\$ 8,524,532	\$ 3,189,573	\$ 2,986,940	\$ (10,125,864)	\$ 4,575,181

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

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

As of June 30, 2023, the governmental activities and the business-type activities had deficits of \$4,710,639 and \$422,877, respectively. The Food Service Fund has a \$526,964 deficit.

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 Activities

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, \$34,300,105 of the District's bank balance of \$34,800,105 and restricted cash of \$7,676, was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	7,676
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		34,300,105
TOTAL	\$	34,307,781

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

Reconciliation to Financial Statements

Uncollateralized Amount Above	\$ 34,307,781
Plus: Insured Amount	500,000
Less: Outstanding Checks	<u>(51)</u>
Carrying Amount - Bank balances	34,807,730
Plus: Petty Cash	775
Deposits in Investment Pool Considered Cash Equivalent	40,522
Less: Certificates of Deposit considered Investment by School Code	<u>(17,973,567)</u>
TOTAL CASH PER FINANCIAL STATEMENTS	<u>\$ 16,875,460</u>

Investments

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

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.

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

9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
 - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
 - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
 - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
 - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

As of June 30, 2023, the District had the following investments:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
Pa. Local Government Investment Trust		\$ 38,582
Certificates of Deposit		17,973,567
PA School District Liquid Asset Fund		1,940
TOTAL		\$ 18,014,089

Interest Rate Risk

The District does have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

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

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's investments in the PA School District Liquid Asset Fund and PA Local Government Investment Trust were 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. Of the General Fund's investments, 99.78% are in Certificates of Deposit with New Tripoli Bank. Of the governmental activities investments, 99.78% are in Certificates of Deposit at New Tripoli Bank. For entity-wide purposes, 99.78% of all investments are in Certificates of Deposit at New Tripoli.

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 did not have investments exposed to custodial credit risk.

Reconciliation to Financial Statements

Total Investments Above	\$ 18,014,089
Less: Deposits in Investment Pool Considered Cash Equivalents	<u>(40,522)</u>
Total Investments Per Financial Statements	<u>\$ 17,973,567</u>

Fair Value Reporting

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District did not have any recurring fair value investments at June 30, 2023. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

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 \$1,673,529,100. In accordance with Act 1 of 2006, the District received \$850,201 in property tax reduction funds for the 2022-23 fiscal year. The tax rate for the year was \$18.3390 per \$100 of assessed valuation or 18.3390 mills.

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

The property tax calendar is:

- 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 board approved delinquent tax collector for collections.

The School District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as 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 fund 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:

Schedule on Receivables for major, nonmajor, and fiduciary funds

	<u>GENERAL FUND</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>FOOD SERVICE FUND</u>	<u>NON- MAJOR FUNDS</u>	<u>FIDUCIARY FUNDS</u>	<u>TOTAL</u>
RECEIVABLES:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	902,056	-	-	-	-	902,056
Accounts	5,380	-	17,101	-	-	22,481
Intergovernmental	2,293,398	-	72,266	-	-	2,365,664
GROSS RECEIVABLES	<u>3,200,834</u>	<u>-</u>	<u>89,367</u>	<u>-</u>	<u>-</u>	<u>3,290,201</u>
Less: Allowance for Uncollectibles	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET RECEIVABLES	<u>\$ 3,200,834</u>	<u>\$ -</u>	<u>\$ 89,367</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,290,201</u>

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:

	<u>UNAVAILABLE</u>	<u>UNEARNED</u>
Delinquent Property Taxes - General Fund	\$ 732,254	\$ -
Grants drawdowns prior to meeting eligibility requirements	<u>-</u>	<u>-</u>
TOTAL	<u>\$ 732,254</u>	<u>\$ -</u>

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

Capital Assets

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

CAPITAL ASSET BALANCES AND CURRENT YEAR ACTIVITY

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 406,148	\$ -	\$ -	\$ 406,148
Construction in Progress	81	5,223,365	(83,803)	5,139,643
Total Capital Assets not being depreciated	<u>406,229</u>	<u>5,223,365</u>	<u>(83,803)</u>	<u>5,545,791</u>
Capital Assets being depreciated:				
Site Improvements	1,851,476	-	-	1,851,476
Buildings and Bldg. Improvements	96,763,887	96,027	-	96,859,914
Furniture and Equipment	8,161,624	437,466	(79,890)	8,519,200
TOTAL CAPITAL ASSETS BEING DEPRECIATED	<u>106,776,987</u>	<u>533,493</u>	<u>(79,890)</u>	<u>107,230,590</u>
Less accumulated depreciation for:				
Site Improvements	(1,261,285)	(71,613)	-	(1,332,898)
Buildings and Bldg. Improvements	(28,060,517)	(2,224,842)	-	(30,285,359)
Furniture and Equipment	(6,034,137)	(381,670)	71,901	(6,343,906)
TOTAL ACCUMULATED DEPRECIATION	<u>(35,355,939)</u>	<u>(2,678,125)</u>	<u>71,901</u>	<u>(37,962,163)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION	<u>71,421,048</u>	<u>(2,144,632)</u>	<u>(7,989)</u>	<u>69,268,427</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 71,827,277</u>	<u>\$ 3,078,733</u>	<u>\$ (91,792)</u>	<u>\$ 74,814,218</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Buildings and Bldg. Improvements	\$ 127,948	\$ -	\$ -	\$ 127,948
Furniture and Equipment	752,935	10,247	-	763,182
Less accumulated depreciation	(724,163)	(19,128)	-	(743,291)
BUSINESS-TYPES ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 156,720</u>	<u>\$ (8,881)</u>	<u>\$ -</u>	<u>\$ 147,839</u>

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

Instruction	\$ 68,229
Admin. & Fin'l Support Services	11,016
Oper. & Maint. Of Plant Svcs.	92,758
Pupil Transportation	196,761
Student activities	5,804
Community Services	1,351
Depreciation - unallocated	<u>2,302,206</u>
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 2,678,125</u>

The District's governmental activities disposed or scrapped \$79,890 of capital assets during the year, with accumulated depreciation of \$71,901. The district received \$0 from the disposal resulting in a net loss on disposition of \$7,989 for the year. The business-type activities did not dispose of any capital assets during the year.

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

Commitments

Encumbrances

Any encumbrances outstanding at year-end do not represent GAAP expenditures or liabilities but represent 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 has the following long-term commitments as of June 30, 2023:

<u>Project</u>	<u>CONTRACT AMOUNT</u>	<u>EXPENDED TO 6/30/23</u>	<u>OUTSTANDING COMMITMENTS</u>
Interior Selective Demolition			
Sargent	\$ 155,000	\$ -	\$ 155,000
General Trades			
Duggan & Marcon	1,436,298	-	1,436,298
Flooring			
Hi-Tech	112,124	-	112,124
Painting			
Dectis	73,580	-	73,580
Fixed Audience Seating			
Irwin Seating/Essjay	206,863	-	206,863
Glazing			
Entrance Systems	382,000	-	382,000
Electrical/Fire Alarm			
Diefenderfer	361,960	54,803	307,157
Sitework/Concrete			
Empire Services	486,655	170,472	316,183
HS Electrical			
Billitier	136,138	31,455	104,683
Fueling Station & Electrical Upgrades			
Pine Run	861,900	-	861,900
MS WL Plumbing/Excavation			
Zimmerman	312,500	94,500	218,000
HVAC ESCO Project			
McClure	10,105,742	4,643,763	5,461,979
TOTAL	\$ 14,630,760	\$ 4,994,993	\$ 9,635,767

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

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:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 627,924	\$ 895,402
Special Revenue (Activity) Fund	-	465
Capital Projects (Capital Reserve) Fund	-	-
Enterprise (Food Service) Fund	895,402	603,369
Enterprise (Tiger Conc.) Fund	-	23,417
Custodial (Activity) Fund	22	695
TOTAL	\$ 1,523,348	\$ 1,523,348

Interfund Transfers

The District did make the following transfers during the fiscal year ended June 30, 2023:

Fund	TRANSFER IN	TRANSFER OUT
General Fund	\$ 4,187	\$ 853,983
Enterprise (Non-Major) Fund	-	4,187
Capital Project (Capital Reserve) Fund	794,585	-
Capital Project Fund (38)	59,398	-
TOTAL	\$ 858,170	\$ 858,170

**Northwestern 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:

	<u>BEGINNING BALANCE</u>	<u>ADDITIONS</u>	<u>REDUCTIONS</u>	<u>ENDING BALANCE</u>	<u>AMOUNTS DUE WITHIN ONE YEAR</u>
GOVERNMENTAL ACTIVITIES					
<i>General Obligation Debt:</i>					
<i>Bonds and notes payable:</i>					
Bonds payable	\$ 34,150,196	\$ 1,065	\$ 1,434,831	\$ 32,716,430	\$ 1,455,000
Notes payable	<u>7,880,000</u>	<u>13,000,000</u>	<u>1,601,000</u>	<u>19,279,000</u>	<u>1,662,000</u>
Total general obligation debt	42,030,196	13,001,065	3,035,831	51,995,430	3,117,000
<i>Other liabilities:</i>					
<i>Vested employee benefits:</i>					
Vacation pay	254,319	47,012	-	301,331	63,000
Sick pay	215,558	101,533	-	317,091	33,370
<i>Net Defined Benefit Pension Liability</i>	53,406,304	4,286,284	-	57,692,588	-
<i>Net Defined Contribution Pension Liability</i>	50,151	-	1,929	48,222	-
<i>Net OPEB Liability - Single Employer Plan</i>	3,145,495	-	427,711	2,717,784	-
<i>Net OPEB Liability - Multiple Employer Plan</i>	<u>3,124,092</u>	<u>-</u>	<u>702,577</u>	<u>2,421,515</u>	<u>-</u>
Total other liabilities	<u>60,195,919</u>	<u>4,434,829</u>	<u>1,132,217</u>	<u>63,498,531</u>	<u>96,370</u>
TOTAL GOVERNMENTAL ACTIVITY LONG-TERM LIABILITIES	<u>\$ 102,226,115</u>	<u>\$ 17,435,894</u>	<u>\$ 4,168,048</u>	<u>\$ 115,493,961</u>	<u>\$ 3,213,370</u>
BUSINESS-TYPE ACTIVITIES:					
<i>Other liabilities:</i>					
<i>Vested employee benefits</i>					
Vacation pay	\$ 1,211	\$ -	\$ 1,211	\$ -	\$ -
Sick pay	-	-	-	-	-
Net Pension Liability	947,171	58,661	-	1,005,832	-
<i>Net OPEB Liability - Multiple Employer Plan</i>	<u>47,979</u>	<u>-</u>	<u>9,551</u>	<u>38,428</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITIES LONG-TERM LIABILITIES	<u>\$ 996,361</u>	<u>\$ 58,661</u>	<u>\$ 10,762</u>	<u>\$ 1,044,260</u>	<u>\$ -</u>

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and proprietary funds. The School District currently does not have any bonds or notes payable in business-type activities.

Total Interest paid and accrued during the year:

	<u>EXPENSE</u>	<u>PAID</u>
GOVERNMENTAL ACTIVITIES:		
General obligation debt	\$ 1,501,173	\$ 1,379,309
Refund of Prior Year Receipts	15,807	15,807
Short-term borrowings	<u>-</u>	<u>-</u>
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	<u>\$ 1,516,980</u>	<u>\$ 1,395,116</u>

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

General Obligation Notes – Series A of 2007

On October 31, 2007, the District issued \$8,500,000 of General Obligation Notes – Series A of 2007. The proceeds will be used to carry out the current refunding of the District's outstanding General Obligation Notes – Series of 2006 and to pay the cost and expenses. In conjunction with this issue, the District issued a Series A of 2008 credit note held by U.S. Bank facility, acting as the loan credit facility.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The notes mature from August 1, 2008 to August 1, 2023. Interest is calculated on a variable weekly rate plus fifty-five hundredths (.55%) per annum.

The outstanding debt service requirements at June 30, 2023, using the variable rate of 3.65% are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 1,100,000	\$ 6,232
	1,100,000	<u>6,232</u>
Unamortized Discount	-	
TOTAL OUTSTANDING	<u>\$ 1,100,000</u>	

General Obligation Bonds – Series of 2009

On December 15, 2009, the District issued \$8,770,000 of General Obligation Bonds – Series of 2009. The proceeds of the Bonds will be used to (1) provide funds for the refunding of the General Obligation Note - Series of 2009.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from October 1, 2010 to October 1, 2029. Interest rates are variable and estimated with a 5.00% rate at year end.

The outstanding debt service requirements at June 30, 2023, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 165,000	\$ 340,787
2024-25	1,090,000	330,542
2025-26	1,140,000	274,337
2026-27	1,180,000	216,046
2027-28	1,230,000	155,751
2028-30	<u>2,610,000</u>	<u>116,412</u>
SUB-TOTAL	7,415,000	<u>\$ 1,433,875</u>
Unamortized Discount	-	
TOTAL OUTSTANDING	<u>\$ 7,415,000</u>	

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

General Obligation Bonds – Series of 2018

On November 19, 2018, the District issued \$6,490,000 of General Obligation Bonds – Series of 2018 proceeds of the Bonds, along with a School District cash contribution, were used to currently refund a portion of the District’s outstanding GOB Series of 2014, currently outstanding in aggregate principal amount of \$8,925,000 of which \$6,470,000 was refunded, and to pay the costs of issuing the Bonds, the notes mature from February 15, 2020 to February 15, 2033. Interest rates are fixed that range from 3.0% to 5.0% with a total interest indebtedness of \$2,078,032.

The outstanding debt service requirements at June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 505,000	\$ 193,430
2024-25	515,000	178,280
2025-26	540,000	162,830
2026-27	555,000	146,630
2027-28	570,000	129,980
2028-33	3,310,000	344,214
SUB-TOTAL	5,995,000	\$ 1,155,364
Unamortized Premium	38,103	
TOTAL OUTSTANDING	\$ 6,033,103	

General Obligation Bonds – Series of 2019

On May 21, 2019, the District issued \$8,620,000 of General Obligation Bonds – Series of 2019. Proceeds of the Bonds along with a School District’s cash contribution, were used to (1) currently refund the District’s outstanding GOB Series of 2012, currently outstanding in the aggregate principal amount of \$8,815,000 and (2) pay the costs of issuing the Bonds. The Bonds mature from February 15, 2020 to February 15, 2031. Interest rates are fixed and range from 2.0% to 5.0% with a total interest indebtedness of \$1,691,218.

The outstanding debt service requirements at June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 710,000	\$ 171,512
2024-25	755,000	136,013
2025-26	765,000	120,913
2026-27	780,000	105,613
2027-28	795,000	88,063
2028-31	2,510,000	146,525
SUB-TOTAL	6,315,000	\$ 768,639
Unamortized Premium	122,154	
TOTAL OUTSTANDING	\$ 6,437,154	

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

General Obligation Bonds – Series A of 2019

On October 29, 2019, the District issued \$9,860,000 of General Obligation Bonds - Series A of 2019. The proceeds will be used to: (1) currently refund a portion of the School District's outstanding General Obligation Bonds, Series of 2013, currently outstanding in the aggregate principal amount of \$7,610,000 (the "2013 Bonds") of which \$3,065,000 shall be refunded (the "Refunded 2013 Bonds"), (2) currently refund all of the School District's outstanding General Obligation Note, Series of 2018, currently outstanding in the aggregate principal amount of \$6,725,000 (the "2018 Note") and (3) pay the costs of issuing the Bonds. The bonds mature from February 1, 2021 to February 1, 2035. Interest rates range from 2.0% to 5.0% with total interest indebtedness of \$2,782,279.

The outstanding debt service requirements at June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 75,000	\$ 218,050
2024-25	80,000	214,300
2025-26	80,000	212,700
2026-27	80,000	211,100
2027-28	685,000	209,500
2028-33	3,725,000	840,857
2033-35	4,915,000	140,837
SUB-TOTAL	9,640,000	\$ 2,047,344
Unamortized Discounts	(9,828)	
TOTAL OUTSTANDING	\$ 9,630,172	

General Obligation Notes – Series of 2020

On June 18, 2020, the District issued \$4,155,000 of General Obligation Note - Series of 2020. The proceeds will be used to: (1) currently refund the School District's outstanding General Obligation Bonds, Series of 2013, currently outstanding in the aggregate principal amount of \$4,130,000 (the "2013 Bonds"), (2) pay the costs of issuing the Bonds. The bonds mature from September 15, 2020 to March 15, 2028. Interest rate is stated at 0.98% with total interest indebtedness of \$163,822.

The outstanding debt service requirements at June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 532,000	\$ 25,774
2024-25	683,000	20,560
2025-26	686,000	13,867
2026-27	699,000	7,144
2027-28	30,000	294
SUB-TOTAL	2,630,000	\$ 67,639
Unamortized Discounts	-	
TOTAL OUTSTANDING	\$ 2,630,000	

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

General Obligation Notes – Series 2021

On November 17, 2021 the District issued \$5,780,000 of General Obligation Notes- Series of 2021. Proceeds of the Notes were used to currently refund the School District's outstanding GOB, Series of 2017, currently outstanding in the aggregate principal amount of 5,665,000 and to pay the costs associated with the issuance of the Bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Bonds matures from February 15, 2022 to February 15, 2033. The outstanding debt service requirements, using fixed interest rate of 1.65% with total interest indebtedness of \$962,493.

The outstanding debt service requirements at June 30, 2023 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 25,000	\$ 94,958
2024-25	25,000	94,545
2025-26	25,000	94,133
2026-27	25,000	93,720
2027-28	30,000	93,308
2028-33	5,625,000	373,149
TOTAL OUTSTANDING	\$ 5,755,000	\$ 843,813

General Obligation Notes – Series of 2022

On July 12, 2022, the District issued \$13,000,000 of General Obligation Notes- Series of 2022. Proceeds of the Bonds were used for (1) renovations, alterations, additions, improvements, furnishing and equipment of District facilities and (2) pay the costs of issuing the Bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Bonds matures from March 15, 2023 to March 15, 2038. The outstanding debt service requirements, using fixed interest rate at 3.25% with total interest indebtedness of \$6,011,363.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ 5,000	\$ 422,338
2024-25	5,000	422,175
2025-26	5,000	422,013
2026-27	5,000	421,850
2027-28	5,000	421,688
2028-33	25,000	2,106,001
2033-38	12,945,000	1,510,114
TOTAL OUTSTANDING	\$ 12,995,000	\$ 5,726,179

The School District general obligation bonds and notes contain a provision that in the event of default for nonpayment of principal and interest, the School Code allows for the Commonwealth of Pennsylvania to withhold monies from the School District's subsidies and pay any past due amounts directly to the paying agent for payment to the bond or note holders.

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

Lease Rental Debt

The Lehigh Career and Technical Institute (LCTI), with authority of the nine participating school districts, has agreed to borrow up to \$53,715,000 to improve the Institute's facilities. The participating districts, such as Northwestern 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 Section 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 issued \$32,000,000 of revenue bonds - Series of 2003 dated March 15, 2003, and \$21,715,000 of revenue bonds - Series of 2001 dated September 15, 2001, through the State Public School Building Authority (SPSBA). The bonds are special limited obligations of the SPSBA. During the 2005-2006 fiscal year, these issues have been refunded with new issues.

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 Northwestern Lehigh's financial statements.

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

Bonds

Fiscal Year	GO Bonds - 2009		GO Bonds - 2018		GO Bonds - 2019		GO Bonds - 2019A		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2023-24	\$ 340,787	\$ 165,000	\$ 193,430	\$ 505,000	\$ 171,512	\$ 710,000	\$ 218,050	\$ 75,000	\$ 923,779	\$ 1,455,000
2024-25	330,542	1,090,000	178,280	515,000	136,013	755,000	214,300	80,000	859,135	2,440,000
2025-26	274,377	1,140,000	162,830	540,000	120,913	765,000	212,700	80,000	770,820	2,525,000
2026-27	216,046	1,180,000	146,630	555,000	105,613	780,000	211,100	80,000	679,389	2,595,000
2027-28	155,751	1,230,000	129,980	570,000	88,063	795,000	209,500	685,000	583,294	3,280,000
2028-33	116,412	2,610,000	344,214	3,310,000	146,525	2,510,000	840,857	3,725,000	1,448,008	12,155,000
2033-38	-	-	-	-	-	-	140,837	4,915,000	140,837	4,915,000
TOTAL	\$ 1,433,915	\$ 7,415,000	\$ 1,155,364	\$ 5,995,000	\$ 768,639	\$ 6,315,000	\$ 2,047,344	\$ 9,640,000	\$ 5,405,262	\$ 29,365,000

Direct Borrowing

Fiscal Year	GO Notes - 2007A		GO Notes - 2020		GO Notes 2021		GO Notes 2022		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2023-24	\$ 6,232	\$ 1,100,000	\$ 25,774	\$ 532,000	\$ 94,958	\$ 25,000	\$ 422,338	\$ 5,000	\$ 549,302	\$ 1,662,000
2024-25	-	-	20,560	683,000	94,545	25,000	422,175	5,000	537,280	713,000
2025-26	-	-	13,867	686,000	94,133	25,000	422,013	5,000	530,013	716,000
2026-27	-	-	7,144	699,000	93,720	25,000	421,850	5,000	522,714	729,000
2027-28	-	-	294	30,000	93,308	30,000	421,688	5,000	515,290	65,000
2028-33	-	-	-	-	373,149	5,625,000	2,106,001	25,000	2,479,150	5,650,000
2033-38	-	-	-	-	-	-	1,510,114	12,945,000	1,510,114	12,945,000
TOTAL	\$ 6,232	\$ 1,100,000	\$ 67,639	\$ 2,630,000	\$ 843,813	\$ 5,755,000	\$ 5,726,179	\$ 12,995,000	\$ 6,643,863	\$ 22,480,000

Bonds and Direct Borrowing

Fiscal Year	Totals	
	Interest	Principal
2023-24	\$ 1,473,081	\$ 3,117,000
2024-25	1,396,415	3,153,000
2025-26	1,300,833	3,241,000
2026-27	1,202,103	3,324,000
2027-28	1,098,584	3,345,000
2028-33	3,927,158	17,805,000
2033-38	1,650,951	17,860,000
TOTAL	\$ 12,049,125	\$ 51,845,000

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

Compensated Absences

Sick-Pay

Any member of the Bargaining Unit with twenty-five (25) years or more of credited teaching service with PSERS and fifteen (15) or more years of service in the Northwestern Lehigh School District; and upon written notice to the Superintendent no later than March 15 indicating his/her intention to retire, shall be eligible for the following retirement severance benefits relevant to the employee's years of service with PSERS.

Unused Sick Day Conversion

Unused sick days will be converted to a severance payment according to the following chart:

Number of Unused Sick Days	Rate per Day
0-50.5	\$ 35.00
51-100.5	50.00
101-150.5	57.50
151-225.5	65.00
226+	70.00

Unused sick day severance payment shall be made in the last pay in June. If an employee's effective retirement date is prior to the end of school in any year of this Agreement, said employee shall receive his/her severance in his/her last paycheck but in no event later than June 30 of the contract year.

The District maintains records of accumulated sick days that are earned by each employee who is eligible to retire. The portion of the severance benefit recorded in the General Fund that will use currently available financial resources is \$33,370. This amount is also recorded as a current liability in the governmental activities column of the government-wide statement of net position. The remaining potential liability of \$283,721 has been established as a long-term liability in the governmental activities column of the government-wide statement of net position. The Food Service Fund shows \$-0- as a long-term liability for sick pay. This amount is also recorded as a long-term liability in the business-type activities column of the government-wide statement of net position.

No FICA tax has been recorded due to the fact that payment will be made in the form of a 401(a) retirement plan contribution for which the employee does not have constructive receipt.

Vacation Leave

Unused vacation leave is paid upon an employee's termination, with the exception of mid-management employees; vacation pay is not cumulative and must be used within one year. Payment will only be made for unused vacation days in the current year. Mid-management employees with 5 years or more of service can carry over a maximum of 5 days to be credited to an "end of year employment bank" which will be paid at retirement. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2023, that will use currently available financial resources is \$63,000 including FICA tax and retirement contributions (net of reimbursement), which 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. The remaining vacation pay earned at June 30, 2023, of \$238,331, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position. The Food Service Fund shows \$-0- as a long-term liability for vacation pay. This amount is also recorded as a long-term liability in the business-type activities column of the government-wide statement of net position.

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

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 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.

**Northwestern Lehigh School District
Notes To Basic Financial Statements
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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.

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%

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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 \$7,022,526 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 \$58,698,420 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2021 to June 30, 2022. The 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 0.1339 percent, which was a decrease of 0.0002 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized pension expense of \$3,820,471. 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	\$ -	\$ 11,017
Changes in Assumptions	1,778,000	-
Net difference between projected and actual contributions made	-	91,330
Net difference between projected and actual earnings on pension plan investments	-	1,010,000
Difference between expected and actual experience	-	488,000
Changes in proportion of the Net Pension Liability	-	994,000
District contributions subsequent to the measurement date	7,022,526	-
Total	<u>\$ 8,800,526</u>	<u>\$ 2,594,347</u>

\$7,022,526 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:

<u>Year ended June 30:</u>	<u>Amount</u>
2023	\$ (378,000)
2024	(210,174)
2025	(1,604,078)
2026	1,393,014
Thereafter	(17,109)
Total	<u>\$ (816,347)</u>

**Northwestern Lehigh School District
Notes To Basic Financial Statements
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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.
- 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.

**Northwestern Lehigh School District
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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%	

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	\$ 76,998,000	\$ 59,530,000	\$ 44,803,000

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.

**Northwestern Lehigh School District
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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 \$3,608,146 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 \$2,341,449 included in accrued wages liability, of which \$1,784,474 is for the contractually required contribution for the second quarter of 2023 and \$556,975 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

Defined Pension Contribution Plan

Retirement Severance

Upon retirement from the District, employees in the following categories shall receive retirement severance payment for each year of service, depending on the employee's years of service and age at retirement from the District.

<i>GROUP</i>	<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
<u><i>I. Act 93 Administrators</i></u>	Must have at least 25 years of PSERS Service and at least 15 years of service with NWLSD	<ul style="list-style-type: none"> • Coverage: Lump Sum • Premium Sharing: If the member reaches 25 years of PSERS service and 15 years of service with NWLSD, the district will contribute \$300 per year of credited service into a 403(b) account. 	One-time payment
<u><i>II. Support Staff</i></u>	Must have at least 15 years of service with NWLSD	<ul style="list-style-type: none"> • Coverage: Lump Sum • Premium Sharing: If the member reaches 15 years of service with NWLSD, the district will provide a \$2,000 cash payment for full time employees and \$1,000 cash payment for part-time employees. 	One-time payment

Benefits not included in the calculation:

The unused sick leave payments that convert each sick day into dollars to be placed into the retiree's 403(b) or provided as cash payment are assumed to be valued under GASB Statement 16.

**Northwestern Lehigh School District
Notes To Basic Financial Statements
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At June 30, 2023, the following employees were covered by benefit terms:

Active Participants	56
Vested Former Participants	0
Retired Participants	<u>0</u>
Total	56

Total Defined Contribution Liability

In accordance with GASB Statement 73, the portion of this severance for service liability, known as a defined contribution pension plan, that will use current available financial resources is \$-0-. The remaining portion of the retirement severance earned at June 30, 2023, of \$48,222 is recorded as a long-term liability in the governmental activities column of the government-wide Statement of Net Position.

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 type 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:

	Single Employer Defined Contribution Benefit
Actuarial Valuation Date	7/1/2022
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.06%
Projected salary increases	4.00% to 6.75%
Eligible Retirees	100% of eligible retirees are assumed to receive this benefit.
Asset Valuation Method	pay as you go basis

The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

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Changes in the Total Defined Contribution Pension Liability

	<u>2022-23</u>
Total Defined Contribution Pension Liability - beginning	\$ 50,151
Service Cost	3,212
Interest	1,197
Changes in Benefit Terms	-
Difference between expected and actual experience	3,226
Changes in assumptions	(8,025)
Benefit payments	<u>(1,539)</u>
Net change in total Pension Liability	<u>(1,929)</u>
Total Defined Contribution Pension Liability - ending	\$ 48,222
Interest Rate	4.06%
Plan Members	56
Covered Payroll	\$ 3,624,603

Defined Contribution Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources

For the year ended June 30, 2023, the District recognized Defined Contribution Pension expense of \$4,244. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to this defined contribution pension plan as follows:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 6,185
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	3,621	-
Changes in proportion of the net defined contribution pension liability	-	-
District contributions subsequent to the measurement date	<u>4,102</u>	<u>-</u>
Total	\$ <u>7,723</u>	\$ <u>6,185</u>

Sensitivity of the total Defined Contribution Pension Liability to Changes in the Discount Rate

The following presents the total Defined Contribution Pension liability of the District's single employer plan, as well as what the District's total 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:

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	1% Decrease 3.06%	Current Discount Rate 4.06%	1% Increase 5.06%
District's proportionate share of the net OPEB Pension liability	\$ 50,240	\$ 48,222	\$ 46,216

Other Post-Employment Benefits

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

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

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- Have received all or part of their distributions

Pension Plan Description

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

Benefits Provided

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

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 \$153,509 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 \$2,459,943 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 0.1336 percent, which was a decrease of 0.0001 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the District recognized OPEB expense of \$71,921. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

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<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	\$ 164	\$ -
Changes in Assumptions	-	308,000
Net difference between projected and actual contributions made	-	1,726
Net difference between projected and actual investment earnings	7,000	-
Difference between expected and actual experience	10,000	-
Changes in proportion of the Net OPEB Liability	-	44,000
District contributions subsequent to the measurement date	153,509	-
Total	<u>\$ 170,673</u>	<u>\$ 353,726</u>

\$153,509 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:

Year ended June 30:	<u>Amount</u>
2023	\$ (62,000)
2024	(48,079)
2025	(61,387)
2026	(79,298)
2027	(85,262)
Thereafter	<u>(536)</u>
Total	<u>\$ (336,562)</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.

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- 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.

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

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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:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 2,459,000	\$ 2,459,000	\$ 2,459,000

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	\$ 2,781,000	\$ 2,459,000	\$ 2,190,000

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 \$50,886 included in accrued wages liability, of which \$38,782 is for the contractually required contribution for the second quarter of 2023 and \$12,105 is related to the accrued payroll liability for wages incurred as of June 30, 2023.

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Single Employer OPEB Health Plan

The following table explains this benefit:

Summary of Plan Provisions											
<i>Group</i>	<i>Eligibility</i>	<i>Coverage and Premium Sharing</i>	<i>Duration</i>								
<u>I. TEACHERS</u>	<p>Must meet one of the following conditions to be eligible:</p> <p>i) Must be 25 years of PSERS service and at least 15 years of District Service</p> <p>ii) Act 110/43</p>	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, and Dental. ● Premium Sharing: If the member reaches 25 years of PSERS service and 15 years of District service, the District will provide an account to the member that may be used to purchase medical, prescription drug, and dental coverage for the member. The spouse may continue coverage by paying the additional premium amount. The initial account balance is determined by total PSERS service at retirement and follows the schedule below. Certain past retirees may have followed a different schedule. <p style="text-align: center;"><u>Retired between July 1, 2022, and June 30, 2024</u></p> <table style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; border-bottom: 1px solid black;">Years of PSERS Service</th> <th style="text-align: right; border-bottom: 1px solid black;">Initial Account Balance</th> </tr> </thead> <tbody> <tr> <td>Fewer than 31 years</td> <td style="text-align: right;">\$11,000</td> </tr> <tr> <td>Between 31 & 36 years</td> <td style="text-align: right;">\$ 8,000</td> </tr> <tr> <td>More than 36 years</td> <td style="text-align: right;">\$ 5,000</td> </tr> </tbody> </table> <p>The account will be drawn down each month at a rate equal to the premium for the coverage that is elected less the PSERS Supplement which must be forwarded to the District by the member. Once the account balance is exhausted, the member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA.</p> <p>If the member does not reach eligibility for the account above but does reach eligibility through Act 110/43, the member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> ● Dependents: Family included. 	Years of PSERS Service	Initial Account Balance	Fewer than 31 years	\$11,000	Between 31 & 36 years	\$ 8,000	More than 36 years	\$ 5,000	<p>Member coverage continues until the later of Medicare age or the exhaustion of the account. Spouse coverage continues until the earlier of Medicare age, member Medicare age, and member death. If the member is still alive and receiving coverage, the spouse can continue coverage until the account is exhausted.</p>
Years of PSERS Service	Initial Account Balance										
Fewer than 31 years	\$11,000										
Between 31 & 36 years	\$ 8,000										
More than 36 years	\$ 5,000										
<u>II. ADMINISTRATORS</u>											
A) Current Superintendent	PSERS Retirement	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, and Dental. ● Premium Sharing: Upon retirement from the district, the district will pay the single coverage premium for medical, prescription drug, and dental for the member for five years. The member is responsible for forwarding the PSERS supplement to the District during this time. The spouse may continue coverage by paying the additional premium amount provided the member has met eligibility requirements under Act 110/43. ● Following the five-year subsidy period, the member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA. ● Dependents: Families included. 	<p>Member coverage continues until Medicare age. Spouse coverage continues until the earlier of Medicare age, member Medicare age and member death.</p>								

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

<i>Continued</i>	<i>Summary of Plan Provisions</i>		
<i>Group</i>	<i>Eligibility</i>	<i>Coverage and Premium Sharing</i>	<i>Duration</i>
<u>II. ADMINISTRATORS</u>			
B) Current Business Administrator and Assistant Superintendent	PSERS Retirement	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug and Dental. ● Premium Sharing: Upon retirement from the district, the district will pay the single coverage premium for medical, prescription drug, and dental for the member for two (2) years after retirement. The member is responsible for providing NWLSD with the PSERS Supplement while receiving the paid benefit. The spouse and or dependent children may elect coverage by paying the additional premium due to the coverage of the spouse and or dependent children. ● After those 2 years, the member and spouse may continue benefits by paying the full premium as determined for the purpose of COBRA. ● Dependents: Families included. 	Same as IIA
C) Current Director of Human Resources and Act 93	Act 110/43	Act 110/43 <hr style="width: 50%; margin: 5px auto;"/> Grandfathered Retiree: One Act 93 administrator receives coverage until January 2027 based on the prior benefit for conversion of unused sick leave. The member is required to switch to a Medicare supplement plan upon reaching Medicare age.	Same as IIA
<u>III. SUPPORT STAFF</u>	Act 110/43	Act 110/43	Act 110/43

Notes: Act 110/43 Eligibility: 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.

PSERS Supplement: A retiree may receive a \$100 monthly medical reimbursement from PSERS if he (or she) meets one of the following qualifications at retirement:

1. 24.5 years of PSERS service
2. Upon superannuation retirement with at least 15 years of PSERS service.

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

Benefits not included in the Calculation

Any conversion of unused days to dollars to be placed into a retiree's 403(b) for teachers and administrators is assumed to be valued under GASB Statement 16.

**Northwestern 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	228
Vested Former Participants	0
Retired Participants	<u>18</u>
Total	<u>246</u>

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$2,717,784, was measured as of June 30, 2023, and was determined by an actuarial valuation as July 1, 2022.

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:

	Single Employer OPEB Healthcare Benefit
Actuarial Valuation Date	7/1/2022
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 S&P Municipal Bond 20-year high grade rate index at July 1, 2022.

**Northwestern 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	\$ 218,545
Interest	75,328
Changes in Benefit Terms	-
Difference between expected and actual experience	133,834
Changes in assumptions	(744,350)
Benefit payments	<u>(111,068)</u>
Net change in total OPEB Liability	(427,711)
Total OPEB Liability - beginning	<u>3,145,495</u>
Total OPEB Liability - ending	<u>\$ 2,717,784</u>
Covered employee payroll	<u>\$ 16,567,621</u>

Total OPEB Liability as a percentage of covered employee payroll 16.40%

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 \$167,861. 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	\$ -	\$ 742,438
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	495,860
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>152,109</u>	<u>-</u>
Total	<u>\$ 152,109</u>	<u>\$ 1,238,298</u>

**Northwestern 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:	Amount
2024	\$ (126,012)
2025	(126,012)
2026	(126,012)
2027	(126,012)
2028	(126,012)
Thereafter	<u>(608,238)</u>
Total	<u>\$ (1,238,298)</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	\$ 2,916,256	\$ 2,717,784	\$ 2,528,705

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	\$ 2,457,353	\$ 2,717,784	\$ 3,021,973

**Northwestern 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 post-employment 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>Pension - GASB 73</i>		<i>Pension & OPEB</i>	
	<i>Single Employer</i>		<i>Multiple Employer</i>		<i>Total</i>	
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>OPEB - GASB 75</u>	<u>OPEB - GASB 75</u>	<u>OPEB - GASB 75</u>	<u>Total</u>
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ (984,630)	\$ -	\$ -	\$ (43,613)	\$ (1,028,243)	\$ (1,028,243)
Current Year Contributions	6,924,645	4,102	152,109	151,369	7,232,225	7,232,225
Change in Assumption	1,755,037	(6,185)	(742,438)	(303,746)	702,668	702,668
Diff in Projected Vs Actual Contributions	(90,048)	-	-	(1,697)	(91,745)	(91,745)
Difference in Investment Earnings	(1,008,847)	-	-	6,898	(1,001,949)	(1,001,949)
Diff. between Expected vs Actual Experience	(476,695)	3,621	(495,860)	9,825	(959,109)	(959,109)
Diff. between Prop. Share vs Actual POS	(11,017)	-	-	164	(10,853)	(10,853)
Net Pension Liability	\$ 57,692,588	\$ -	\$ -	\$ -	\$ 57,692,588	\$ 57,692,588
Net Defined Contribution Pension Liability	\$ -	\$ 48,222	\$ -	\$ -	\$ 48,222	\$ 48,222
Net OPEB Liability	\$ -	\$ -	\$ 2,717,784	\$ 2,421,515	\$ 5,139,299	\$ 5,139,299

BUSINESS-TYPE ACTIVITIES						
	<i>Pension - GASB 68</i>		<i>Pension - GASB 73</i>		<i>Pension & OPEB</i>	
	<i>Single Employer</i>		<i>Multiple Employer</i>		<i>Total</i>	
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>OPEB - GASB 75</u>	<u>OPEB - GASB 75</u>	<u>OPEB - GASB 75</u>	<u>Total</u>
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ (9,370)	\$ -	\$ -	\$ (387)	\$ (9,757)	\$ (9,757)
Current Year Contributions	97,881	-	-	2,140	100,021	100,021
Change in Assumption	22,963	-	-	(4,254)	18,709	18,709
Diff in Projected Vs Actual Contributions	(1,282)	-	-	(29)	(1,311)	(1,311)
Difference in Investment Earnings	(1,153)	-	-	102	(1,051)	(1,051)
Diff. between Expected vs Actual Experience	(11,305)	-	-	175	(11,130)	(11,130)
Diff. between Prop. Share vs Actual POS	-	-	-	-	-	-
Net Pension Liability	\$ 1,005,832	\$ -	\$ -	\$ -	\$ 1,005,832	\$ 1,005,832
Net Defined Contribution Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability	\$ -	\$ -	\$ -	\$ 38,428	\$ 38,428	\$ 38,428

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
CURRENT YR	CURRENT YR
BALANCE	BALANCE
Change in Proportion	\$ (1,038,000)
Current Year Contributions	7,332,246
Change in Assumption	721,377
Diff in Projected Vs Actual Contributions	(93,056)
Difference in Investment Earnings	(1,003,000)
Diff. between Expected vs Actual Experience	(970,239)
Diff. between Prop. Share vs Actual POS	(10,853)
Net Pension Liability	\$ 58,698,420
Net Defined Contribution Pension Liability	\$ 48,222
Net OPEB Liability	\$ 5,177,727

RECONCILIATION TO FINANCIAL STATEMENTS		
Pension Plan	Bus. Type Activities	Governmental Activities
Net Pension Liability	\$ 1,005,832	\$ 57,692,588
Net Defined Contribution Pension Liability	-	48,222
Deferred Outflows Related to Pension	(120,844)	(8,687,405)
Deferred Inflows Related to Pension	23,110	2,577,422
Total liab. Net deferred inflows/outflows	\$ 908,098	\$ 51,630,827
OPEB - Single & Multiple Employer Plans		
Net OPEB Liability	\$ 38,428	\$ 5,139,299
Deferred Outflows Related to OPEB	(2,417)	(320,365)
Deferred Inflows Related to OPEB	4,670	1,587,354
Total liab. Net deferred inflows/outflows	\$ 40,681	\$ 6,406,288

**Northwestern 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 risks, property damage, personal injury, auto accidents, etc. The District reduces these risks through the purchase of commercial insurance. The District's workers compensation policy is a retrospectively rated policy. The final premium is based on 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 the last three years.

Note 7 – Tax Incremental Financing Agreement – West Hills Business Center

On August 17, 2011, Northwestern Lehigh School District entered a Tax Incremental Financing Agreement.

Under the authority of the Pennsylvania Tax Increment Financing Act, the local taxing body (Northwestern Lehigh School District) is to provide 50% of necessary funding to West Hills Business Center Tax Increment Financing District to undertake an estimated 2.3 million square feet of industrial and flex space on approximately 230 acres in Weisenberg Township.

Under the authority of the Pennsylvania Tax Increment Financing Act, the developer must complete the project dependent upon the requirements including the construction and improvement of required public infrastructure including (i) improvements to Pennsylvania State Route 863 and the bridge spanning Interstate 78 at Exit 45 New Smithville, together with appurtenances thereto road improvements, and (ii) the reconstruction of a wastewater treatment plant, together with appurtenances there to serve the property, adjoining property and Weisenberg Elementary School.

Full aggregate market value of all taxable real property located within the TIF district as of the effective date of creation was \$827,400.

Northwestern Lehigh School District pledges to pay over to the authority to be held in a TIF Agreement 50% of the real estate taxes assessed on the TIF District properties for each year within the agreement based upon the calculation below:

Northwestern Lehigh School District Pledged Increment = .50 x (the then Current Assessment less the Tax Increment Base) X School District millage at current year's calculation

The development is to pay annually assessed property taxes on all properties within the TIF District. The amounts pledged will be deposited by the School District and other TIF Agreement Parties into the School District Real Estate Tax Fund – West Hills Business Center TIF Project held by the Tax Fund Escrow Agent, to be used in payment or trust for Obligations associated with project expenses.

Upon completion of payment for project obligations, any remaining monies held within the School District's portion of the TIF Agreement Escrow account held by the Authority will be returned to the School District. Upon completion, the recipient of the TIF Tax Increment agrees to continue to pay 100% of real estate taxes on land and improvements in which the School District will keep 100% of going forward. Additionally, the recipient agrees not to file any tax assessment appeal during the term of the TIF debt.

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

Projected Tax Revenue Reduction for School District of TIF Agreement

Tax Year Ending	Estimated Incremental TIF Contribution
6/30/2013 *	\$ 0
6/30/2014 *	108,042
6/30/2015 *	412,744
6/30/2016 *	523,559
6/30/2017 *	813,820
6/30/2018 *	714,244
6/30/2019 *	865,793
6/30/2020 *	844,037
6/30/2021 *	916,267
6/30/2022 *	943,750
6/30/2023*	975,837
6/30/2024	1,137,318
6/30/2025	1,160,076
6/30/2026	1,183,203
6/30/2027	1,206,886
6/30/2028	1,230,939
6/30/2029	1,255,546
6/30/2030	1,280,709
6/30/2031	1,306,242
6/30/2032	1,332,330
6/30/2033	<u>1,358,972</u>
Total	<u>\$19,570,317</u>

*Actual TIF Pledged Increment

Note 8 – Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$686,848, in nonspendable fund balance at June 30, 2023, comprised of prepaid expenditures.

Restricted Fund Balance

The Capital Project Fund has restrictions on the use of the resources at year end. The Capital Reserve Fund's \$4,313,715, fund balance 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 Capital Projects (Construction) Funds have \$8,080,498 in restricted fund balance.

The General Fund has restricted \$140,053 on their grants received from the Foundation and \$137,307 restricted for scholarships and awards received from outside sources and \$7,676 restricted for special education settlements.

Committed Fund Balance

The governing body (Board of School Directors) has committed \$9,037,190 of the General Fund's year end fund balance for the following purposes:

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

Future Retirement Rate increases	\$2,880,657
Other Post-Employment Benefits	\$2,913,082
Future Debt Service Rate increases	\$ 604,934
Millage Rate Stabilization	\$ 313,517
Increases in Healthcare	\$1,620,000
Energy Rate increases	\$ 705,000

Assigned Fund Balance

The General Fund has \$946,000 assigned for future technology purchases, \$2,182,999 for purchases of textbooks, \$510,000 for purchases of buses, \$1,066,478 for capital projects, \$1,518,522 to balance the 2023-24 budget, and \$5,000 for Athletic Clubs.

Note 9 – Restricted Net Position

Net Investment in Capital Assets

The components of this restriction in the governmental activities column is total capital assets of \$74,814,218, unspent proceeds of \$8,080,498, with related debt of \$51,378,347, which includes unamortized bonds discounts and premiums. In addition, the governmental activities column has \$4,313,715 restricted for capital projects. The business-type activities column reflects \$147,839 invested in capital assets with no related debt.

Note 10 – 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 involving contingent liabilities, as of June 30, 2023, that would materially affect the financial position of the District.

Note 11 – New Accounting Pronouncements

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

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**

NORTHWESTERN 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)	0.1339%	0.1341%	0.1371%	0.1388%	0.1366%	0.1359%	0.1336%	0.1309%	0.1295%
District's proportionate share of the net pension liability (asset)	\$ 59,530,000	\$ 55,057,000	\$ 67,507,000	\$ 64,934,000	\$ 65,575,000	\$ 67,119,000	\$ 66,208,000	\$ 56,700,000	\$ 51,257,000
District's covered employee payroll	20,467,871	19,729,086	18,945,559	19,362,014	19,229,768	18,535,256	17,859,218	20,940,434	16,751,309
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	290.85%	279.07%	356.32%	335.37%	341.01%	362.12%	370.72%	270.77%	305.99%
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%

NORTHWESTERN 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	\$ 7,022,526	\$ 6,735,510	\$ 6,382,759	\$ 6,476,594	\$ 6,268,904	\$ 5,883,090	\$ 5,214,892	\$ 4,335,578	\$ 3,434,018	\$ 2,694,402
Contributions in relation to the contractually required contribution	<u>7,022,526</u>	<u>6,735,510</u>	<u>6,382,759</u>	<u>6,476,594</u>	<u>6,268,904</u>	<u>5,883,090</u>	<u>5,214,892</u>	<u>4,335,578</u>	<u>3,434,018</u>	<u>2,694,402</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 20,467,871	\$ 19,729,086	\$ 18,945,559	\$ 19,362,014	\$ 19,229,768	\$ 18,535,256	\$ 17,859,218	\$ 17,342,310	\$ 16,751,309	\$ 16,840,014
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%

**NORTHWESTERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S DEFINED CONTRIBUTION PENSION LIABILITY
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>
Total Defined Contribution Pension Liability - beginning	\$ 50,151	\$ 50,831	\$ 49,624	\$ 46,144	\$ 41,922
Service Cost	3,212	3,225	2,712	2,696	2,554
Interest	1,197	964	1,631	1,456	1,393
Changes in Benefit Terms	-	-	-	-	-
Difference between expected and actual experience	3,226	-	982	-	-
Changes in assumptions	(8,025)	(782)	2,878	(672)	275
Benefit payments	(1,539)	(4,087)	(6,996)	-	-
Net change in total Pension Liability	<u>(1,929)</u>	<u>(680)</u>	<u>1,207</u>	<u>3,480</u>	<u>4,222</u>
Total Defined Contribution Pension Liability - ending	<u>\$ 48,222</u>	<u>\$ 50,151</u>	<u>\$ 50,831</u>	<u>\$ 49,624</u>	<u>\$ 46,144</u>
Interest Rate	4.06%	2.28%	1.86%	3.36%	2.98%
Plan Members	56	56	56	59	59
Covered Payroll	\$ 3,624,603	\$ 3,300,600	\$ 3,300,600	\$ 3,254,657	\$ 3,254,657

NORTHWESTERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET DEFINED CONTRIBUTION PENSION LIABILITY
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>
District's proportionate share of the net defined contribution pension liability (asset)	\$ 48,222	\$ 50,151	\$ 50,831	\$ 49,624	\$ 46,144
District's covered employee payroll	\$ 3,624,603	\$ 3,300,600	\$ 3,300,600	\$ 3,254,657	\$ 3,254,657
District's proportionate share of the net defined contribution pension liability (asset) as a percentage of its covered employee payroll	1.33%	1.52%	1.54%	1.52%	1.42%

**NORTHWESTERN 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	0.1336%	0.1337%	0.1376%	0.1388%	0.1366%	0.1359%	0.1336%
District's proportionate share of the net OPEB liability (asset)	\$ 2,459,000	\$ 3,169,000	\$ 2,973,000	\$ 2,952,000	\$ 2,848,000	\$ 2,769,000	\$ 2,878,000
District's covered-employee payroll	19,650,149	18,953,731	18,945,559	19,362,014	19,229,768	18,535,256	17,859,218
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	12.51%	16.72%	15.69%	15.25%	14.81%	14.94%	16.11%
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%

NORTHWESTERN 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	\$ 153,509	\$ 157,833	\$ 155,354	\$ 162,641	\$ 159,607	\$ 153,843	\$ 148,232	\$ 145,675	\$ 150,762	\$ 156,613
Contributions in relation to the contractually required contribution	<u>153,509</u>	<u>157,833</u>	<u>155,354</u>	<u>162,641</u>	<u>159,607</u>	<u>153,843</u>	<u>148,232</u>	<u>145,675</u>	<u>150,762</u>	<u>156,613</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 20,467,871	\$ 19,729,086	\$ 18,945,559	\$ 19,362,014	\$ 19,229,768	\$ 18,535,256	\$ 17,859,218	\$ 17,342,310	\$ 16,751,309	\$ 16,840,014
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%

**NORTHWESTERN 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	\$ 218,545	\$ 222,573	\$ 191,154	\$ 193,595	\$ 212,891	\$ 210,587
Interest	75,328	59,978	108,166	92,603	111,360	83,759
Changes in Benefit Terms	-	-	-	-	4,636	-
Difference between expected and actual experience	133,834	-	(285,948)	-	(658,028)	-
Changes in assumptions	(744,350)	(88,231)	67,434	(82,221)	4,351	40,576
Benefit payments	<u>(111,068)</u>	<u>(111,005)</u>	<u>(101,866)</u>	<u>(75,562)</u>	<u>(142,555)</u>	<u>(144,009)</u>
Net change in total OPEB Liability	(427,711)	83,315	(21,060)	128,415	(467,345)	190,913
Total OPEB Liability - beginning	<u>3,145,495</u>	<u>3,062,180</u>	<u>3,083,240</u>	<u>2,954,825</u>	<u>3,422,170</u>	<u>3,231,257</u>
Total OPEB Liability - ending	<u>\$ 2,717,784</u>	<u>\$ 3,145,495</u>	<u>\$ 3,062,180</u>	<u>\$ 3,083,240</u>	<u>\$ 2,954,825</u>	<u>\$ 3,422,170</u>
Covered employee payroll	<u>\$ 16,567,621</u>	<u>\$ 15,983,460</u>	<u>\$ 15,983,460</u>	<u>\$ 15,478,481</u>	<u>\$ 15,478,481</u>	<u>\$ 14,898,772</u>
Total OPEB Liability as a percentage of covered employee payroll	16.40%	19.68%	19.16%	19.92%	19.09%	22.97%

**Northwestern 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 Post-Employment 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.

**Northwestern 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 2.5%, 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 Post-Employment Benefits – Single Employer Healthcare Plan

Changes of Benefit Terms

None.

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 – 4.00% to 6.25%

Northwestern 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 5.5% 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.

S U P P L E M E N T A L I N F O R M A T I O N S E C T I O N

Northwestern Lehigh School District
Combining Statement of Fund Net Position - All Enterprise Funds
As of June 30, 2023

	(NON-MAJOR) TIGER CONCESSION FUND	(MAJOR) FOOD SERVICE FUND	TOTAL
ASSETS			
Cash	\$ 60,446	\$ -	\$ 60,446
Due From Other Funds	-	895,402	895,402
Due From Other Governments	-	72,266	72,266
Other Receivables	-	17,101	17,101
Inventory	681	59,858	60,539
Building Improvements, net of Accum. depreciation	-	22,391	22,391
Equipment, net of Accum. Depreciation	69,657	55,791	125,448
TOTAL ASSETS	130,784	1,122,809	1,253,593
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Current Year Contributions	-	100,021	100,021
Deferred Outflows of Resources - Changes in Assumptions	-	18,709	18,709
Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 130,784	\$ 1,241,539	\$ 1,372,323
LIABILITIES			
Due To Other Funds	\$ 23,417	\$ 603,369	\$ 626,786
Accounts Payable	-	38,829	38,829
Accrued Salaries and Benefits	-	653	653
Accrued Compensated Absences	-	-	-
Net Pension Liability	-	1,005,832	1,005,832
Net OPEB Liability - Multiple Employer Plan	-	38,428	38,428
Prepayments	3,280	58,143	61,423
TOTAL LIABILITIES	26,697	1,745,254	1,771,951
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Change in Proportion of NPL	-	9,757	9,757
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	-	1,311	1,311
Deferred Inflows of Resources - Diff. in projected vs actual invest. Earnings	-	1,051	1,051
Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	-	11,130	11,130
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	26,697	1,768,503	1,795,200
FUND NET POSITION			
Net Investment in Capital Assets	69,657	78,182	147,839
Unrestricted	34,430	(605,146)	(570,716)
TOTAL FUND NET POSITION	104,087	(526,964)	(422,877)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 130,784	\$ 1,241,539	\$ 1,372,323

Northwestern Lehigh School District
Combining Statement of Revenues, Expenses, and Changes
in Fund Net Position - All Enterprise Funds
For the Year Ended June 30, 2023

	<u>(NON-MAJOR)</u> <u>TIGER</u> <u>CONCESSION</u> <u>FUND</u>	<u>(MAJOR)</u> <u>FOOD</u> <u>SERVICE</u> <u>FUND</u>	<u>TOTAL</u>
OPERATING REVENUES			
Food Service Revenue	\$ 31,004	\$ 446,438	\$ 477,442
Other Operating Revenue	<u>5,317</u>	<u>7,740</u>	<u>13,057</u>
TOTAL OPERATING REVENUES	<u>36,321</u>	<u>454,178</u>	<u>490,499</u>
	-----	-----	-----
OPERATING EXPENSES			
Salaries	3,589	287,546	291,135
Employee Benefits	1,327	74,139	75,466
Purchased Property Services	-	21,087	21,087
Other Purchased Services	-	115	115
Supplies	17,457	473,361	490,818
Depreciation	7,261	11,867	19,128
Other Operating Expenses	<u>1,369</u>	<u>600</u>	<u>1,969</u>
TOTAL OPERATING EXPENSES	<u>31,003</u>	<u>868,715</u>	<u>899,718</u>
	-----	-----	-----
OPERATING PROFIT (LOSS)	5,318	(414,537)	(409,219)
	-----	-----	-----
NON-OPERATING REVENUES			
Earnings on Investments	413	-	413
State Sources	664	135,142	135,806
Federal Sources	<u>-</u>	<u>503,608</u>	<u>503,608</u>
TOTAL NON-OPERATING REVENUES	<u>1,077</u>	<u>638,750</u>	<u>639,827</u>
	-----	-----	-----
INCOME (LOSS) BEFORE INTERFUND TRANSFERS	6,395	224,213	230,608
Interfund Transfers	<u>(4,187)</u>	<u>-</u>	<u>(4,187)</u>
	-----	-----	-----
INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS	2,208	224,213	226,421
Gain or Loss on Sale of Fixed Assets	<u>-</u>	<u>-</u>	<u>-</u>
	-----	-----	-----
CHANGES IN FUND NET POSITION	2,208	224,213	226,421
FUND NET POSITION - JULY 1, 2022	<u>101,879</u>	<u>(751,177)</u>	<u>(649,298)</u>
	-----	-----	-----
FUND NET POSITION - JUNE 30, 2023	<u>\$ 104,087</u>	<u>\$ (526,964)</u>	<u>\$ (422,877)</u>

Northwestern Lehigh School District
Combining Statement of Cash Flows - All Enterprise Funds
For the Year Ended June 30, 2023

	(NON-MAJOR) TIGER CONCESSION FUND	(MAJOR) FOOD SERVICE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from users	\$ 34,616	\$ 433,743	\$ 468,359
Cash received from other operating revenue	5,317	14,856	20,173
Cash paid to employees	(4,916)	(412,624)	(417,540)
Cash paid to suppliers	(22,491)	(714,132)	(736,623)
Cash payments for other operating expenses	(1,369)	(600)	(1,969)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>11,157</u>	<u>(678,757)</u>	<u>(667,600)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
State Sources	664	126,393	127,057
Federal Sources	-	562,570	562,570
Interfund Transfers	(4,187)	-	(4,187)
NET CASH PROVIDED (USED) BY NON-CAPITAL FINANCING ACTIVITIES	<u>(3,523)</u>	<u>688,963</u>	<u>685,440</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Equipment	-	(10,247)	(10,247)
NET CASH PROVIDED (USED) BY CAPITAL FINANCING ACTIVITIES	<u>-</u>	<u>(10,247)</u>	<u>(10,247)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	413	-	413
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>413</u>	<u>-</u>	<u>413</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS			
	8,047	(41)	8,006
CASH AND CASH EQUIVALENTS - JULY 1, 2022	<u>52,399</u>	<u>41</u>	<u>52,440</u>
CASH AND CASH EQUIVALENTS - JUNE 30, 2023	<u>\$ 60,446</u>	<u>\$ -</u>	<u>\$ 60,446</u>

**Northwestern Lehigh School District
Combining Statement of Cash Flows - All Enterprise Funds
For the Year Ended June 30, 2023**

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

	(NON-MAJOR) TIGER CONCESSION FUND	(MAJOR) FOOD SERVICE FUND	TOTAL
	<u> </u>	<u> </u>	<u> </u>
OPERATING INCOME (LOSS)	\$ 5,318	\$ (414,537)	\$ (409,219)
	-----	-----	-----
ADJUSTMENTS TO RECONCILE OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Depreciation	7,261	11,867	19,128
Donated Commodities used	-	(124)	(124)
 NET CHANGES IN ASSETS AND LIABILITIES:			
(Inc) Dec in Accounts Receivable	-	(8,532)	(8,532)
(Inc) Dec in Interfund Receivable	3,612	946,467	950,079
(Inc) Dec in Inventories	(26)	(5,768)	(5,794)
(Inc) Dec in Prepaid Expenses	-	1,533	1,533
(Inc) Dec in Deferred Outflows of Resources - Current Year Contributions	-	(7,512)	(7,512)
(Inc) Dec in Deferred Outflows of Resources - Changes in Assumptions	-	20,063	20,063
Inc (Dec) in Interfund Payable	641	(1,149,075)	(1,148,434)
Inc (Dec) in Accounts Payable	-	(37,764)	(37,764)
Inc (Dec) in Accrued Salaries and Benefits	-	(3,059)	(3,059)
Inc (Dec) in Net OPEB Liability - Multiple Employer Plan	-	(9,551)	(9,551)
Inc (Dec) in Net Pension Liability	-	58,661	58,661
Inc (Dec) in Deferred Inflows of Resources - Change in Proportion of NPL	-	(3,112)	(3,112)
Inc (Dec) in Deferred Inflows of Resources - Diff. in projected vs actual Contributions	-	(7)	(7)
Inc (Dec) in Deferred Inflows of Resources - Diff. in projected vs actual invest. Earnings	-	(104,073)	(104,073)
Inc (Dec) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	-	(2,349)	(2,349)
Inc (Dec) in Prepayments	(5,649)	28,115	22,466
TOTAL ADJUSTMENTS	<u>5,839</u>	<u>(264,220)</u>	<u>(258,381)</u>
 NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	 <u>\$ 11,157</u>	 <u>\$ (678,757)</u>	 <u>\$ (667,600)</u>

**Northwestern Lehigh School District
Combining Balance Sheet - All Capital Project Funds
As of June 30, 2023**



	CAPITAL RESERVE FUND	CAPITAL PROJECTS (37) FUND	CAPITAL PROJECTS (38) FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>				
Cash and cash equivalents	\$ 4,313,715	\$ 110,780	\$ 9,314,489	\$ 13,738,984
TOTAL ASSETS	\$ 4,313,715	\$ 110,780	\$ 9,314,489	\$ 13,738,984
 <u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ 1,344,771	\$ 1,344,771
TOTAL LIABILITIES	-	-	1,344,771	1,344,771
 FUND BALANCES:				
Restricted Fund Balance	4,313,715	110,780	7,969,718	12,394,213
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 4,313,715	\$ 110,780	\$ 9,314,489	\$ 13,738,984

Northwestern Lehigh School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2023

	CAPITAL RESERVE FUND	CAPITAL PROJECTS (37) FUND	CAPITAL PROJECTS (38) FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES				
Local Sources	\$ 34,442	\$ 899	\$ 101,950	\$ 137,291
TOTAL REVENUES	<u>34,442</u>	<u>899</u>	<u>101,950</u>	<u>137,291</u>
	-----	-----	-----	-----
EXPENDITURES				
Support Services	-	-	59,398	59,398
Capital Outlay	94,356	-	5,132,232	5,226,588
TOTAL EXPENDITURES	<u>94,356</u>	<u>-</u>	<u>5,191,630</u>	<u>5,285,986</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(59,914)</u>	<u>899</u>	<u>(5,089,680)</u>	<u>(5,148,695)</u>
OTHER FINANCING SOURCES (USES)				
Bond Proceeds	-	-	13,000,000	13,000,000
Interfund Transfers In	794,585	-	59,398	853,983
TOTAL OTHER FINANCING SOURCES (USES)	<u>794,585</u>	<u>-</u>	<u>13,059,398</u>	<u>13,853,983</u>
SPECIAL/EXTRAORDINARY ITEMS				
Special Items	-	-	-	-
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	734,671	899	7,969,718	8,705,288
FUND BALANCES - BEGINNING	<u>3,579,044</u>	<u>109,881</u>	<u>-</u>	<u>3,688,925</u>
FUND BALANCES - ENDING	<u>\$ 4,313,715</u>	<u>\$ 110,780</u>	<u>\$ 7,969,718</u>	<u>\$ 12,394,213</u>

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

<u>CURRENT REAL ESTATE TAXES</u>	<u>HEIDELBERG TOWNSHIP</u>	<u>LOWHILL TOWNSHIP</u>	<u>LYNN TOWNSHIP</u>	<u>WEISENBERG TOWNSHIP</u>	<u>TOTALS</u>
Original Assessment	\$ 276,819,300	\$ 265,242,000	\$ 366,632,600	\$ 764,835,200	\$ 1,673,529,100
Millage Rate	0.0183390	0.0183390	0.0183390	0.0183390	0.0183390
Total Assessed Tax Amount	5,076,590	4,864,274	6,723,676	14,026,313	30,690,853
Less: Act 1 Reduction	190,016	132,458	232,741	294,986	850,201
TAX PER DUPLICATE	4,886,574	4,731,816	6,490,935	13,731,327	29,840,652
PLUS - Additions	-	279,688	286,728	-	566,416
- Penalties	16,234	7,829	15,724	25,426	65,213
TAXES TO BE COLLECTED	4,902,808	5,019,333	6,793,387	13,756,753	30,472,281
LESS - Discounts	83,580	80,394	110,939	247,652	522,565
- Reductions	-	279,688	286,729	-	566,417
- Refunds	1,277	665	4,445	37,346	43,733
- Returned to County	159,365	59,480	154,221	97,022	470,088
- TIF	-	-	-	975,837	975,837
- Exonerations	-	-	-	5,031	5,031
NET CURRENT R. E. TAXES COLLECTED	<u>\$ 4,658,586</u>	<u>\$ 4,599,106</u>	<u>\$ 6,237,053</u>	<u>\$ 12,393,865</u>	<u>\$ 27,888,610</u>
INTERIM R. E. TAXES COLLECTED	<u>\$ 23,701</u>	<u>\$ 21,474</u>	<u>\$ 38,382</u>	<u>\$ 67,466</u>	<u>\$ 151,023</u>

Northwestern 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>6000 - Revenue from Local Sources</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111	Current Real Estate Taxes	\$ 27,701,258	\$ 27,888,610	\$ 187,352
6112	Interim Real Estate Taxes	127,881	151,023	23,142
6113	Public Utility	30,000	29,122	(878)
6114	Payment in Lieu of Taxes	5,700	5,733	33
6143	Occupational Privilege Tax	50,000	60,845	10,845
6151	Earned Income Tax	2,667,621	3,036,381	368,760
6153	Real Estate Transfer Tax	450,000	494,300	44,300
6411	Delinquent Real Estate Taxes	812,952	679,941	(133,011)
6412	Delinquent Interim Real Estate Taxes	10,000	9,199	(801)
6510	Interest	250,000	404,380	154,380
6710	Admissions	75,000	85,754	10,754
6740	Fees	55,000	19,631	(35,369)
6832	I/U Services - Federal	380,000	406,161	26,161
6910	Rentals	20,000	22,402	2,402
6920	Contributions	150,000	210,298	60,298
6943	Adult School	5,000	2,357	(2,643)
6944	Receipts from Other LEA's - Education	10,000	805	(9,195)
6991	Refunds of Prior Yr. Expenditures	50,000	12,455	(37,545)
6999	Other Revenues Not Specified Above	100,000	15,310	(84,690)
TOTAL REVENUE FROM LOCAL SOURCES		32,950,412	33,534,707	584,295
<u>7000 - Revenue from State Sources</u>				
7111	Basic Education - Formula	5,985,462	6,179,411	193,949
7112	Basic Education - Social Security	778,449	774,426	(4,023)
7160	Orphan Tuition	50,000	2,914	(47,086)
7271	Special Education	1,396,090	1,495,667	99,577
7311	Transportation (Regular and Additional)	1,050,000	821,013	(228,987)
7312	Transportation (Nonpublic and Charter School)	75,000	47,355	(27,645)
7320	Rentals	315,000	420,423	105,423
7330	Health Services	40,000	35,565	(4,435)
7340	State Property Tax Reduction Allocation	848,259	848,259	-
7362	School Mental Health & Safety and Security Grants	-	24,579	24,579
7505	Ready to Learn Grant	-	230,490	230,490
7820	Retirement Revenue	3,631,045	3,561,555	(69,490)
TOTAL REVENUE FROM STATE SOURCES		14,169,305	14,441,657	272,352
<u>8000 - Revenue from Federal Sources</u>				
8514	Title I	180,000	281,228	101,228
8515	Title II A	45,000	54,180	9,180
8517	Title IV	15,000	16,070	1,070
8690	Other Restricted Federal Grants-In-Aid	-	10,295	10,295
8743	ESSER II	319,375	242,177	(77,198)
8744	APR ESSER III	656,204	644,968	(11,236)
8751	ARP ESSER Learning Loss	-	42,688	42,688
8753	ARP ESSER Afterschool Programs	-	9,907	9,907
TOTAL REVENUE FROM FEDERAL SOURCES		1,215,579	1,301,513	85,934
<u>9000 - Other Financing Sources</u>				
9359	Other Enterprise Fund Transfers	-	4,187	4,187
TOTAL REVENUE FROM OTHER FINANCING SOURCES		-	4,187	4,187
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 48,335,296	\$ 49,282,064	\$ 946,768

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

1000 - Instruction		Budget	Actual	Variance
1110	Regular Programs - Elem./Secondary	\$ 17,909,368	\$ 17,909,368	\$ -
1190	Federally Funded Regular Programs	887,909	887,909	-
1211	Life Skills Support - Public	17,554	17,554	-
1225	Speech & Language Impaired	240,303	240,303	-
1231	Emotional Support - Public	892,407	892,407	-
1241	Learning Support - Public	3,116,160	3,116,160	-
1243	Gifted Support	221,362	221,362	-
1290	Other Support	2,219,745	2,219,745	-
1390	Other Vocational Education Programs	1,595,175	1,560,001	35,174
1691	Adult Education	12,187	2,130	10,057
1693	Community College Sponsorship	250,000	232,901	17,099
	Total Instruction	27,362,170	27,299,840	62,330
2000 - Support Services				
2111	Supervision of Pupil Personnel Services- Head	306,916	301,829	5,087
2122	Counseling Services	969,331	960,370	8,961
2142	Psychological Testing Services	345,823	345,823	-
2160	Social Work Services	126,942	124,493	2,449
2230	Educational Television Services	4,000	1,991	2,009
2240	Computer Assisted Instruction Services	17,313	17,313	-
2250	School Library Services	538,491	529,888	8,603
2260	Instructional & Curriculum Dev. Service	432,496	432,496	-
2271	Instructional Staff Development	114,838	114,838	-
2272	Instructional Staff Development - Non-certified	4,388	4,388	-
2310	Board Services	81,480	81,480	-
2330	Tax Assessment & Collection Service	55,731	54,770	961
2350	Legal Services	100,000	97,966	2,034
2360	Office of the Superintendent Services	670,406	670,406	-
2370	Community Relations Services	6,500	3,850	2,650
2380	Office of the Principal Services	1,895,620	1,889,858	5,762
2390	Other Administration Services	22,215	21,320	895
2420	Medical Services	373,892	372,800	1,092
2430	Dental Services	175	175	-
2511	Supervision of Fiscal Services	352,851	348,556	4,295
2519	Other Fiscal Services	350,477	349,022	1,455
2611	Supervision of Operation and Maintenance of Plant - Head	202,878	201,208	1,670
2620	Operation of Building Services	3,948,641	3,948,641	-
2630	Care and Upkeep of Grounds Services	444,746	444,417	329
2660	Security Services	365,338	365,338	-
2711	Supervision of Student Transportation Services - Head	277,836	262,015	15,821
2720	Vehicle Operation Services	2,048,010	1,844,897	203,113
2740	Vehicle Servicing and Maintenance Services	989,457	989,457	-
2818	System-Wide Technology Services	422,757	409,248	13,509
2829	Other Information Services	141,419	121,497	19,922
2832	Recruitment and Placement Services	376,211	376,211	-
2834	Staff Development Services	52,215	33,268	18,947
2836	Non-Instructional Dev - Non Cert	24,081	21,198	2,883
2910	Support services not listed elsewhere in the 2000	42,016	42,016	-
	Total Support Services	\$ 16,105,490	\$ 15,783,043	\$ 322,447

Northwestern 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>3000 - Operation of Non-Instructional Services</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
3210	School Sponsored Student Activities	\$ 268,995	\$ 268,995	\$ -
3250	School Sponsored Athletics	804,648	804,648	-
3300	Community Services	10,574	10,574	-
3350	Welfare Activities	30,000	18,674	11,326
3400	Scholarships and Awards	<u>22,146</u>	<u>22,146</u>	<u>-</u>
	Total Non-Instructional Services	1,136,363	1,125,037	11,326
<u>4000 - Facilities Acquisition, Construction, and Improvement Services</u>				
4600	Existing Building Improvement Services	<u>-</u>	<u>-</u>	<u>-</u>
	Total Facilities Acquisition, Construction, and Improvement Services	-	-	-
<u>5000 - Other Expenditures and Financing Uses</u>				
5110	Debt Service	4,500,168	4,375,309	124,859
5130	Refund of Prior Yr. Receipts	15,807	15,807	-
5230	Transfers to Capital Project Funds	664,000	853,983	(189,983)
5900	Budgetary Reserve	<u>400,000</u>	<u>-</u>	<u>400,000</u>
	Total Other Expenditures and Financing Uses	<u>5,579,975</u>	<u>5,245,099</u>	<u>334,876</u>
	TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>\$ 50,183,998</u>	<u>\$ 49,453,019</u>	<u>\$ 730,979</u>
	TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 48,335,296	\$ 49,282,064	\$ 946,768
	TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>50,183,998</u>	<u>49,453,019</u>	<u>730,979</u>
	NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,848,702)	(170,955)	1,677,747
	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	(1,848,702)	(170,955)	1,677,747
	FUND BALANCE - JULY 1, 2022	<u>16,452,454</u>	<u>17,890,326</u>	<u>1,437,872</u>
	FUND BALANCE - JUNE 30, 2023	<u>\$ 14,603,752</u>	<u>\$ 17,719,371</u>	<u>\$ 3,115,619</u>

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

REVENUES

Student Payments	\$ 440,855	
Kitchen Sales	5,583	
Federal Donated Commodities	26,613	
Federal Subsidies	476,995	
State Subsidies	135,142	
Special Events	7,740	\$ 1,092,928
	<u>7,740</u>	

COST OF SALES

Beginning Inventory - July 1, 2022	27,353	
Purchases - Food and Milk	305,357	
- Donated Commodities	53,350	
- Supplies	147,159	
LESS: Ending Inventory - June 30, 2023	<u>(59,858)</u>	<u>473,361</u>

GROSS PROFIT

619,567

EXPENSES

Payroll	287,546	
Taxes and Benefits	74,139	
Purchased Property Services	21,087	
Advertising	115	
Depreciation	11,867	
Dues & Fees	<u>600</u>	<u>395,354</u>

INCOME (LOSS) BEFORE CAPITAL CONTRIBUTIONS

224,213

Capital Contributions

- -

CHANGES IN FUND NET POSITION

224,213

FUND NET POSITION - JULY 1, 2022

(751,177)

FUND NET POSITION - JUNE 30, 2023

\$ (526,964)

**Northwestern Lehigh School District
Food Service Fund
Statement of Fund Net Position
As of June 30, 2023**

ASSETS & DEFERRED OUTFLOWS OF RESOURCES

Cash	\$ -
Interfund Receivables	895,402
Intergovernmental Accounts Receivables	1,420
Subsidies Receivable	70,846
Other Receivable	17,101
Inventories	59,858
Building Improvements, net of Accum. Depreciation	22,391
Equipment, net of Accum. Depreciation	55,791
Deferred Outflows of Resources - Current Year Contributions	100,021
Deferred Outflows of Resources - Changes in Assumptions	18,709
Deferred Outflows of Resources - Diff. in Projected vs Actual Contributions	<u>-</u>

TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES

\$ 1,241,539

LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION

Accounts Payable	38,829
Interfund Accounts Payable	603,369
Accrued Salaries and Benefits	653
Net Pension Liability	1,005,832
Net OPEB Liability - Multiple Employer Plan	38,428
Prepayments	58,143
Deferred Inflows of Resources - Change in Proportion of NPL	9,757
Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	1,311
Deferred Inflows of Resources - Diff. in projected vs actual invest. Earnings	1,051
Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	11,130
FUND NET POSITION - JUNE 30, 2023	<u>(526,964)</u>

TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION

\$ 1,241,539

**Northwestern Lehigh School District
Tiger Concession Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2023**

REVENUES

Concession Stand Revenues	\$ 31,004	
Other Revenue	5,317	
Interest	413	
State Sources	664	
Transfer from the General Fund	<u>-</u>	\$ 37,398

COST OF SALES

Beginning Inventory - July 1, 2022	655	
Food	13,528	
Supplies	3,955	
Less: Ending Inventory - June 30, 2023	<u>(681)</u>	<u>17,457</u>

GROSS PROFIT

19,941

EXPENSES

Payroll	3,589	
Taxes and Benefits	1,327	
Dues and Fees	1,369	
Transfer to General Fund	4,187	
Depreciation	<u>7,261</u>	<u>17,733</u>

CHANGES IN FUND NET POSITION

2,208

FUND NET POSITION - JULY 1, 2022

101,879

FUND NET POSITION - JUNE 30, 2023

\$ 104,087

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

FUND BALANCE - JULY 1, 2022		\$ 3,579,044
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$ 34,442	
Transfer from General Fund	794,585	<u>829,027</u>
TOTAL FUNDS AVAILABLE		4,408,071
<u>EXPENDITURES</u>		
CAPITAL OUTLAY:		
Professional Services	39,258	
Supplies	55,098	<u>94,356</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 4,313,715</u>

**Northwestern Lehigh School District
Capital Projects Fund (37)
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ 109,881
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$ 899	<u>899</u>
TOTAL FUNDS AVAILABLE		110,780
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
		<u>-</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 110,780</u>

**Capital Projects Fund (38)
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ -
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Proceeds from Bond Issues	\$ 13,000,000	
Transfer General Fund	59,398	
Interest	<u>101,950</u>	<u>13,161,348</u>
TOTAL FUNDS AVAILABLE		13,161,348
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
SUPPORT SERVICES:		
Professional Services	59,398	
CAPITAL OUTLAY:		
Professional Services	<u>5,132,232</u>	<u>5,191,630</u>
FUND BALANCE - JUNE 30, 2023		<u>\$ 7,969,718</u>

**Northwestern Lehigh School District
Student Sponsored Special Revenue Activity Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2023**

FUND BALANCE - JULY 1, 2022		\$ 66,408
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Admissions	\$ 965	
LEA Activity - Special Events	21,458	
Other Student Activity Receipts	62,883	85,306
TOTAL FUNDS AVAILABLE		151,714
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
NON-INSTRUCTIONAL SERVICES:		
Professional Services	7,793	
Rent	4,657	
Other Purchaed Property Services	5,396	
Miscellaneous Purchased Services	32,079	
Supplies	44,882	
Dues & Fees	300	
OTHER FINANCING USES:		
Transfers	-	95,107
 FUND BALANCE - JUNE 30, 2023		\$ 56,607

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

ADDITIONS

Interest Income	\$ 270	
Student Organization Membership Dues and Fees	23,596	
Special Events	25,431	
Other Activity Income	21,712	
TOTAL ADDITIONS	71,009	\$ 71,009

DEDUCTIONS

Rentals	13,180	
Other Purchased Property Services	425	
Travel	-	
General Supplies	38,230	
Donations	1,255	
Dues and Fees	1,650	
Miscellaneous Expenses	7,064	
TOTAL DEDUCTIONS	61,804	61,804

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **9,205**

FUND NET POSITION - JULY 1, 2022 **81,779**

FUND NET POSITION - JUNE 30, 2023 **\$ 90,984**

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

ASSETS

Cash and Cash Equivalents	\$ 95,656	
Due From Other Funds	22	
TOTAL ASSETS	95,678	\$ 95,678

LIABILITIES

Accounts Payable	3,999	
Due to Other Funds	695	
TOTAL LIABILITIES	4,694	4,694

NET POSITION

Restricted for:
Individuals, organizations, and other governments 90,984

TOTAL LIABILITIES AND FUND NET POSITION **\$ 95,678**

Northwestern Lehigh School District
Schedule on General Obligation Notes - Series A of 2007
For the Year Ended June 30, 2023

<u>MATURITY DATE</u>	<u>VARIABLE INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	2.830%	\$ 6,232	\$ 1,100,000
TOTAL OUTSTANDING		\$ 6,232	\$ 1,100,000

Schedule on General Obligation Bonds - Series of 2009
For the Year Ended June 30, 2023

<u>MATURITY DATE</u>	<u>VARIABLE INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	3.060%	\$ 340,787	\$ 165,000
2024-25	3.060%	330,542	1,090,000
2025-26	3.060%	274,377	1,140,000
2026-27	3.060%	216,046	1,180,000
2027-28	3.060%	155,751	1,230,000
2028-29	3.060%	92,217	1,280,000
2029-30	3.060%	24,195	1,330,000
TOTAL OUTSTANDING		\$ 1,433,915	\$ 7,415,000

Schedule on General Obligation Bonds - Series of 2018
For the Year Ended June 30, 2023

<u>MATURITY DATE</u>	<u>INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	3.00%	\$ 193,430	\$ 505,000
2024-25	3.00%	178,280	515,000
2025-26	3.00%	162,830	540,000
2026-27	3.00%	146,630	555,000
2027-28	3.35%	129,980	570,000
2028-29	3.35%	110,885	595,000
2029-30	3.35%	90,953	615,000
2030-31	3.35%	70,350	675,000
2031-32	3.35%	47,738	700,000
2032-33	3.35%	24,288	725,000
TOTAL OUTSTANDING		\$ 1,155,364	\$ 5,995,000

Northwestern Lehigh School District
Schedule on General Obligation Bonds - Series of 2019
For the Year Ended June 30, 2023

<u>MATURITY DATE</u>	<u>INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	5.000%	\$ 171,512	\$ 710,000
2024-25	2.000%	136,013	755,000
2025-26	2.000%	120,913	765,000
2026-27	2.250%	105,613	780,000
2027-28	2.250%	88,063	795,000
2028-29	2.375%	70,175	820,000
2029-30	3.000%	50,700	835,000
2030-31	3.000%	25,650	855,000
TOTAL OUTSTANDING		\$ 768,639	\$ 6,315,000

Schedule on General Obligation Bonds - Series A of 2019
For the Year Ended June 30, 2023

<u>MATURITY DATE</u>	<u>INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	5.000%	\$ 218,050	\$ 75,000
2024-25	2.000%	214,300	80,000
2025-26	2.000%	212,700	80,000
2026-27	2.000%	211,100	80,000
2027-28	2.000%	209,500	685,000
2028-29	2.000%	195,800	720,000
2029-30	2.000%	181,400	735,000
2030-31	2.125%	166,700	830,000
2031-32	2.125%	149,063	55,000
2032-33	2.250%	147,894	1,385,000
2033-34	2.375%	116,731	3,900,000
2034-35	2.375%	24,106	1,015,000
TOTAL OUTSTANDING		\$ 2,047,344	\$ 9,640,000

**Northwestern Lehigh School District
Schedule on General Obligation Notes - Series of 2020
For the Year Ended June 30, 2023**

<u>MATURITY DATE</u>	<u>INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	0.980%	\$ 25,774	\$ 532,000
2024-25	0.980%	20,560	683,000
2025-26	0.980%	13,867	686,000
2026-27	0.980%	7,144	699,000
2027-28	0.980%	294	30,000
TOTAL OUTSTANDING		\$ 67,639	\$ 2,630,000

**Schedule on General Obligation Notes - Series of 2021
For the Year Ended June 30, 2023**

<u>MATURITY DATE</u>	<u>INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	1.650%	\$ 94,958	\$ 25,000
2024-25	1.650%	94,545	25,000
2025-26	1.650%	94,133	25,000
2026-27	1.650%	93,720	25,000
2027-28	1.650%	93,308	30,000
2028-29	1.650%	92,813	30,000
2029-30	1.650%	92,318	25,000
2030-31	1.650%	91,905	1,260,000
2031-32	1.650%	71,115	2,795,000
2032-33	1.650%	24,998	1,515,000
TOTAL OUTSTANDING		\$ 843,813	\$ 5,755,000

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

<u>MATURITY DATE</u>	<u>INTEREST PER ANNUM</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2023-24	3.250%	\$ 422,338	\$ 5,000
2024-25	3.250%	422,175	5,000
2025-26	3.250%	422,013	5,000
2026-27	3.250%	421,850	5,000
2027-28	3.250%	421,688	5,000
2028-29	3.250%	421,525	5,000
2029-30	3.250%	421,363	5,000
2030-31	3.250%	421,200	5,000
2031-32	3.250%	421,038	5,000
2032-33	3.250%	420,875	5,000
2033-34	3.250%	420,713	5,000
2034-35	3.250%	420,550	2,760,000
2035-36	3.250%	330,850	3,285,000
2036-37	3.250%	224,088	3,390,000
2037-38	3.250%	113,913	3,505,000
TOTAL OUTSTANDING		\$ 5,726,179	\$ 12,995,000

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

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

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2022	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2023	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-013-22-0305	7/1/21 - 9/30/22	\$ 205,463	\$ 51,460	\$ 51,460	\$ -	\$ -	\$ -	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0305	7/1/22 - 9/30/23	\$ 281,228	223,514	-	281,228	281,228	57,714	
TOTAL TITLE I PROGRAM						274,974	51,460	281,228	281,228	57,714	
<u>PASSED THROUGH THE PDE</u>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-0305	7/1/21 - 9/30/22	\$ 45,492	5,720	5,720	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0305	7/1/22 - 9/30/23	\$ 54,180	32,397	-	54,180	54,180	21,783	
TOTAL TITLE II PROGRAM						38,117	5,720	54,180	54,180	21,783	
<u>PASSED THROUGH THE PDE</u>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-0305	7/1/21 - 9/30/22	\$ 13,223	8,818	8,818	-	-	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0305	7/1/22 - 9/30/23	\$ 16,070	12,681	-	16,070	16,070	3,389	
TOTAL TITLE IV PROGRAM						21,499	8,818	16,070	16,070	3,389	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND (ESSER II)	I	84.425D	FA-200-21-0305	3/13/20 - 9/30/23	\$ 649,298	452,999	210,822	242,177	242,177	-	2
COVID-19 AMERICAN RESCUE PLAN - ELEMENTARY AND SECONDARY SCHOOLS EMERGENCY RELIEF FUND (ARP-ES)	I	84.425U	223-21-0305	3/13/20 - 9/30/24	\$ 1,313,342	596,974	214,674	644,968	644,968	262,668	6
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0305	3/13/20 - 9/30/24	\$ 72,911	27,839	6,736	42,688	42,688	21,585	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0305	3/13/20 - 9/30/24	\$ 14,582	5,568	10,075	-	-	4,507	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0305	3/13/20 - 9/30/24	\$ 14,582	5,568	168	9,907	9,907	4,507	
TOTAL EDUCATION STABILIZATION FUND						1,088,948	442,475	939,740	939,740	293,267	
<u>PASSED THROUGH THE CARBON LEHIGH I.U.</u>											
IDEA - PART B	I	84.027	N/A	7/1/21 - 6/30/22	\$ 388,125	388,125	388,125	-	-	-	2
IDEA - PART B	I	84.027	N/A	7/1/22 - 6/30/23	\$ 402,593	-	-	402,593	402,593	402,593	1
COVID-19 ARP-IDEA	I	84.027X	N/A	7/1/21 - 9/30/23	\$ 91,634	91,634	91,634	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/21 - 6/30/22	\$ 1,694	1,694	1,694	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/22 - 6/30/23	\$ 2,178	-	-	2,178	2,178	2,178	1
TOTAL IDEA CLUSTER						481,453	481,453	404,771	404,771	404,771	
TOTAL U. S. DEPARTMENT OF EDUCATION						1,904,991	989,926	1,695,989	1,695,989	780,924	
U.S. DEPARTMENT OF HOMELAND SECURITY											
<u>PASSED THROUGH THE PA EMERGENCY MANAGEMENT AGENCY</u>											
PUBLIC ASSISTANCE GRANTS	I	97.036	N/A	3/6/20 - 6/29/20	\$ 57,955	10,295	-	10,295	10,295	-	2
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY						10,295	-	10,295	10,295	-	5

SOURCE: D -DIRECT; I -INDIRECT

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

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS THROUGH GRANTOR NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) 7/1/2022	REVENUE	EXPEND.	ACCRUED OR (DEFERRED) 6/30/2023	FOOT- NOTES
U. S. DEPARTMENT OF AGRICULTURE											
<u>PASSED THROUGH THE PDE</u>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/21 - 6/30/22	N/A	129,114	129,114	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/22 - 6/30/23	N/A	299,174	-	344,931	344,931	45,757	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	54,788	-	54,788	54,788	-	
NATIONAL SCHOOL BREAKFAST	I	10.553	N/A	7/1/21 - 6/30/22	N/A	14,752	14,752	-	-	-	
NATIONAL SCHOOL BREAKFAST	I	10.553	N/A	7/1/22 - 6/30/23	N/A	45,896	-	54,982	54,982	9,086	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	7/1/21 - 6/30/22	N/A	-	-	-	-	-	
NATIONAL SCHOOL BREAKFAST - SEVERE NEED	I	10.553	N/A	7/1/22 - 6/30/23	N/A	18,219	-	21,666	21,666	3,447	
<u>PASSED THROUGH THE PA DEPT. OF AGRICULTURE:</u>											
NATIONAL SCHOOL LUNCH - U.S.D.A. COMMODITIES	I	10.555	N/A	7/1/22 - 6/30/23	N/A	53,350	(15,737)	26,613	26,613	(42,474)	2
TOTAL CHILD NUTRITION CLUSTER						615,293	128,129	502,980	502,980	15,816	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						615,921	128,129	503,608	503,608	15,816	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 2,531,207	\$ 1,118,055	\$ 2,209,892	\$ 2,209,892	\$ 796,740	

SOURCE: D -DIRECT; I -INDIRECT

**Northwestern 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 Northwestern 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 Northwestern Lehigh School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northwestern 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 accounting principles, generally accepted in the United States of America.

Note 3 - Organization and Scope

The District recognized 3.5% of its total general fund revenue in federal awards, and 46.1% 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 School 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, is 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	\$ 2,680,371	\$ 1,768,213
Carbon-Lehigh I.U.	886,224	404,771
PA Emergency Management Agency	57,955	10,295
PA Department of Agriculture	N/A	26,613
Totals	<u>\$ 3,624,550</u>	<u>\$ 2,209,892</u>

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$53,350 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 \$26,613 in commodities and established a year-end inventory of \$42,474 at June 30, 2023.

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

4. The Transportation Access passed through the Carbon Lehigh I.U. is reflected as federal local source local source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Federal Awards.
5. During the fiscal year 2022-23, the District received \$10,295 of monetary assistance to help the district respond to and recover from COVID-19 in 2020. The Schedule of Expenditures of Federal Awards reflects \$10,295 of revenue and \$10,295 of expenditures incurred and paid arose during the 2020-21 fiscal year.
6. The amount of ESSER II expenditures reported on the Schedule of Expenditures of Federal Awards, for the 2022-23 fiscal year, was overstated by \$14,000. The opening accrual on 7/1/2022 has been reduced by \$14,000 to account for the changes needed on the prior year's Schedule of Expenditures of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 1,301,513
Federal Grants in Local Sources	406,161
Food Service Fund Federal Revenue	<u>503,608</u>
Total Federal Revenue, per financial statements	2,211,282
Less: Transportation Access Reimbursement	<u>(1,390)</u>
Total Federal Revenue Reported on SEFA	<u>\$ 2,209,892</u>



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

Board of School Directors
Northwestern Lehigh School District
6493 Route 309
New Tripoli, PA 18066-9409

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 Northwestern Lehigh School District, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Northwestern Lehigh School District's basic financial statements, and have issued our report thereon dated November 15, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northwestern 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 Northwestern Lehigh School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northwestern 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 Northwestern 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item (2023-001).

Northwestern Lehigh School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Northwestern Lehigh School District's responses to the findings in our audit and described in the accompanying schedule of findings and questioned costs. Northwestern Lehigh School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 15, 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
Northwestern Lehigh School District
6493 Route 309
New Tripoli, PA 18066-9409

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northwestern 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 Northwestern Lehigh School District's major federal programs for the year ended June 30, 2023. Northwestern 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, Northwestern 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 Northwestern 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 Northwestern 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 Northwestern 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 Northwestern 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 Northwestern 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 Northwestern 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 Northwestern 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 Northwestern 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as finding 2023-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Northwestern Lehigh School District's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Northwestern Lehigh School District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no such opinion on the response.

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*

Northwestern Lehigh School District

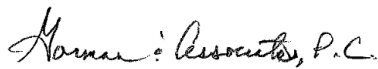
compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

Respectfully submitted,



Northampton, Pennsylvania
November 15, 2023

**Northwestern 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	COVID-19 - Education Stabilization Fund

Percentage of programs tested to total awards 42.5%

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

Auditee qualified as low-risk auditee? yes no

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

Section II – Financial Statement Findings

We did not discover any findings relating to the basic 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

Finding No. 2023-001 (Federal Asset Identification)

Type of Finding: Noncompliance Finding

Federal Program: COVID-19 - Education Stabilization Fund
ALN: 84.425
Federal Award Year: 2021
Federal Agency: Department of Education
Pass-thru entity: PA Department of Education
Pass-thru nos. 200-21-0305; 223-21-0305; 225-21-0305
Questioned Costs: N/A
Repeat Finding: No
Type of Compliance Requirement: Equipment and Real Property Management

Criteria: According to federal regulations 2CFR Part 200.313(d)(1), Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

Condition: The District was unable to provide documentation to trace technology equipment inventory records to the funding source.

Cause: The District does not currently include the source of funding for technology equipment within its property records.

Effect: The failure to maintain complete property records could result in deobligation or loss of funding.

Context: We asked the District if they could identify within their property records the funding source that was used to purchase the underlying asset(s) and they were unable to do so.

Recommendation: We have advised management to resolve the current noncompliance finding by updating the current property records to include the funding source and to continue doing so moving forward.

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

Views of Responsible
Officials

The District agrees with the finding and will update the current property records to include the grant funding and source and will implement procedures moving forward.

Audit Follow-Up Procedures

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



NORTHWESTERN LEHIGH SCHOOL DISTRICT

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Corrective Action Plan For the Year Ended June 30, 2023

Current Year Findings – 2022-23

Noncompliance Finding 2023-001 (Federal Asset Identification)

Federal Program: Education Stabilization Fund
ALN: 84.425

Condition: The District was unable to provide documentation to trace technology equipment inventory records to the funding source.

Recommendation: We have advised management to resolve the current noncompliance finding by updating the current property records to include the funding source and to continue doing so moving forward.

Corrective Action: The District will append the notes field in our inventory records to include the grant funding year and source, for example, "22-23 ESSER, 989"

Person Responsible: Troy Sosnovik

Proposed Completion Date: December 18, 2023