

ALLENTOWN SCHOOL DISTRICT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2023

ALLENTOWN SCHOOL DISTRICT

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Independent Auditor's Report

Board of Directors
Allentown School District
Allentown, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Allentown School District ("the District"), Allentown, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the 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, the discretely presented component unit, each major fund, General Fund Budgeting Comparison Schedule. and the aggregate remaining fund information of the Allentown School District, Allentown, Pennsylvania, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof, and the budgetary comparison statement of the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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



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Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 4 through 14, and the schedules related to the District's OPEB and Pension Plans on pages 58 through 62 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.



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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 District's basic financial statements. The combining nonmajor governmental fund financial statements on pages 64 and 65 are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on pages 72 – 74 is presented for purposes of additional analysis as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and also is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Adoptions of Governmental Accounting Standards Board Pronouncements

As described in Note 1 to the financial statements, in fiscal year 2023, the District adopted new accounting guidance, GASB Statement No. 91, *Conduit Debt Obligations*, Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, Statement No. 96, *Subscription-Based Information Technology Arrangements*, and Statement No. 99, *Omnibus 2022*. Our opinion is not modified with respect to these matters.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
October 21, 2024

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED
JUNE 30, 2023**

INTRODUCTION

The discussion and analysis of the financial performance of the Allentown School District ("the District") provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023. The intent of this discussion and analysis is to look at the financial performance as a whole; however, readers also should review the notes to the basic financial statements to enhance their understanding of the District's financial performance.

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

MISSION STATEMENT AND VISION

- Mission – Each and every student will graduate college and be career ready by having their individual needs met through active engagement in a rigorous, safe and nurturing learning environment.

- Vision – Each and every student, with the active support of the entire community, will graduate ready to thrive in a diverse and complex world.

FINANCIAL HIGHLIGHTS

As of June 30, 2023, the District's General Fund reported a positive accumulated fund balance in the amount of \$70,298,379, or 17.8 percent of the District's General Fund total expenditure budget for 2022-2023, up from 8.46 percent for the previous year.

The District's total entity-wide revenues during the fiscal year ended June 30, 2023 were \$459,206,716. Of this total, combined taxes, general subsidies, and other general revenues accounted for \$303,488,603, or 66.1 percent, and program-specific revenues in the form of charges for services and grants accounted for \$155,718,113, or the remaining 33.9 percent.

The District had \$353,456,334 in expenses related to governmental activities; \$142,326,961 of these expenses were offset by program-specific revenues for services and operating grants.

FINANCIAL STATEMENTS

This annual report consists of a series of financial statements that are organized so that the reader can understand the District as a financial whole and, also, as an entire operating entity. The financial statements consist of three parts: 1) Management's Discussion and Analysis; 2) basic financial statements; and 3) supplementary information. The basic financial statements include two kinds of statements that present different views of the District. The first two statements are entity-wide financial statements – the Statement of Net Position and the Statement of Activities. These statements provide both long-term and short-term information about the District's overall financial status.

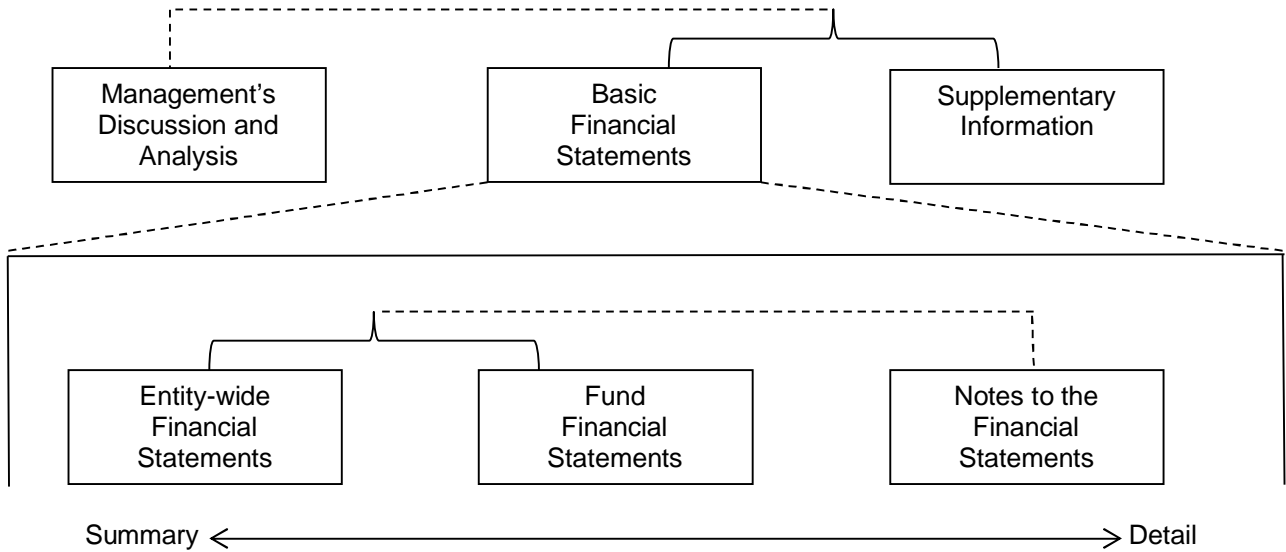
The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the entity-wide statements. The governmental funds statements tell how generally the District's services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the General Fund is by far the most significant fund. Proprietary fund statements offer short-term and long-term financial information about the activities that the District operates like a business. For the District, this is its Food Service 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 in question belong. For the District, this is its Student Activities Fund, the IRC Section 125 Fund, and the Private-Purpose Trust Fund.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data. The statements are followed by a section of supplementary information that further explains and reports on the financial statements.

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 Allentown School District's
Financial Report**



**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

Figure A-2 summarizes the major features of the financial statements, including the portion of the program they cover and the types of information they contain. The remainder of this overview section of the MD&A explains the structure and contents of each of the statements.

**Figure A-2
Major Features of Allentown School District's
Entity-Wide and Fund Financial Statements**

	Entity-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds).	The activities of the District that are not proprietary or Fiduciary, such as education, administration, and community services.	Activities the District operates similar to private business – Food Services	Instances in which the District is the trustee or agent to someone else's resources – Student Activity Funds
Required financial statements	Statement of Net Position; Statement of Activities.	Balance Sheet; Statement of Revenues, Expenditures, and Changes in Fund Balances.	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 information	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term, and net position.	Only assets and deferred outflows expected to be used up, and liabilities and deferred inflows that come due during the year or soon thereafter; no capital assets or long-term debt included.	All assets and deferred outflows and liabilities and deferred inflows, both financial and capital, and short-term and long-term.	All assets and liabilities, both 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 the year, regardless of when cash is received or paid.	All revenues and expenses during the year, regardless of when cash is received or paid.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

OVERVIEW OF FINANCIAL STATEMENTS

Entity-Wide Statements

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

The two entity-wide statements report the District's net position and how it has changed. Net position, the difference between the District's assets and deferred outflows of resources and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

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

To assess the overall health of the District, the reader needs to consider additional factors, such as projected growth in the District's property values due to the extensive downtown development, as well as the future riverfront projects, and the projected changes in enrollment of students.

The entity-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. Local tax revenues, state and federal subsidies, and grants finance most of these activities.
- **Business-Type Activities** – The District operates a food service operation and charges fees to staff, students, and visitors to help defray the costs of the food service operation.

Impact of GASB Statements No. 68 and No. 71 and No. 75

During the 2014-2015 fiscal year, the District implemented Government Accounting Standards Board ("GASB") Statement No. 68, "Accounting and Financial Reporting for Pensions," and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68." The purpose of these statements is to improve the transparency, consistency, and comparability of the pension information reported by state and local governments (e.g. school districts).

The adoption of GASB Statements No. 68 and No. 71 has had, and will continue to have, a profound effect on the financial statements and net position of school districts and governments not only in Pennsylvania, but across the nation. By recognizing the impact of any unfunded liability faced by defined benefit pension plans, plan administrators (at the direction of elected officials) and participants will be required to evaluate the cost of providing these benefits as compared to the benefit to be derived through providing for certain retirement benefits to the work force.

More specifically, the District contributes to the Pennsylvania Public School Employees' Retirement System ("PSERS"), a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. In cost-sharing multiple-employer plans, the plan assets and liabilities are shared. Plan assets can be used to pay the pensions of the employees of any employer that provides pensions through the plan. The new standards have shifted pension reporting from a funding-based approach, in which the District reported only its contributions to the plan, to an accounting-based approach.

Under this new approach, the District reports its proportionate share of the net pension liability on the Statement of Net Position of the government-wide and proprietary fund financial statements. Reporting in the governmental fund statements is not affected by the implementation of these statements.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

The net pension liability is the difference between the market value of pension fund assets and the actuarial present value of projected benefit payments at the measurement date. Included in the calculation are projected employer and employee contributions as well as the expectation that the assets will grow at the long-term assumed rate of return on plan investments.

While the net pension liability is significant to the District's financial statements, it is a liability the District has limited control over the last ten years, the PSERS employer contribution rate has risen significantly, from 12.36 percent in 2012-2013 to 35.26 percent in 2022-2023. These increases are expected to improve the plan's funding level, which will reduce net position in future years. This rate is anticipated to decline in future years.

During the 2017-2018 fiscal year, the School District adopted new accounting guidance, GASB Statement No. 75, which requires the School District to report its full net Other Postemployment Benefits ("OPEB") liability for the single-employer OPEB plan and the cost-sharing multi-employer Health Insurance Premium Assistance Plan provided through PSERS.

Fund Financial Statements

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

- **Governmental Funds** – Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income. They are reported using the modified accrual accounting method, which measures cash and all other financial assets that can be converted readily to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.
- **Proprietary Funds** – These funds are used to account for the District's activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services generally are reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities reported in the entity-wide statements, but provides more detail and additional information, such as cash flows.
- **Fiduciary Funds** – The District is the trustee, or fiduciary, for assets that belong to others, such as trust funds or student activity funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the entity-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

The District's total net deficit as of June 30, 2023 was \$(184,966,773). The deficit is a direct result of Governmental Accounting Standards Board ("GASB") Statements No. 68, No. 71 and No. 75, as noted above. Table A-1 summarizes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position (deficit) of the District.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

**Table A-1
June 30, 2023 and 2022
Condensed Statement of Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$183,124,235	\$135,404,646	\$ 10,223,110	\$ 7,863,195	\$193,347,345	\$143,267,841
Noncurrent assets	242,789,845	226,881,685	99,188	1,721,319	242,889,033	228,603,004
Deferred outflows of resources	70,255,983	78,925,465	1,439,755	-	71,695,738	78,925,465
Total Assets and Deferred Outflows of Resources	<u>\$496,170,063</u>	<u>\$441,211,796</u>	<u>\$ 11,762,053</u>	<u>\$ 9,584,514</u>	<u>\$507,932,116</u>	<u>\$450,796,310</u>
Liabilities;						
Current and other liabilities	\$ 75,922,997	\$ 67,644,794	\$ 416,258	\$ 476,735	\$ 76,339,255	\$ 68,121,529
Long-term liabilities	566,827,705	566,215,482	8,365,084	9,898,939	575,192,789	576,114,421
Deferred inflows of resources	40,639,786	86,768,930	727,059	-	41,366,845	86,768,930
Total Liabilities and Deferred Inflows of Resources	<u>683,390,488</u>	<u>720,629,206</u>	<u>9,508,401</u>	<u>10,375,674</u>	<u>692,898,889</u>	<u>731,004,880</u>
Net Position:						
Net investment in capital assets	54,822,783	30,557,768	99,188	113,577	54,921,971	30,671,345
Restricted for debt service	11,251,127	10,670,558	-	-	11,251,127	10,670,558
Unrestricted	<u>(253,294,335)</u>	<u>(320,645,736)</u>	<u>2,154,464</u>	<u>(904,737)</u>	<u>(251,139,871)</u>	<u>(321,550,473)</u>
Total Net Deficit	<u>(187,220,425)</u>	<u>(279,417,410)</u>	<u>2,253,652</u>	<u>(791,160)</u>	<u>(184,966,773)</u>	<u>(280,208,570)</u>
Total Liabilities, Deferred Inflows of Resources, and Net Deficit	<u>\$496,170,063</u>	<u>\$441,211,796</u>	<u>\$ 11,762,053</u>	<u>\$ 9,584,514</u>	<u>\$507,932,116</u>	<u>\$450,796,310</u>

Changes in Net Deficit

The results of this year's operations as a whole are reported in the Statement of Activities. All expenses are reported in the first column. Specific charges, grants, revenues, and subsidies that directly relate to specific expense categories are factored in to determine the final amount of the District's activities that are supported by other general revenues.

Table A-2 takes the information from that statement and rearranges it slightly, so the reader can compare the District's total revenues for the 2021-2022 and 2022-2023 fiscal years.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

**Table A-2
Fiscal Years Ended June 30, 2023 and 2022
Condensed Statement of Activities**

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
REVENUES						
Program revenues:						
Charges for services	\$ 730,188	\$ 774,968	\$ 35,947	\$ 13,172	\$ 766,135	\$ 788,140
Operating grants and contributions	141,596,773	129,320,244	13,355,205	13,565,431	154,951,978	142,885,675
Capital grants and contributions	-	-	-	16,702	-	16,702
General revenues:						
Property taxes	106,059,552	102,738,238	-	-	106,059,552	102,738,238
Other taxes	14,217,013	11,907,003	-	-	14,217,013	11,907,003
Grants, subsidies, contributions	178,189,149	154,804,199	-	-	178,189,149	154,804,199
Investment income	3,757,250	(559,576)	162,245	17,962	3,919,495	(541,614)
Transfers	-	2,324	-	(2,324)	-	-
Sale of capital assets	573	-	-	-	573	-
Other	1,102,821	1,602,064	-	-	1,102,821	1,602,064
TOTAL REVENUES	<u>445,653,319</u>	<u>400,589,464</u>	<u>13,553,397</u>	<u>13,610,943</u>	<u>459,206,716</u>	<u>414,200,407</u>
EXPENSES						
Instruction	248,753,374	234,071,074	-	-	248,753,374	234,071,074
Instructional student support	27,019,655	25,911,099	-	-	27,019,655	25,911,099
Administration	30,524,437	27,551,246	-	-	30,524,437	27,551,246
Operation and maintenance of plant services	21,363,734	18,778,860	-	-	21,363,734	18,778,860
Pupil transportation	12,235,091	10,049,242	-	-	12,235,091	10,049,242
Student activities	3,522,682	3,223,106	-	-	3,522,682	3,223,106
Community services	1,573,561	1,686,727	-	-	1,573,561	1,686,727
Interest on long-term debt	8,394,544	8,728,599	-	-	8,394,544	8,728,599
Food services	69,256	60,455	10,508,585	10,107,344	10,577,841	10,167,799
TOTAL EXPENSES	<u>353,456,334</u>	<u>330,060,408</u>	<u>10,508,585</u>	<u>10,107,344</u>	<u>363,964,919</u>	<u>340,167,752</u>
(DECREASE) INCREASE IN NET POSITION (DEFICIT)	<u>\$ 92,196,985</u>	<u>\$ 70,529,056</u>	<u>\$ 3,044,812</u>	<u>\$ 3,503,599</u>	<u>\$ 95,241,797</u>	<u>\$ 74,032,655</u>

The increase in property taxes collected is mainly due to a millage rate increase for the year. Revenues received for general grants and subsidies, and contributions increased from the previous year due to additional state funding as a result of COVID-19, otherwise state funding was flat.

Expenses for instruction increased primarily due to the increases in wages and retirement costs as well as increased charter school costs and costs related to learning loss due to COVID-19.

The tables below present the expenses of both the governmental activities and the business-type activities of the District.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

Table A-3 shows the District's largest functions – instructional programs, instructional student support, administration, operation of plant and maintenance services, pupil transportation, student activities, community services, and interest on long-term debt, as well as each program's net cost (total cost less revenues generated by the activities). This table shows the net costs offset by the charges for services, restricted operating grants and contributions, and restricted capital grants and contributions to show the remaining financial needs supported by local revenue and other miscellaneous revenues.

**Table A-3
Fiscal Years Ended June 30, 2023 and 2022
Net Cost of Governmental Activities**

	Total Cost of Services		% Change	Net Cost of Services		% Change
	2023	2022	22 to 23	2023	2022	22 to 23
Instruction	\$248,753,374	\$234,071,074	6.27%	\$126,440,380	\$127,373,443	-0.73%
Instructional student support	27,019,655	25,911,099	4.28%	26,089,048	24,770,890	5.32%
Administration	30,524,437	27,551,246	10.79%	29,357,975	25,954,233	13.11%
Operation of plant and maintenance services	21,363,734	18,778,860	13.76%	12,615,267	6,801,261	85.48%
Pupil transportation	12,235,091	10,049,242	21.75%	9,127,633	7,171,154	27.28%
Food services	69,256	60,455	14.56%	69,256	60,455	100.00%
Student activities	3,522,682	3,223,106	9.29%	2,962,288	2,732,561	8.41%
Community services	1,573,561	1,686,727	-6.71%	1,573,561	1,686,727	-6.71%
Interest on long-term debt	8,394,544	8,728,599	-3.83%	2,893,965	3,414,472	-15.24%
Total	\$353,456,334	\$330,060,408	7.09%	\$211,129,373	\$199,965,196	5.58%

Table A-4 reflects the activities of the Food Service program, the only business-type activity of the District.

**Table A-4
Fiscal Years Ended June 30, 2023 and 2022
Net Cost of Business-type Activities**

Function/Program	Total Cost of Services		% Change	Cost of Services		% Change
	2023	2022	22 to 23	2023	2022	22 to 23
Food Services	\$10,508,585	\$10,107,344	3.97%	\$2,882,567	\$3,487,961	-17.36%

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared in accordance with Pennsylvania law and is based on the modified accrual basis of accounting. The most significant budgeted fund is the General Fund. During the fiscal year, the Board of School Directors may authorize revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District.

The District frequently applies for and/or receives federal, state, and local grants during the fiscal year, which cannot always be anticipated during the preliminary budgeting process. Budget revenues may be increased accordingly as a result of these additionally approved grants. Conversely, budgeted expenditures also may be increased by the same amounts to offset these additional grant revenues. No budget revisions were made to the final 2022-2023 budget which affected total revenues or total expenses. However, budgeted amounts were transferred between budgeted expense categories during the year to better align those with actual expenditures being incurred. The budget did not change in total but only changed expenses by category line items of expense. All such transfers are approved by the School Board at the regular School Board meetings.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

The budgetary reserve includes amounts that may be transferred into expenditure accounts for planned expenditures upon approval of the Board of School Directors. These amounts will be appropriated into expenditure categories only when the expenditure is necessary for the operation of the District. Any budget reserve amount not appropriated during the year will become part of the unassigned accumulated fund balance and available for future years' budgeting, assuming some restrictions.

For 2023, actual revenues were more than the budgeted amount by \$51,580,305. Actual expenditures were more than the budgeted amount by \$12,273,859. The statement comparing the District's General Fund budget and actual results can be found on page 21.

REPORTING THE DISTRICT'S MOST SIGNIFICANT FUNDS

Governmental Funds

The District's governmental funds reported a combined fund balance of \$112,256,644, which is more than last year's total of \$73,650,936. The schedule below indicates the fund balances and the total change in fund balances as of and between June 30, 2022 and 2023.

	<u>Fund Balance June 30, 2023</u>	<u>Fund Balance June 30, 2022</u>	<u>Increase (Decrease)</u>
General Fund	\$ 70,298,379	\$ 31,646,939	\$ 38,651,440
Capital Reserve Fund	30,183,012	29,748,592	434,420
Capital Projects Fund	-	743,107	(743,107)
Debt Service Fund	11,251,127	10,670,558	580,569
Other governmental funds	<u>524,126</u>	<u>841,740</u>	<u>(317,614)</u>
 TOTAL	 <u>\$112,256,644</u>	 <u>\$ 73,650,936</u>	 <u>\$ 38,605,708</u>

The District's General Fund balance increase is due primarily to an increase in state funding and COVID-19 funding received.

The Capital Reserve Fund increased due to a one-time additional COVID-19 related funding transfer from General Fund and Capital Projects Fund decreased due to the spending of debt proceeds on a GESA lighting project.

The Debt Service Fund increased due to transfers of \$754,272 from the General Fund for required sinking fund payments and PlanCon reimbursements.

Proprietary Fund

The Food Service Fund had a net decrease in its net deficit of \$3,044,812. The Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund on page 23 will further detail the actual results of operations.

Capital Assets

On June 30, 2023, the District had \$241,795,668 in governmental activities and \$99,187 in business-type invested in a broad range of capital assets, including land, buildings, furniture, and equipment. These amounts represent a net increase (including construction-in-progress and depreciation) of \$16,014,785 in governmental activities and a net decrease of \$14,390 in business-type activities from June 30, 2022.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

**Table A-5
Governmental Activities
Capital Assets (Net of Depreciation)**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>		<u>%</u>
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>	<u>22 to 23</u>
Land	\$ 9,113,385	\$ 9,113,385	\$ -	\$ -	\$ 9,113,385	\$ 9,113,385	0.00%
Land Improvements	2,241,303	2,439,297	-	-	2,241,303	2,439,297	-8.12%
Construction-in-progress	17,876	84,805	-	-	17,876	84,805	-78.92%
Buildings and building improvements	188,918,123	195,169,037	-	-	188,918,123	195,169,037	-3.20%
Furniture and equipment	40,356,401	18,725,674	99,188	113,577	40,455,589	18,839,251	114.74%
Leased Assets	1,148,580	248,685	-	-	1,148,580	248,685	361.86%
Total	<u>\$241,795,668</u>	<u>\$225,780,883</u>	<u>\$ 99,188</u>	<u>\$113,577</u>	<u>\$241,894,856</u>	<u>\$225,894,460</u>	<u>7.08%</u>

Debt Administration

Bond and Note Obligations – As of June 30, 2023 and 2022, the District had outstanding bond and note obligations of \$199,905,513 and \$212,007,269, respectively.

Other obligations include accrued sick leave and experience payments for specific employees of the District, accrued other postemployment benefits for retiree healthcare, and the amount of the net pension liability discussed in Notes 7, 9, and 11 of the financial statements.

**ALLENTOWN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS - UNAUDITED (CONTINUED)
JUNE 30, 2023**

FACTORS BEARING ON THE DISTRICT'S FUTURE

Act 1 – Taxpayer Relief Act

Act 1 of Special Session 2006 created the Taxpayer Relief Act that utilizes gaming dollars and a local shift to an earned or personal income tax to fund the plan. Act 1 facilitates a tax reduction and possibly a tax shift but does not directly provide additional revenue to the District to fund academic programs.

Other Factors

Factors that will affect the future finances of the District are the continuing escalation of employee health benefits, increases in PSERS pension contributions, loss of students to charter schools, collective bargaining agreements with the District's professional and support staffs, the potential impact of indexing and back end referendums associated with tax reform legislation, and the amount of support in funding from the federal government. Additionally, the District's property values are expected to increase due to major downtown and riverfront revitalization projects presently underway. This stability depends upon general economic conditions, including the unemployment rate of the District's taxpayers. The cost of operations is anticipated to continue to rise, and it will be funded through property taxes, state and federal subsidies, and grants.

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, parents, students, investors, and creditors with a general overview of the District's finances and to show the School Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Office, Allentown School District, 31 South Penn Street, Allentown, Pennsylvania 18105.

The District also includes a separate legal entity in its report – the Allentown Public Library. Although legally separate, the Library is important because the District is financially accountable for it and, therefore, it has been included as an integral part of the primary government. The Library is a discretely presented component unit and is reported in a separate column in the entity-wide financial statements to emphasize that it is legally separate from the government. Complete financial statements for the Library may be obtained at the Library's administrative offices at 31 South Penn Street, Allentown, Pennsylvania.

ALLENTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 128,396,891	\$ 9,674,507	\$ 138,071,398	\$ 665,243
Investments	-	-	-	138,489
Restricted assets:				
Cash and cash equivalents with fiscal agent	4,086	-	4,086	-
Investments with fiscal agent	11,247,041	-	11,247,041	-
Taxes receivable	7,428,978	-	7,428,978	-
Due from other governments	35,673,543	298,689	35,972,232	-
Due from Allentown Public Library	-	-	-	282,822
Internal balances	(41,501)	41,501	-	-
Other receivables	174,379	-	174,379	43,000
Inventories	240,818	208,413	449,231	-
Total Current Assets	183,124,235	10,223,110	193,347,345	1,129,554
Noncurrent Assets:				
Prepaid bond insurance costs	994,177	-	994,177	-
Capital assets, net				
Land	9,113,385	-	9,113,385	209,941
Construction-in-progress	17,876	-	17,876	16,949
Land improvements	2,241,303	-	2,241,303	1,905
Buildings and building improvements	188,918,123	-	188,918,123	2,037,817
Furniture and equipment	40,356,401	99,188	40,455,589	72,317
Right to use assets	1,148,580	-	1,148,580	57,023
Total Noncurrent Assets	242,789,845	99,188	242,889,033	2,395,952
TOTAL ASSETS	425,914,080	10,322,298	436,236,378	3,525,506
DEFERRED OUTFLOWS OF RESOURCES				
Deferred pension contributions - PSERS	44,514,974	1,023,121	45,538,095	548,430
Deferred OPEB contributions - PSERS	967,436	22,235	989,671	11,919
Deferred OPEB contributions - District	426,765	-	426,765	-
Deferred pension items - PSERS	14,528,144	333,913	14,862,057	178,988
Deferred OPEB items - PSERS	2,631,644	60,486	2,692,130	32,420
Deferred OPEB items - district	2,085,537	-	2,085,537	-
Deferred charges on bond refunding	5,101,483	-	5,101,483	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	70,255,983	1,439,755	71,695,738	771,757
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 496,170,063	\$ 11,762,053	\$ 507,932,116	\$ 4,297,263
LIABILITIES				
Current Liabilities:				
Accounts payable	\$ 28,815,506	\$ -	\$ 28,815,506	\$ 84,639
Accrued salaries	11,708,899	-	11,708,899	18,525
Accrued interest	2,920,926	-	2,920,926	-
Payroll deductions and withholdings	21,146,150	-	21,146,150	-
Unearned revenues	1,197,043	2,120	1,199,163	-
Other current liabilities	-	414,138	414,138	-
Due to Allentown School District	282,822	-	282,822	-
Bonds payable	9,245,000	-	9,245,000	-
Notes payable	315,000	-	315,000	-
Leases payable	291,651	-	291,651	-
Total Current Liabilities	75,922,997	416,258	76,339,255	103,164
Noncurrent Liabilities:				
Bonds payable	188,419,513	-	188,419,513	-
Notes payable	1,926,000	-	1,926,000	-
Leases payable	923,624	-	923,624	50,795
Compensated absences	1,278,516	-	1,278,516	-
Net pension liability	349,071,418	8,032,862	357,104,280	4,300,720
Net OPEB liability - PSERS	14,454,694	332,222	14,786,916	178,084
Net OPEB liability - District	10,753,940	-	10,753,940	-
Total Noncurrent Liabilities	566,827,705	8,365,084	575,192,789	4,529,599
TOTAL LIABILITIES	642,750,702	8,781,342	651,532,044	4,632,763
DEFERRED INFLOWS OF RESOURCES				
Deferred pension items - PSERS	26,597,801	612,978	27,210,779	327,708
Deferred OPEB items - PSERS	4,963,497	114,081	5,077,578	61,152
Deferred OPEB items - District	9,078,488	-	9,078,488	-
TOTAL DEFERRED INFLOWS OF RESOURCES	40,639,786	727,059	41,366,845	388,860
NET POSITION				
Net investment in capital assets	54,822,783	99,188	54,921,971	2,345,157
Restricted for library	-	-	-	128,712
Restricted for debt service	11,251,127	-	11,251,127	-
Unrestricted (deficit)	(253,294,335)	2,154,464	(251,139,871)	(3,198,229)
TOTAL NET POSITION (DEFICIT)	(187,220,425)	2,253,652	(184,966,773)	(724,360)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 496,170,063	\$ 11,762,053	\$ 507,932,116	\$ 4,297,263

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities		Totals
PRIMARY GOVERNMENT								
GOVERNMENTAL ACTIVITIES:								
Instruction	\$248,753,374	\$169,794	\$122,143,200	-	\$ (126,440,380)	\$ -	\$ (126,440,380)	\$ -
Instructional student support	27,019,655	-	930,607	-	(26,089,048)	-	(26,089,048)	-
Administrative and financial support services	30,524,437	-	1,166,462	-	(29,357,975)	-	(29,357,975)	-
Operation and maintenance of plant services	21,363,734	-	8,748,467	-	(12,615,267)	-	(12,615,267)	-
Pupil transportation	12,235,091	-	3,107,458	-	(9,127,633)	-	(9,127,633)	-
Food services	69,256	-	-	-	(69,256)	-	(69,256)	-
Student activities	3,522,682	560,394	-	-	(2,962,288)	-	(2,962,288)	-
Community services	1,573,561	-	-	-	(1,573,561)	-	(1,573,561)	-
Interest on long-term debt	8,394,544	-	5,500,579	-	(2,893,965)	-	(2,893,965)	-
TOTAL GOVERNMENTAL ACTIVITIES	<u>353,456,334</u>	<u>730,188</u>	<u>141,596,773</u>	<u>-</u>	<u>(211,129,373)</u>	<u>-</u>	<u>(211,129,373)</u>	<u>-</u>
BUSINESS-TYPE ACTIVITIES:								
Food service	10,508,585	35,947	13,355,205	-	-	2,882,567	2,882,567	-
TOTAL PRIMARY GOVERNMENT	<u>363,964,919</u>	<u>766,135</u>	<u>154,951,978</u>	<u>-</u>	<u>(211,129,373)</u>	<u>2,882,567</u>	<u>(208,246,806)</u>	<u>-</u>
COMPONENT UNIT	<u>3,155,033</u>	<u>47,149</u>	<u>1,358,503</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,749,381)</u>
TOTAL PRIMARY GOVERNMENT AND COMPONENT UNIT	<u>\$ 367,119,952</u>	<u>\$ 813,284</u>	<u>\$ 156,310,481</u>	<u>\$ -</u>	<u>(211,129,373)</u>	<u>2,882,567</u>	<u>(208,246,806)</u>	<u>(1,749,381)</u>
GENERAL REVENUES								
Property taxes, levied for general purposes					106,059,552	-	106,059,552	1,539,123
Taxes levied for specific purposes					14,217,013	-	14,217,013	-
Grants, entitlements and contributions not restricted to specific programs					178,189,149	-	178,189,149	-
Investment earnings					3,757,250	162,245	3,919,495	27,949
Sale of capital asset					573	-	573	-
Other					1,102,821	-	1,102,821	-
TOTAL GENERAL REVENUES					<u>303,326,358</u>	<u>162,245</u>	<u>303,488,603</u>	<u>1,567,072</u>
CHANGE IN NET POSITION					92,196,985	3,044,812	95,241,797	(182,309)
NET POSITION (DEFICIT), BEGINNING OF YEAR					<u>(279,417,410)</u>	<u>(791,160)</u>	<u>(280,208,570)</u>	<u>(542,051)</u>
NET POSITION (DEFICIT), END OF YEAR					<u>\$ (187,220,425)</u>	<u>\$ 2,253,652</u>	<u>\$ (184,966,773)</u>	<u>\$ (724,360)</u>

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Reserve Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
ASSETS						
Cash and cash equivalents	\$ 125,916,833	\$ 1,955,932	\$ -	\$ -	\$ 524,126	\$128,396,891
Restricted assets:						
Cash and cash equivalents with fiscal agent	-	-	-	4,086	-	4,086
Investments with fiscal agent	-	-	-	11,247,041	-	11,247,041
Accounts receivable	174,379	-	-	-	-	174,379
Taxes receivable	7,428,978	-	-	-	-	7,428,978
Due from other funds	-	28,227,080	-	-	-	28,227,080
Due from other governments	35,385,350	-	-	-	-	35,385,350
Inventories	240,818	-	-	-	-	240,818
TOTAL ASSETS	\$ 169,146,358	\$ 30,183,012	\$ -	\$ 11,251,127	\$ 524,126	\$211,104,623
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES						
LIABILITIES:						
Due to other funds	\$ 28,268,581	\$ -	\$ -	\$ -	\$ -	\$ 28,268,581
Accounts payable	28,815,506	-	-	-	-	28,815,506
Accrued salaries	11,708,899	-	-	-	-	11,708,899
Payroll deductions and withholdings	21,146,150	-	-	-	-	21,146,150
Unearned revenues	1,197,043	-	-	-	-	1,197,043
Due to Allentown Public Library	282,822	-	-	-	-	282,822
TOTAL LIABILITIES	91,419,001	-	-	-	-	91,419,001
DEFERRED INFLOWS OF RESOURCES						
Unavailable revenues - property taxes	7,428,978	-	-	-	-	7,428,978
TOTAL DEFERRED INFLOWS OF RESOURCES	7,428,978	-	-	-	-	7,428,978
FUND BALANCES:						
Nonspendable	240,818	-	-	-	-	240,818
Restricted for capital projects	-	30,183,012	-	-	-	30,183,012
Restricted for debt service	-	-	-	11,251,127	-	11,251,127
Restricted for student activities	-	-	-	-	369,071	369,071
Restricted for playgrounds	-	-	-	-	61,571	61,571
Assigned to student athletics	-	-	-	-	93,484	93,484
Unassigned	70,057,561	-	-	-	-	70,057,561
TOTAL FUND BALANCES	70,298,379	30,183,012	-	11,251,127	524,126	112,256,644
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 169,146,358	\$ 30,183,012	\$ -	\$ 11,251,127	\$ 524,126	\$211,104,623

The accompanying notes are an integral part of these financial statements

ALLENTOWN SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS TO
STATEMENT OF NET POSITION
JUNE 30, 2023

TOTAL FUND BALANCES FOR GOVERNMENTAL FUNDS \$ 112,256,644

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 the governmental funds. The cost of assets was \$378,762,396 and the accumulated depreciation was \$138,115,308. 240,647,088

Leased assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of assets was \$1,511,771 and the accumulated amortization was \$363,191. 1,148,580

Some of the District's revenues will be collected after year end but are not available soon enough to pay the current year's expenditures and therefore are reported as deferred revenue in the governmental funds. 7,428,978

Debt issuances resulted in deferred charges which will be amortized over the life of new debt but do not represent current rights and/or obligations. These assets and liabilities consist of:

Unamortized bond issuance costs	\$ 994,177	
Deferred amounts on bond refunding	<u>5,101,483</u>	6,095,660

Other assets are related to long-term debt and are not available to pay for current period expenditures and are therefore not reported in the funds. 288,193

Deferred inflows and outflows related to the District's net pension and OPEB liabilities are based on the differences between actuarially determined actual and expected investment returns, changes in the actuarially determined proportion of the District's amount of the total pension and OPEB liabilities, and pension and OPEB contributions made after the measurement date of the net pension liability. These amounts will be amortized over the estimated remaining average service life of the employees

Deferred outflows of resources:

Deferred pension items	59,043,118	
Deferred OPEB items	6,111,382	

Deferred inflows of resources:

Deferred pension items	(26,597,801)	
Deferred OPEB items	<u>(14,041,985)</u>	24,514,714

Long-term liabilities applicable to the governmental activities are not due and payable in the current period and therefore are not reported in the governmental funds.

Accrued interest	(2,920,926)	
Bonds and notes payable in future years	(199,905,513)	
Net pension liability	(349,071,418)	
Net OPEB liability	(25,208,634)	
Lease payable	(1,215,275)	
Accumulated compensated absences	<u>(1,278,516)</u>	<u>(579,600,282)</u>

TOTAL NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES \$ (187,220,425)

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALNCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2023

	General Fund	Capital Reserve Fund	Capital Projects Fund	Debt Service Fund	Nonmajor Governmental Funds	Total
REVENUES						
Local sources	\$ 125,341,169	\$ 82,695	\$ 16,887	\$ (173,703)	\$ 440,437	\$125,707,485
State sources	263,942,554	-	-	-	-	263,942,554
Federal sources	57,568,315	-	-	-	-	57,568,315
TOTAL REVENUES	<u>446,852,038</u>	<u>82,695</u>	<u>16,887</u>	<u>(173,703)</u>	<u>440,437</u>	<u>447,218,354</u>
EXPENDITURES						
Current:						
Instruction	263,686,721	\$ -	\$ -	\$ -	-	263,686,721
Support services	93,511,351	-	-	-	-	93,511,351
Operation of noninstructional services	4,676,637	-	-	-	406,899	5,083,536
Debt service:						
Principal, interest and fiscal agent fees	19,290,236	-	-	-	-	19,290,236
Capital outlays	25,941,375	-	452,548	-	-	26,393,923
TOTAL EXPENDITURES	<u>407,106,320</u>	<u>-</u>	<u>452,548</u>	<u>-</u>	<u>406,899</u>	<u>407,965,767</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>39,745,718</u>	<u>82,695</u>	<u>(435,661)</u>	<u>(173,703)</u>	<u>33,538</u>	<u>39,252,587</u>
OTHER FINANCING SOURCES (USES)						
Refund of prior year revenues	(1,848,367)	-	-	-	-	(1,848,367)
Issuance of debt	1,200,915	-	-	-	-	1,200,915
Sale of fixed assets	-	573	-	-	-	573
Transfers in	307,446	351,152	-	754,272	-	1,412,870
Transfers out	(754,272)	-	(307,446)	-	(351,152)	(1,412,870)
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,094,278)</u>	<u>351,725</u>	<u>(307,446)</u>	<u>754,272</u>	<u>(351,152)</u>	<u>(646,879)</u>
NET CHANGE IN FUND BALANCES	38,651,440	434,420	(743,107)	580,569	(317,614)	38,605,708
FUND BALANCES, BEGINNING OF YEAR	<u>31,646,939</u>	<u>29,748,592</u>	<u>743,107</u>	<u>10,670,558</u>	<u>841,740</u>	<u>73,650,936</u>
FUND BALANCES, END OF YEAR	<u>\$ 70,298,379</u>	<u>\$ 30,183,012</u>	<u>\$ -</u>	<u>\$ 11,251,127</u>	<u>\$ 524,126</u>	<u>\$112,256,644</u>

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
RECONCILIATION OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 38,605,708

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

Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay of \$24,513,112 exceeded depreciation expense of \$9,398,222 in the period. 15,114,890

Leased assets are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is capitalized and allocated over their estimated useful lives as amortization expense. This is the amount by which capital outlay of \$1,200,915 exceeded amortization of \$301,020. 899,895

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. Unavailable tax revenues increased by this amount this year. 282,759

The issuance of long-term debt (e.g. bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Debt issuance	(1,200,915)	
Principal repayments	10,435,248	9,234,333

Governmental funds report issuance costs as expenditures, bond discounts and deferred amounts as other financing uses and bond premiums as other financing sources. However, these amounts are reported on the statement of net assets as deferred charges and credits and are amortized over the life of the debt. 552,274

In the statement of activities, certain operating expenses--compensated absences (vacations and sick leave), pension expense 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 (essentially, the amounts actually paid). This is the amount by which current period amounts earned exceeded current period compensated absences paid.

Compensated absences	(232,196)	
Pension expense	27,227,179	
OPEB expense	373,724	27,368,707

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, however, interest expense is recognized as the interest accrues, regardless of when it is due. 138,419

CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES \$ 92,196,985

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance With
	Original	Final		Final Budget
				Positive (Negative)
REVENUES				
Local sources	\$ 115,603,945	\$ 115,603,945	\$ 125,341,169	\$ 9,737,224
State sources	249,904,112	249,904,112	263,942,554	14,038,442
Federal sources	29,763,676	29,763,676	57,568,315	27,804,639
TOTAL REVENUES	<u>395,271,733</u>	<u>395,271,733</u>	<u>446,852,038</u>	<u>51,580,305</u>
EXPENDITURES				
Current:				
Instruction				
Regular programs, elementary/secondary	181,524,101	181,775,447	182,179,856	(404,409)
Special programs, elementary/secondary	71,683,876	71,668,758	63,939,971	7,728,787
Vocational education programs	9,266,640	9,267,640	8,700,637	567,003
Other instructional programs	2,843,056	2,843,056	6,805,556	(3,962,500)
Adult vocational education programs	424,043	424,043	257,455	166,588
Nonpublic school programs	1,692,502	1,692,502	1,694,238	(1,736)
Community/junior college programs	442,000	442,000	109,008	332,992
Total Instruction	<u>267,876,218</u>	<u>268,113,446</u>	<u>263,686,721</u>	<u>4,426,725</u>
Support services				
Pupil personnel	18,035,349	18,042,749	17,463,102	579,647
Instructional staff	5,731,940	5,733,861	6,261,325	(527,464)
Administration	27,197,683	27,257,133	22,759,313	4,497,820
Pupil health	5,303,170	5,302,170	4,787,863	514,307
Business	3,702,438	3,392,438	2,875,380	517,058
Operation and maintenance of plant services	21,506,728	21,531,729	20,380,343	1,151,386
Student transportation services	12,520,255	12,495,255	12,235,091	260,164
Central	7,633,500	7,633,500	6,623,653	1,009,847
Other support services	125,000	125,000	125,281	(281)
Total Support Services	<u>101,756,063</u>	<u>101,513,835</u>	<u>93,511,351</u>	<u>8,002,484</u>
Operation of noninstructional services				
Food services	-	-	69,256	(69,256)
Student activities	3,529,545	3,534,545	3,033,820	500,725
Community services	1,941,372	1,941,372	1,573,561	367,811
Total Operation of Noninstructional Services	<u>5,470,917</u>	<u>5,475,917</u>	<u>4,676,637</u>	<u>799,280</u>
Debt service				
Principal, interest and fiscal agent fees	19,479,263	19,479,263	19,290,236	189,027
Facilities acquisition, construction, and improvement services				
Site and building acquisition services	250,000	250,000	25,941,375	(25,691,375)
TOTAL EXPENDITURES	<u>394,832,461</u>	<u>394,832,461</u>	<u>407,106,320</u>	<u>(12,273,859)</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>439,272</u>	<u>439,272</u>	<u>39,745,718</u>	<u>39,306,446</u>
OTHER FINANCING SOURCES (USES)				
Debt issuance	-	-	1,200,915	1,200,915
Refund of prior year revenues	-	-	(1,848,367)	(1,848,367)
Transfers in	315,000	315,000	307,446	(7,554)
Transfers out	(754,272)	(754,272)	(754,272)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(439,272)</u>	<u>(439,272)</u>	<u>(1,094,278)</u>	<u>(655,006)</u>
NET CHANGE IN FUND BALANCES	-	-	38,651,440	38,651,440
FUND BALANCES, BEGINNING OF YEAR	<u>31,646,939</u>	<u>31,646,939</u>	<u>31,646,939</u>	<u>-</u>
FUND BALANCES, END OF YEAR	<u>\$ 31,646,939</u>	<u>\$ 31,646,939</u>	<u>\$ 70,298,379</u>	<u>\$ 38,651,440</u>

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2023

	Food Service Fund
ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents	\$ 9,674,507
Due from other funds	41,501
Due from other governments	298,689
Inventories	208,413
TOTAL CURRENT ASSETS	10,223,110
CAPITAL ASSETS:	
Furniture and equipment, net	99,188
DEFERRED OUTFLOWS OF RESOURCES	
Deferred pension contributions - PSERS	1,023,121
Deferred OPEB contributions - PSERS	22,235
Deferred pension items - PSERS	333,913
Deferred OPEB items - PSERS	60,486
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 11,762,053
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	
CURRENT LIABILITIES:	
Unearned revenues	\$ 2,120
Other current liabilities	414,138
TOTAL CURRENT LIABILITIES	416,258
NONCURRENT LIABILITIES:	
Net pension liability - PSERS	8,032,862
Net OPEB liability - PSERS	332,222
DEFERRED INFLOWS OF RESOURCES	
Deferred pension items - PSERS	612,978
Deferred OPEB items - PSERS	114,081
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	9,508,401
NET POSITION:	
Net investment in capital assets	99,188
Unrestricted	2,154,464
TOTAL NET POSITION (DEFICIT)	2,253,652
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	\$ 11,762,053

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Food Service Fund</u>
OPERATING REVENUES	
Food service revenues	\$ 14,088
Other operating revenue	21,859
TOTAL OPERATING REVENUES	<u>35,947</u>
 OPERATING EXPENSES	
Salaries and wages	3,154,761
Employee benefits	1,532,559
Purchased professional and technical service	48,428
Purchased property services	105,991
Other purchased services	3,083
Supplies	5,627,169
Depreciation	23,388
Minor equipment	13,206
TOTAL OPERATING EXPENSES	<u>10,508,585</u>
 OPERATING LOSS	 <u>(10,472,638)</u>
 NONOPERATING REVENUES	
State sources	1,242,455
Federal sources	12,112,750
Interest income	162,245
TOTAL NONOPERATING REVENUES	<u>13,517,450</u>
 CHANGE IN NET POSITION	 3,044,812
 NET POSITION (DEFICIT), BEGINNING OF YEAR	 <u>(791,160)</u>
 NET POSITION (DEFICIT), END OF YEAR	 <u>\$ 2,253,652</u>

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	<u>Food Service Fund</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Receipts from customers	\$ 35,947
Payments to suppliers	<u>(12,774,945)</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(12,738,998)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	1,252,035
Federal sources	<u>11,527,415</u>
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	<u>12,779,450</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Acquisition of capital assets	<u>(8,999)</u>
NET CASH USED BY CAPITAL AND FINANCING ACTIVITIES	<u>(8,999)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest income	<u>162,249</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>162,249</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	193,702
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>9,480,805</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 9,674,507</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (10,472,638)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	23,388
USDA donated commodities	850,223
Changes in assets and liabilities:	
Decrease in inventories	2,351
Increase in deferred pension contributions	(100,603)
Increase in deferred pensions	251,247
Increase in deferred OPEB contributions	(618)
Decrease in deferred OPEB	17,961
Increase in net pension liability	428,904
Decrease in net OPEB liability	(106,072)
Increase in deferred pension	(1,205,331)
Increase in deferred OPEB	75,703
Increase in due to other funds	(2,443,036)
Decrease in other liabilities	(60,477)
NET CASH USED BY OPERATING ACTIVITIES	<u>\$ (12,738,998)</u>
SUPPLEMENTAL DISCLOSURE:	
NONCASH NONCAPITAL FINANCING ACTIVITY:	
USDA donated commodities	<u>\$ 850,223</u>

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2023

	Custodial Fund
ASSETS	
Cash and cash equivalents	\$ 632,181
 TOTAL ASSETS	 \$ 632,181
 NET POSITION:	
Restricted	632,181
TOTAL NET POSITION	632,181
 TOTAL NET POSITION	 \$ 632,181

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund
ADDITIONS	
Local sources	\$ 1,740
TOTAL ADDITIONS	1,740
DEDUCTIONS	
Deductions	117,774
TOTAL DEDUCTIONS	117,774
CHANGE IN NET POSITION	(116,034)
NET POSITION, BEGINNING OF YEAR	748,215
NET POSITION, END OF YEAR	\$ 632,181

The accompanying notes are an integral part of these financial statements.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Allentown School District ("the District") was incorporated in 1866 under the provisions of the Commonwealth of Pennsylvania. The District operates 15 elementary schools, four middle schools, and three senior high schools to provide education and related services to the residents of the City of Allentown. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provisions of the School Laws of Pennsylvania as a school district of the second class. The District operates under a locally elected nine-member Board form of government.

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

Reporting Entity

GASB Statement No. 14, *The Financial Reporting Entity*, as amended by GASB Statements No. 39, No. 61 and No. 80, established the criteria for determining the activities, organizations, and functions of government to be included in the financial statements of the reporting entity. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. Based on these criteria, the District has determined that the Allentown Public Library ("the Library") is a component unit of the District.

The District appoints the Library board for terms of three years and reviews the Library budget. The Library also receives a majority of its revenues from an appropriation of real estate taxes levied by the District.

The Library is a discretely presented component unit and is reported in a separate column in the entity-wide financial statements to emphasize that it is legally separate from the government. Complete financial statements for the Library may be obtained at the Library's administrative offices at 31 South Penn Street, Allentown, Pennsylvania.

Basis of Presentation

Entity-wide Financial Statements

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

The entity-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting as further defined under proprietary funds below. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Therefore, governmental fund financial statements include a reconciliation with brief explanations to better identify the relationship between the entity-wide statements and the statements of governmental funds.

The entity-wide statement of activities presents a comparison between expenses and program revenues for each function of the business-type activities of the District and for each governmental program. Expenses are those that are associated specifically with a service or program and are, therefore, clearly identifiable to a particular function. Program revenues include charges paid by the recipients of the goods or services offered by the programs and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues which are not classified as program revenues are presented as general revenues. The comparison of program revenues and expenses identifies the extent to which each program is self-financing or draws from the general revenues of the District.

Except for interfund activity and balances between the funds that underlie governmental activities and the funds that underlie business-type activities, which are reported as transfers and internal balances, the effect of interfund activity has been removed from these statements.

Fund Financial Statements

During the school year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements report detailed information about the District. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Fiduciary fund financial statements are presented by fund type.

Governmental Funds

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

- The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
- The Capital Projects Fund is used to account for the proceeds of general obligation notes and bonds and for the acquisition, construction, and renovation of major capital facilities and their related capital assets as described in the note agreements.
- The Capital Reserve Fund is used to account for funds set aside for intended capital expenditure projects.
- The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

In applying the "susceptible to accrual concept" under the modified accrual basis, revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenue to be available if collected within 60 days of the end of the fiscal period. During the year ended June 30, 2023, the District recognized certain revenues from the Commonwealth of Pennsylvania, which were received more than 60 days after year end but are usually received within 60 days of year end. The District determined that their exclusion would be misleading to the financial statements. Revenue from federal, state, and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are reported as unearned revenues until earned.

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

Expenditure Recognition

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred. However, principal and interest on general long-term debt which has not matured are recognized when paid. Liabilities for compensated absences and special termination benefits are recognized as fund liabilities to the extent they mature each period. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary Funds

The District's only major proprietary fund is the Food Service Fund and is used to account for all financial transactions related to the food service operation. Proprietary funds are accounted for using the accrual basis of accounting. These funds account for operations that are financed primarily by user charges. The economic resources measurement focus concerns determining costs as a means of maintaining the capital investment and management control. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. Allocations of certain costs, such as depreciation, are recorded in proprietary fund. The District allocates "building-wide costs" to the proprietary fund. Specifically, general fund expenditures that partially benefit the proprietary fund (utilities, janitorial services, insurance, etc.) are recognized proportionately within the proprietary fund.

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

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fiduciary Funds

Custodial funds account for the assets held by the District as a trustee or agent for individuals, private organizations, and/or governmental units and are, therefore, not available to support the District's own programs. The District accounts for these assets in a private-purpose trust funds. The private purpose trust funds account for funds held on behalf of students and employees of the District. The measurement focus and basis of accounting for the private-purpose trust is the same as for proprietary funds, while the agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments

Investments are reported at fair value.

In establishing the fair value of investments, the District uses the following hierarchy. The lowest available level of valuation available is used for all investments.

Level 1 – Valuations based on quoted market prices in active markets for identical assets or liabilities that the entity has the ability to access.

Level 2 – Valuations based on quoted prices of similar products in active markets or identical products in markets that are not active or for which all significant inputs are observable, directly or indirectly.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

Receivables and Payables

State subsidies represent current year entitlements and are recognized as revenue in the current fiscal year even though funds may be received in the following year. Federal program funds applicable to expenditures of the current fiscal year but expected to be received in the next fiscal year are accrued as current year revenues.

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the entity-wide financial statements as internal balances.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The District experiences very small losses from uncollectible property taxes. Property taxes constitute a lien against real property and usually can be collected in full when title transfers. Only balances that remain after tax sales are written off each year. Accordingly, an allowance for doubtful accounts has not been established by the District for property taxes receivable.

Property Taxes

Taxes are levied on July 1 and are payable in the following periods:

July 1 – September 5	- Discount period, 2% of gross levy
September 6 – November 5	- Face period
November 6 – December 31	- Penalty period, 10% of gross levy
January 1	- Lien date

Tax Abatement Programs

In 2017, the District adopted GASB Statement 77, *Tax Abatement Disclosures*. In accordance with Pennsylvania Act 50 of 2009 and Act 26 of 2011, the City of Allentown has established a Neighborhood Improvement Zone (NIZ) within the School District of Allentown whereby state and local taxes collected from eligible businesses located in and individuals working within the NIZ are collected and remitted to the Allentown Neighborhood Improvement Zone Development Authority (ANIZDA). The taxes collected from businesses and individuals within the NIZ are used to fund the various economic development projects within the NIZ. All potential NIZ projects must be geographically located within the NIZ and must go through a pre-qualification, application and, if approved, closing process. Once in operation, the payment of taxes associated with the project can go toward payment of the debt service on the project. The types of taxes include earned income and local services. The total amount the District remitted to the ANIZDA during 2023 was approximately \$239,347.

Prepaid Items and Inventories

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both entity-wide and fund financial statements.

The District's general fund inventory, except stock supplies, is expensed under the purchase method, and all other general fund inventory is charged to inventory when purchased and expensed when used under the consumption method. Supplies are taken out of inventory using the weighted average cost method. The District's food service fund inventory of food and supplies, except inventory donated by the USDA, is valued at last unit cost and expensed as used. Donated food from the U.S. Department of Agriculture is recorded at fair value at the time of donation.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental or business-type activities columns in the entity-wide and proprietary fund financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$6,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

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

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

Land improvements	20 years
Buildings and improvements	20 – 50 years
Furniture and equipment	5 – 20 years
Vehicles	8 years

Compensated Absences

Employees are compensated for longevity payments, and sick and vacation days as stipulated in their collective bargaining agreements. The liability for these compensated absences is recorded as a long-term liability in the entity-wide financial statements. In the fund financial statements, governmental funds report the compensated absence liability only to the extent that it is payable from expendable available financial resources.

Long-term Obligations

In the entity-wide financial statements and proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums and discounts are netted against outstanding principal balances and amortized over the life of the bonds.

Deferred amounts on refunding are recorded as a deferred inflow or outflow of resources and amortized over the life of the old debt or the life of the new debt, whichever is shorter. Prepaid bond insurance costs are reported as a deferred charge and amortized over the life of the debt. All other issuance costs are expensed when incurred. All amortized amounts are amortized using the straight-line method.

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

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

Net position represents the difference between assets and deferred outflows of resources versus liabilities and deferred inflows of resources. Net investment in capital assets consists 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, plus any proceeds still held in cash, cash equivalents, or investment accounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources as they are needed.

Fund Balances

Fund balances of the governmental funds are classified, if applicable, as follows:

Nonspendable – amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by formal action of the Board of School Directors. The Board is the highest level of decision-making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board of School Directors.

Assigned – amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Chief Financial Officer may assign amounts for specific purposes.

Unassigned – all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds and, finally, unassigned funds, as needed, unless the Board or Chief Financial Officer have provided otherwise in its commitment or assignment actions.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Inflows and Deferred Outflows of Resources

In addition to assets, the statement of net position and balance sheet - governmental funds will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has five items that qualify for reporting in this category. The first is the deferred charge on bond refunding reported in the statement of net position. A deferred charge on bond refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is pension contributions made subsequent to the measurement date and, therefore, not reflected in the net pension liability under full accrual basis reporting. This item is reported as a deferred outflow of resources on the entity-wide and proprietary fund statement of net position. The third item is the unamortized portion of contributions made in excess of the District's share of the proportionate contributions into its pension plan. The fourth item is OPEB contributions made subsequent to the measurement date and, therefore, not reflected in the net OPEB liability under full accrual basis reporting. This item is reported as a deferred outflow of resources on the entity-wide and proprietary fund statement of net position. The fifth item is the unamortized portion of contributions made in excess of the District's share of the proportionate contributions into its OPEB plan.

In addition to liabilities, the statement of net position and balance sheet - governmental funds will sometimes report separate sections for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District currently has two types of items that qualify for reporting in this category. Delinquent taxes not collected within 60 days of year end and, therefore, not available under modified accrual reporting are reflected as deferred inflows of resources on the general fund balance sheet. Certain changes to the net pension and OPEB liabilities are required to be amortized over a period of years; the unamortized portions of these changes are reflected as deferred inflows of resources on the statement of net position.

Implementation of GASB Statements

The District adopted the provisions of GASB issued Statement No. 91, *Conduit Debt Obligations*. The adoption of this statement has no effect on previously reported amounts.

The District adopted the provisions of GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*. The adoption of this statement has no effect on previously reported amounts.

The District adopted the provisions of GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. The adoption of this statement has no effect on previously reported amounts.

The District adopted the provisions of GASB issued Statement No. 99, *Omnibus 2022*. The adoption of this statement has no effect on previously reported amounts.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pending Changes in Accounting Principles

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*. This Statement is required to be adopted by the District for its fiscal year 2024 financial statements.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. This Statement is required to be adopted by the District for its fiscal year 2025 financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. This Statement is required to be adopted by the District for its fiscal year 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This Statement is required to be adopted by the District for its fiscal year 2026 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with U.S. 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.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgetary Information

An annual 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, although project-length financial plans are adopted for all capital projects funds.

The District is required to publish notice by advertisement at least once in two newspapers of general circulation in the municipalities in which it is located and within 20 days of final action that the proposed budget has been prepared and is available for public inspection at the administrative offices of the District. Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least 10 days prior to the date final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. 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.

ALLENTOWN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

NOTE 3 DEPOSITS

Statutes authorize the District to invest in U.S. Treasury bills, time or share accounts of institutions insured by the Federal Deposit Insurance Corporation, or in certificates of deposit when they are secured by proper bond or collateral, repurchase agreements, State Treasurer's investment pools, or mutual funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned. The District does not have a policy for custodial credit risk. At June 30, 2023, the carrying amount of the District's deposits was \$138,707,665, and the bank balance was \$141,430,398. Of the bank balance, \$254,085 was covered by federal depository insurance, and \$141,176,313 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the District's name.

The District also had cash deposits in the amount of \$1,302,742 with a carrying value of \$1,302,742 in the Pennsylvania Local Government Investment Trust ("PLGIT"). Although not registered with the Securities and Exchange Commission and not subject to regulatory oversight, PLGIT acts like a money market mutual fund in that its objective is to maintain a stable net asset value of \$1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit. As of June 30, 2023, PLGIT was rated as AAAm by a nationally recognized statistical rating agency.

Discretely Presented Component Unit

At June 30, 2023, the carrying amount of the Library's deposits was \$665,243, and the bank balance was \$671,403. Of the bank balance, \$250,000 was covered by federal depository insurance, and the remaining \$421,403 was exposed to custodial credit risk because, in accordance with Act 72 of the Commonwealth of Pennsylvania, it was uninsured and the collateral held by the depository's agent was not in the Library's name.

NOTE 4 INVESTMENTS

The District categorizes its fair value measurements within the fair value hierarchy established by U.S. generally accepted accounting principles. The District has the following recurring fair value measurements as of June 30, 2023:

	Fair Value	Level 1	Matures In Greater Than Ten Years
U.S. Treasury bonds and notes	\$ 11,247,041	\$ 11,247,041	\$ 11,247,041

Credit Risk

As of June 30, 2023, the District's investments in U.S. Treasury bonds and notes are backed by the full faith and credit of the U.S. government and are not considered to have credit risk.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 4 INVESTMENTS (CONTINUED)

Interest Rate Risk

As of June 30, 2023, all of the District's investments in U.S. Treasury notes have maturities of 10 to 15 years. The District does not have a policy for interest rate risk.

Custodial Credit Risk

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. As of June 30, 2023, the District did not have any investments subject to custodial credit risk.

Discretely Presented Component Unit

The Library categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The Library has the following recurring fair value measurements as of June 30, 2023:

Investments in external investment pools, such as those in mutual funds, are disclosed but not subject to interest rate, custodial, credit, or concentration risks because they are not evidenced by securities that exist in physical or book entry form.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Level 1</u>	<u>Matures in Less Than One Year</u>
Equity mutual funds	\$ 9,777	\$ 9,777	\$ 9,777
Bond mutual funds	<u>128,712</u>	<u>128,712</u>	<u>128,712</u>
TOTAL	<u>\$ 138,489</u>	<u>\$ 138,489</u>	<u>\$ 138,489</u>

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 5 CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets not being depreciated:				
Land	\$ 9,113,385	\$ -	\$ -	\$ 9,113,385
Construction-in-progress	84,805	17,876	84,805	17,876
Total Capital Assets Not Being Depreciated	<u>9,198,190</u>	<u>17,876</u>	<u>84,805</u>	<u>9,131,261</u>
Capital assets being depreciated:				
Land improvements	5,469,626	-	-	5,469,626
Buildings and improvements	293,981,297	788,170	-	294,769,467
Furniture and equipment	45,600,171	23,791,871	-	69,392,042
Total Capital Assets Being Depreciated	<u>345,051,094</u>	<u>24,580,041</u>	<u>-</u>	<u>369,631,135</u>
Less accumulated depreciation for:				
Land improvements	3,030,329	197,994	-	3,228,323
Buildings and improvements	98,812,260	7,039,084	-	105,851,344
Furniture and equipment	26,874,497	2,161,144	-	29,035,641
Total Accumulated Depreciation	<u>128,717,086</u>	<u>9,398,222</u>	<u>-</u>	<u>138,115,308</u>
Total Capital Assets Being Depreciated, Net	<u>216,334,008</u>	<u>15,181,819</u>	<u>-</u>	<u>231,515,827</u>
Governmental Activities, Net	<u>\$ 225,532,198</u>	<u>\$ 15,199,695</u>	<u>\$ 84,805</u>	<u>\$ 240,647,088</u>
Business-Type Activities				
Capital assets being depreciated:				
Furniture and equipment	\$ 1,943,577	\$ 8,999	\$ -	\$ 1,952,576
Total Capital Assets Being Depreciated	<u>1,943,577</u>	<u>8,999</u>	<u>-</u>	<u>1,952,576</u>
Less accumulated depreciation for:				
Furniture and equipment	1,830,000	23,388	-	1,853,388
Total Accumulated Depreciation	<u>1,830,000</u>	<u>23,388</u>	<u>-</u>	<u>1,853,388</u>
Business-Type Activities, Net	<u>\$ 113,577</u>	<u>\$ (14,389)</u>	<u>\$ -</u>	<u>\$ 99,188</u>

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

Governmental Activities:	
Instruction	\$ 7,123,855
Instructional student support	770,298
Administrative and financial support services	871,503
Operation and maintenance of plant services	550,603
Student activities	81,963
Total Depreciation Expense - Governmental Activities	<u>\$ 9,398,222</u>
Business-type Activities - Food Service	<u>\$ 23,388</u>

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 5 CAPITAL ASSETS (CONTINUED)

Discretely Presented Component Unit

Activity for Allentown Public Library for the year ended June 30, 2023 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	\$ 209,941	\$ -	\$ -	\$ 209,941
Construction in Progress	-	16,949	-	16,949
Total Capital Assets Not Being Depreciated	<u>209,941</u>	<u>16,949</u>	<u>-</u>	<u>226,890</u>
Capital assets being depreciated:				
Land improvements	67,872	-	-	67,872
Buildings and improvements	6,102,970	-	-	6,102,970
Furniture and equipment	457,446	27,420	-	484,866
Right to Use Assets	-	63,413	-	63,413
Total Capital Assets Being Depreciated	<u>6,628,288</u>	<u>90,833</u>	<u>-</u>	<u>6,719,121</u>
Less accumulated depreciation for:				
Land improvements	65,088	879	-	65,967
Buildings and improvements	3,767,779	297,374	-	4,065,153
Furniture and equipment	402,030	10,519	-	412,549
Right to Use Assets	-	6,390	-	6,390
Total Accumulated Depreciation	<u>4,234,897</u>	<u>315,162</u>	<u>-</u>	<u>4,550,059</u>
Total Capital Assets Being Depreciated, Net	<u>2,393,391</u>	<u>(224,329)</u>	<u>-</u>	<u>2,169,062</u>
Total Capital Assets, Net	<u>\$ 2,603,332</u>	<u>\$ (207,380)</u>	<u>\$ -</u>	<u>\$ 2,395,952</u>

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS

The composition of interfund balances as of June 30, 2023 is as follows:

	Due From	Due To
General Fund	\$ -	\$28,268,581
Capital Reserve Fund	28,227,080	-
Cafeteria Fund	41,501	-
	<u>\$28,268,581</u>	<u>\$28,268,581</u>

Interfund balances between funds result mainly from the time lag between when reimbursable expenditures occur and payments between the funds have been made. The balances generally are paid shortly after year end.

Interfund transfers for the year ended June 30, 2023 are as follows:

Transfer In	Transfer Out	Amount
General Fund	Capital Projects Fund	\$ 307,446
Capital Reserve Fund	JBC Fund	351,152
Debt Service Fund	General Fund	754,272

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 6 INTERNAL RECEIVABLES, PAYABLES, AND TRANSFERS (CONTINUED)

Transfers represent annual budgeted amounts transferred from the food service fund to the general fund for indirect charges related to food service operations. Transfers also include amounts deposited into a sinking fund (the Debt Service Fund) for future debt service payments as required by the repayment terms on the Qualified Zone Academy Bonds ("QZAB") and Qualified School Construction Bonds ("QSCB") disclosed in Note 7. The District approved a transfer of excess general fund balance to Capital Reserve for future capital projects.

NOTE 7 LONG-TERM DEBT

The following summarizes the changes in the long-term liabilities of governmental activities for the year ended June 30, 2023:

	Balance July 1, 2022	Additions	Reductions	Balance June 30, 2023	Amounts Due in One Year
Bonds payable	\$ 191,786,000	\$ -	\$ 9,900,000	\$ 181,886,000	\$ 9,245,000
Bonds premium	17,697,808	-	1,900,316	15,797,492	-
Bonds discount	(22,539)	-	3,560	(18,979)	-
Notes payable	2,546,000	-	305,000	2,241,000	315,000
Leases payable	244,608	1,200,915	230,248	1,215,275	291,651
Accumulated compensated absences	1,046,320	232,196	-	1,278,516	-
TOTALS	\$ 213,298,197	\$ 1,433,111	\$ 12,339,124	\$ 202,399,304	\$ 9,851,651

Payments of long-term debt are expected to be funded by the general fund.

General Obligation Bonds

Series A of 2010 QSCB, requiring sinking deposits through September 2027, bearing interest of 5.00%, interest payable semi-annually in March and September \$ 5,666,000

Series C of 2010 QZAB, requiring sinking deposits through September 2028, bearing interest of 6.495%, interest payable semi-annually in March and September 8,970,000

Series of 2011 QZAB, requiring sinking deposits through September 2026, bearing interest of 5.426%, interest payable semi-annually in March and September 2,000,000

Series A of 2014, maturing through March 2024, bearing interest ranging from 2.00% to 5.00%, interest payable semi-annually in March and September 1,040,000

Series B of 2016, maturing through June 2025, bearing interest ranging from 2.00% to 4.00%, interest payable semi-annually in August and February 6,370,000

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7 LONG-TERM DEBT (CONTINUED)

General Obligation Bonds (Continued)

Series A of 2017, maturing through February 2028, bearing interest ranging from 1.30% to 2.81%, interest payable semi-annually in August and February	\$	9,760,000
Series of 2017, maturing through June 2037, bearing interest ranging from 1.10% to 3.25%, interest payable semi-annually in June and December		7,580,000
Series of 2018, maturing through February 2029, bearing interest of 5%, interest payable semi-annually in August and February		19,110,000
Series of 2018 B, maturing through February 2028, bearing interest ranging from 3.00% to 4.00%, interest payable semi-annually in February and August		24,565,000
Series of 2018 A, maturing through June 2028, bearing interest of 5%, interest payable semi-annually in June and December		3,025,000
Series of 2019 A, maturing through January 2028 bearing interest ranging from 2.65% to 3.24%, interest payable semi-annually in July and January.		5,930,000
Series of 2019 B, maturing through January 2034 bearing interest of 5%, interest payable semi-annually in July and January.		58,925,000
Series of 2019 C, maturing through January 2037 bearing interest of 4%, interest payable semi-annually in July and January.		24,415,000
Series of 2019 D, maturing through January 2027 bearing interest ranging from 2.65% to 3.16%, interest payable semi-annually in July and January.		<u>4,530,000</u>
TOTAL BONDS	\$	<u>181,886,000</u>

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 7 LONG-TERM DEBT (CONTINUED)

General Obligation Notes

Series of 2011 QSCB , requiring sinking fund deposits through March 2030, bearing interest of 5.0888%, interest payable semi-annually in March and September \$ 891,000

Construction Loan

Note payable maturing through March 2027, with interest as a fixed rate of 2.75% 1,350,000

TOTAL NOTES 2,241,000

TOTAL BONDS AND NOTES \$ 184,127,000

Annual debt service requirements to maturity, including the mandatory sinking fund deposits, for the bonds and notes are as follows:

<u>Year Ending June 30,</u>	<u>Principal Maturities</u>	<u>Interest Maturities</u>	<u>Total Maturities</u>
2024	\$ 9,560,000	\$ 7,439,287	\$ 16,999,287
2025	9,945,000	7,100,891	17,045,891
2026	9,765,000	6,752,446	16,517,446
2027	10,165,000	6,383,130	16,548,130
2028	10,800,000	5,989,337	16,789,337
2029-2033	68,055,000	21,122,638	89,177,638
2034-2038	<u>48,310,000</u>	<u>5,517,150</u>	<u>53,827,150</u>
	166,600,000	60,304,879	226,904,879
Sinking fund deposits	<u>17,527,000</u>	<u>-</u>	<u>17,527,000</u>
 TOTAL	 <u>\$184,127,000</u>	 <u>\$ 60,304,879</u>	 <u>\$244,431,879</u>

Annual payments for leases payable are as follows:

<u>Year Ending June 30,</u>	<u>Payments</u>
2024	\$ 320,804
2025	320,804
2026	320,804
2027	259,652
2028	<u>64,912</u>
Less Interest	(71,701)
Net Present Value of Lease Payments	<u>\$ 1,215,275</u>

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 8 FUND BALANCES

As of June 30, 2023, fund balances are composed of the following:

	General Fund	Capital Reserve Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Nonspendable:					
Inventories	\$ 240,818	\$ -	\$ -	\$ -	\$ 240,818
Restricted:					
Capital projects	-	30,183,012	-	-	30,183,012
Debt service	-	-	11,251,127	-	11,251,127
Student Activities	-	-	-	369,071	369,071
Playground	-	-	-	61,571	61,571
Assigned-Student Athletics	-	-	-	93,484	93,484
Unassigned	70,057,561	-	-	-	70,057,561
TOTAL FUND BALANCES	\$70,298,379	\$30,183,012	\$11,251,127	\$ 524,126	\$112,256,644

NOTE 9 PENSION PLAN

Plan Description

The District contributes to the Public School Employees' Retirement System ("PSERS"), 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 annual comprehensive financial report that includes the financial statements and required supplementary information for the plan. A copy of this report may be obtained by visiting the PSERS website at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one 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 became 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 three years of service, or attain a total combination and age and service that is equal to or greater than 92, with a minimum of 35 years of service.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 9 PENSION PLAN (CONTINUED)

Benefits are generally equal to two percent or two and one-half percent, depending upon the 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 may be elected. For Class T-E and Class T-F members, the right to benefits is vested after 10 years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to two percent or two and one-half percent, depending upon the 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 for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member had retired on the day before death.

Member Contributions

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

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

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

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

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 9 PENSION PLAN (CONTINUED)

On June 12, 2017, the Commonwealth of Pennsylvania Act 5 of 2017 was signed into law. This legislation established a new hybrid defined benefit/defined contribution retirement benefit plan applicable to all school employees who become new members of PSERS on July 1, 2019 and thereafter. The three new plan options under Act 5 include two hybrid plans consisting of defined benefit and defined contribution components and a stand-alone defined contribution plan. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023, was 34.31% of covered payroll (33.51% for 2022) which includes .20% for the Act 5 defined contribution plan members, actuarially determined as an amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District's contribution to PSERS for the year ended June 30, 2023 was \$46,086,525. The Library's contribution to PSERS for the year ended June 30, 2023 was \$548,430.

Pension Liability and Expense, and Deferred Outflows and Inflows of Resources

At June 30, 2023, the District and the Library reported a total liability of \$361,405,000 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 covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's and Library's proportion was 0.8129 percent, which was an increase of 0.02 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District and the Library recognized net pension expense of (\$17,065,595). At June 30, 2023, the District and the Library reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities	Business-Type Activities	Library	Total
Deferred Outflows of Resources:				
Changes of assumptions	\$ 10,423,970	\$ 239,584	\$ 128,425	\$ 10,791,979
Difference between expected and actual experience	158,293	3,638	1,950	163,881
Changes in proportions	2,208,048	50,749	27,203	2,286,000
Difference between employer contributions and proportionate share of total contributions	1,737,833	39,942	21,410	1,799,185
Contributions subsequent to the date of measurement	44,514,974	1,023,121	548,430	46,086,525
Total Deferred Outflows of Resources:	\$ 59,043,118	\$ 1,357,034	\$ 727,418	\$ 61,127,570
Deferred Inflows of Resources:				
Net difference between projected and actual investment earnings	\$ 5,922,187	\$ 136,114	\$ 72,962	\$ 6,131,263
Difference between expected and actual experience	3,019,267	69,394	37,198	3,125,859
Changes in proportions	17,655,028	407,440	217,532	18,280,000
Difference between employer contributions and proportionate share of total contributions	1,319	30	16	1,365
Total Deferred Inflows of Resources:	\$ 26,597,801	\$ 612,978	\$ 327,708	\$ 27,538,487

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 9 PENSION PLAN (CONTINUED)

An amount of \$46,086,525 is reported as deferred outflows of resources resulting from the District's and the Library's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts will be reported as deferred outflows and resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

Schedule of amortized outflows & inflows year ended June 30:	Governmental	Business-Type	Library	Total
	Activities	Activities		
2024	\$ (3,559,276)	\$ (81,805)	\$ (43,851)	\$ (3,684,932)
2025	(5,919,619)	(136,055)	(72,930)	(6,128,604)
2026	(10,142,565)	(233,114)	(124,958)	(10,500,637)
2027	7,551,803	171,909	93,019	7,816,731
2028	-	-	-	-
	<u>\$ (12,069,657)</u>	<u>\$ (279,065)</u>	<u>\$ (148,720)</u>	<u>\$ (12,497,442)</u>

Actuarial Assumptions

The total pension liability as of June 30, 2021 was determined by rolling forward the District's total pension liability as of the June 30, 2020 actuarial valuation to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – Normal level percent of pay.
- Investment return – 7.00%, including inflation of 2.50%.
- 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 long-term expected rate of return on pension plan investments was determined using the building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

<u>Asset Class</u>	<u>Target</u>	<u>Long-Term Expected Real Rate of Return</u>
Global public equity	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Absolute return	9.0%	5.4%
Infrastructure/MLPs	11.0%	4.6%
Real estate	6.0%	3.5%
Cash	3.0%	0.5%
Leverage	-11.0%	0.5%
	<u>100.0%</u>	

ALLENTOWN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

NOTE 9 PENSION PLAN (CONTINUED)

Discount Rate

The discount 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 which are 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 and Library's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease 6.00%	Current Rate Discount Rate 7.00%	1% Increase 8.00%
District's and Library's proportionate share of the net pension liability	\$467,453,000	\$361,405,000	\$271,994,000

NOTE 10 JOINT VENTURE

The District is a participating member of the Lehigh Carbon Community College ("the College"). The College is governed by a Board of Trustees composed of representatives from each of the 13 member school districts and two at-large representatives. A vote of two-thirds of all member school districts is required for approval of the College's annual operating and debt service budget. Each member school district pays a share of the operating costs of the College based on a five-year average of student membership from each school district. Each member school district also pays a share of the debt service budget of the College based upon the 2005 market valuation as certified by the Pennsylvania State Tax Equalization Board. The financial statements of the College are available from the College business office located at 4526 Education Park Drive, Schnecksville, PA 18078-2598. For the year ended June 30, 2023, the District's share of the operating and debt service budget was \$1,662,185.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLANS

District Healthcare Plan

Plan Description

The District administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The plan provides healthcare, prescription drug, dental and/or vision insurance, at various costs to the member and the District, for the life of the member or until the member is eligible for Medicare, depending on the terms of the contract when they retire, for eligible retirees and their spouses through the District's health insurance plan. The Retiree Health Plan covers both active and retired members. Benefit provisions are established and may be amended through negotiation with the District and the unions representing the District's employees. The Retiree Health Plan does not issue a publicly available financial report.

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

Retired participants	108
Active employees	<u>1,949</u>
	<u><u>2,057</u></u>

Funding Policy

No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement No. 75. The benefits are expensed when incurred and are financed on a pay-as-you-go basis. Retirees currently pay a portion of the monthly premium. The School District covers the balance of the premium not paid by the retiree. Retiree and dependent coverage, group plans, and costs to the retiree are subject to change. A spouse may be covered as a dependent until the death of the retiree; thereafter, they are eligible to continue coverage by paying 100% of the monthly insurance premium.

Total OPEB Liability

The District's total OPEB liability of \$10,753,940 was measured as of July 1, 2021, and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLANS (CONTINUED)

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary Increases	Composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and merit increases which vary by age from 2.75% - 0%
Discount Rate	4.06%
Healthcare cost trend rates	6.5% in 2022 to 6.0% in 2023 and 5.5% in 2024-25 Rate 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. Retiree contributions are assumed to increase at the same rate as the Healthcare cost trend rate.

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Rate Index at July 1, 2021.

Separate mortality rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement. A recent actuarial experience study was not performed.

Changes in Assumptions

The discount rate changed from 2.28% to 4.06%. The trend assumption was updated.

Changes in the total OPEB Liability

The District's total OPEB liability has been measured as of July 1, 2021. The net OPEB liability is \$10,753,940, all of which is unfunded. As of June 30, 2022, the total OPEB liability of \$10,753,940 is related to the governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The District's change in its total OPEB liability for the year ended June 30, 2023 was as follows:

Total OPEB liability

Service cost	\$ 915,934
Interest	328,927
Differences between expected and actual experience	-
Changes of assumptions	(3,838,511)
Benefit payments	<u>(355,853)</u>
Net change in total OPEB liability	(2,949,503)
Total OPEB liability - 7/1/2022	<u>13,703,443</u>
Total OPEB liability - 7/1/2023	<u>\$ 10,753,940</u>

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLANS (CONTINUED)

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

For the year ended June 30, 2023, the District recognized OPEB expense of \$619,778. At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions	\$ 1,660,644	\$ 4,393,000
Difference between expected and actual experience	424,893	4,685,488
Contributions subsequent to the date of measurement	426,765	-
	\$ 2,512,302	\$ 9,078,488

\$426,765 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 total OPEB liability in the year ending June 30, 2023. The amount reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended June 30,	
2024	\$ (625,083)
2025	(625,083)
2026	(625,083)
2027	(625,083)
2028	(625,083)
Thereafter	(3,867,536)
	\$ (6,992,951)

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% point lower (3.06%) or 1 percentage point higher (5.06%) than the current discount rate:

	1% Decrease 3.06%	Current Rate Discount Rate 4.06%	1% Increase 5.06%
District's total OPEB liability	\$ 11,662,912	\$ 10,753,940	\$ 9,899,803

ALLENTOWN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLANS (CONTINUED)

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

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

	1% Decrease 5.00%	Current Trend Rate 6.00%	1% Increase 7.00%
District's total OPEB liability	\$ 9,447,865	\$ 10,753,940	\$ 12,308,679

PSERS Health Insurance Premium Assistance Plan

In addition, the Pennsylvania Public School Employees' Retirement System ("PSERS") provides a Health Insurance Premium Assistance Plan ("PSERS Plan") and Health Options Program ("HOP"). The PSERS Plan is a governmental cost-sharing multi-employer postretirement benefits plan that provides premium assistance to eligible public school employees of the Commonwealth of Pennsylvania. Under the PSERS Plan, 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.

The administrative staff of PSERS administers the PSERS Plan. The control and management of PSERS, including the investment of its assets, is vested in the 15 member Board of Trustees (Board). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS Plan by passing bills in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the PSERS Plan 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 services and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lessor 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 district employer or the PSERS' Health Options Program. As of June 30, 2022 there were no assumed future benefit increases to participating eligible retirees.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLANS (CONTINUED)

Employer Contributions. The School Districts' contractually required contribution rate for fiscal year ended June 30, 2022 was 0.75% of covered payroll, an actuarially determined 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 PSERS Plan from the District were \$1,001,590 for the year ended June 30, 2023.

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

At June 30, 2022, the District and the Library reported a liability of \$14,965,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, 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 and Library'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 of all School Districts in the PSERS Plan. At June 30, 2022, the District's proportion was 0.8130%, which was a decrease of 0.0200% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District and Library recognized OPEB expense of (\$586,744). At June 30, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Governmental Activities	Business-Type Activities	Library	Total
Deferred Outflows of Resources:				
Net difference between projected and actual investment earnings	\$ 39,314	\$ 904	\$ 484	\$ 40,702
Difference between expected and actual experience	133,096	3,059	1,640	137,795
Changes of assumptions	1,604,902	36,888	19,771	1,661,561
Changes in proportions	786,744	18,082	9,692	814,518
Difference between employer contributions and proportionate share of total contributions	67,588	1,553	833	69,974
Contributions subsequent to the date of measurement	967,436	22,235	11,919	1,001,590
Total Deferred Outflows of Resources:	<u>\$ 3,599,080</u>	<u>\$ 82,721</u>	<u>\$ 44,339</u>	<u>\$ 3,726,140</u>
Deferred Inflows of Resources:				
Changes of assumptions	\$ 3,413,976	\$ 78,466	\$ 42,061	\$ 3,534,503
Difference between expected and actual experience	77,441	1,780	954	80,175
Changes in proportions	1,452,712	33,390	17,898	1,504,000
Difference between employer contributions and proportionate share of total contributions	19,368	445	239	20,052
Total Deferred Inflows of Resources:	<u>\$ 4,963,497</u>	<u>\$ 114,081</u>	<u>\$ 61,152</u>	<u>\$ 5,138,730</u>

\$1,001,590 reported as deferred outflows of resources related to OPEB resulting from District and Library contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLANS (CONTINUED)

Schedule of amortized outflows & inflows year ended June 30:	Governmental Activities	Business-Type Activities	Library	Total
2024	\$ (366,107)	\$ (8,415)	\$ (4,510)	\$ (379,032)
2025	(315,546)	(7,252)	(3,888)	(326,686)
2026	(496,201)	(11,405)	(6,113)	(513,719)
2027	(656,893)	(15,098)	(8,096)	(680,087)
2027	(445,943)	(10,249)	(5,494)	(461,686)
Thereafter	(51,163)	(1,176)	(631)	(52,970)
	<u>\$ (2,331,853)</u>	<u>\$ (53,595)</u>	<u>\$ (28,732)</u>	<u>\$ (2,414,180)</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 the June 30, 2021 actuarial valuation to June 30, 2022 measurement date 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 and seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate pre age 65 at 50%.
 - Eligible retirees will elect to participate post age 65 at 70%.

The 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 rates and retirement ages were based on the RP-2014 Morality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Mortality Improvement Scale.

ALLENTOWN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLANS (CONTINUED)

Change in Actuarial Assumptions

The discount rate used to measure the Total OPEB liability increased from 2.18% as of June 30, 2021 to 4.09% as of June 30, 2022.

Investments

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	100.0%	0.5%
	<u>100.0%</u>	

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.09% which represents the S&P 20 year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 11 POSTEMPLOYMENT HEALTHCARE PLANS (CONTINUED)

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

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

	1% Decrease 3.09%	Current Rate Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	\$16,924,000	\$14,965,000	\$13,326,000

Sensitivity of the District's proportionate share of the net OPEB liability to changes in the discount rate.

The following presents the District's Proportionate Share of the net OPEB liability as well as what the District's Proportionate Share of the net OPEB liability would be if it was calculated using health cost trends that are 1-percentage point lower or 1-percentage higher than the current rate:

	1% Decrease Between 4% to 6.00%	Current Trend Rate Between 5% to 7.00%	1% Increase Between 6% to 8.00%
District's proportionate share of the net OPEB liability	\$ 14,964,000	\$ 14,965,000	\$ 14,967,000

OPEB plan fiduciary net position.

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

NOTE 12 RIGHT TO USE ASSETS

Below is the District's leased assets as of June 30, 2023.

	Balance July 1, 2022	Additions	Reductions/Amortization	Balance June 30, 2023
Right to use assets	\$ 248,685	\$1,200,915	\$ 301,020	\$ 1,148,580
TOTALS	\$ 248,685	\$1,200,915	\$ 301,020	\$ 1,148,580

ALLENTOWN SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 JUNE 30, 2023

NOTE 13 CONTINGENCIES AND COMMITMENTS

Government Grants and Awards

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

Litigation

Certain litigation claims are pending against the District. In the opinion of District management and legal counsel, the potential losses, if any, on such claims would not have a materially adverse effect on the District's finances.

NOTE 14 EXCESS OF EXPENDITURES OVER APPROPRIATIONS

The following general fund functions incurred expenditures in excess of appropriations in the following amounts for the year ended June 30, 2023:

Regular Programs, Elementary/ Secondary	\$ 404,409
Other Instructional Programs	3,962,500
Adult vocational education program	1,736
Instructional staff	527,464
Other support services	281
Food services	69,256
Site and building acquisition services	25,691,375
Refund of prior year revenues	1,848,367

The excess of expenditures over appropriations was financed with current year savings in other budget appropriation line items.

NOTE 15 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for worker's compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverage during the 2022-2023 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

ALLENTOWN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2023

NOTE 16 RELATED PARTY TRANSACTIONS

The District has various transactions with Allentown Public Library, which is a component unit of the District. The Library received a substantial portion of its support from the District during the year ended June 30, 2023. The District also provides certain general and administrative services to the Library. As of June 30, 2023, the District owed the Library \$282,822 for the Library's portion of the state retirement and social security subsidies.

NOTE 17 DEFICIT NET POSITION

For governmental activities, the unrestricted net deficit amount of \$253,294,335 includes the effect of deferring the recognition of pension and OPEB contributions made subsequent to the measurement date of the net pension and OPEB liabilities, the unamortized portion of contributions made in excess of the District's share of its proportionate contributions to its pension and OPEB plans, and the deferred outflows resulting from the change in the District's share of the net pension and net OPEB liabilities. This is offset by the District's actuarially determined pension and OPEB liabilities and the deferred inflows resulting from the differences between projected and actual investment earnings and expected and actual experience.

NOTE 18 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through October 21, 2024, the date the financial statements were available to be issued. No events were noted to be disclosed.

REQUIRED
SUPPLEMENTARY
INFORMATION

ALLENTOWN SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S AND LIBRARY'S PROPORTIONATE
 SHARE OF THE NET PENSION LIABILITY
 JUNE 30, 2023

	Measurement Date								
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's and Library's proportion of the net pension liability	0.8130%	0.8330%	0.8223%	0.9180%	0.8825%	0.8363%	0.8195%	0.7993%	0.8260%
District's and Library's proportion of the net pension liability dollar value	\$ 361,405,000	\$ 342,085,000	\$ 405,582,000	\$ 429,464,000	\$ 423,644,000	\$ 413,035,000	\$ 406,118,000	\$ 346,219,000	\$ 326,936,000
District's and Library's covered payroll	\$ 121,719,030	\$ 118,090,452	\$ 115,417,614	\$ 121,752,410	\$ 118,846,819	\$ 111,339,682	\$ 106,128,827	\$ 100,546,278	\$ 105,406,602
District's and Library's proportionate share of the net pension liability as a percentage of its covered payroll	296.92%	289.68%	351.40%	352.74%	356.46%	370.97%	382.67%	344.34%	310.17%
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%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

ALLENTOWN SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF THE DISTRICT'S AND LIBRARY'S PENSION CONTRIBUTIONS
 JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually required contribution	\$ 46,086,525	\$ 41,554,877	\$ 40,226,548	\$ 41,323,731	\$ 39,691,326	\$ 37,400,043	\$ 33,037,254	\$ 26,572,054	\$ 20,611,987
Contributions in relation to the contractually required contribution	<u>46,086,525</u>	<u>41,554,877</u>	<u>40,226,548</u>	<u>41,323,731</u>	<u>39,691,326</u>	<u>37,400,043</u>	<u>33,037,254</u>	<u>26,572,054</u>	<u>20,611,987</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's and Library's covered payroll	\$ 133,545,422	\$ 121,719,030	\$ 118,090,452	\$ 115,417,614	\$ 121,752,410	\$ 118,846,819	\$ 111,339,682	\$ 106,128,827	\$ 100,546,278
Contributions as a percentage of covered payroll	34.51%	34.14%	34.06%	35.80%	32.60%	31.47%	29.67%	25.04%	20.50%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

ALLENTOWN SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS -
RETIREES HEALTH PLAN
JUNE 30, 2023

Measurement Date	<u>June 30, 2023</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Service cost	\$ 915,934	\$ 1,368,605	\$ 963,750	\$ 894,772	\$ 834,043	\$ 852,198
Interest	328,927	357,435	532,041	443,881	443,271	362,333
Differences between expected and actual experience	-	(5,098,264)	-	594,853	-	(650,254)
Changes of assumptions	(3,838,511)	(456,491)	2,108,141	(465,741)	6,609	(228,949)
Benefit payments	<u>(355,853)</u>	<u>(689,901)</u>	<u>(551,316)</u>	<u>(652,137)</u>	<u>(563,090)</u>	<u>(876,473)</u>
Net change in total OPEB liability	(2,949,503)	(4,518,616)	3,052,616	815,628	720,833	(541,145)
Total OPEB liability - Beginning of Year	<u>13,703,443</u>	<u>18,222,059</u>	<u>15,169,443</u>	<u>14,353,815</u>	<u>13,632,982</u>	<u>14,174,127</u>
Total OPEB liability - End of Year	<u>\$ 10,753,940</u>	<u>\$ 13,703,443</u>	<u>\$ 18,222,059</u>	<u>\$ 15,169,443</u>	<u>\$ 14,353,815</u>	<u>\$ 13,632,982</u>
Covered payroll	\$ 103,004,581	\$ 103,004,581	\$ 110,086,557	\$ 110,086,557	\$ 107,069,600	\$ 107,069,600
District's total OPEB liability as a percentage of covered payroll	10.44%	13.30%	16.55%	13.78%	13.41%	12.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

ALLENTOWN SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S AND LIBRARY'S PROPORTIONATE SHARE OF
THE NET OPEB LIABILITY - PSERS PLAN
JUNE 30, 2023

	Measurement Date						
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's and Library's proportion of the net OPEB liability	0.8130%	0.8330%	0.8223%	0.9180%	0.8825%	0.8363%	0.8195%
District's and Library's proportion of the net OPEB liability	\$ 14,965,000	\$ 19,743,000	\$ 17,767,000	\$ 19,524,000	\$ 18,400,000	\$ 17,039,000	\$ 17,652,000
District's and Library's covered payroll	\$ 121,719,030	\$ 118,090,452	\$ 115,417,614	\$ 121,752,410	\$ 118,846,819	\$ 111,339,682	\$ 106,128,827
District's and Library's proportionate share of the net OPEB liability as a percentage of its covered payroll	12.29%	16.72%	15.39%	16.04%	15.48%	15.30%	16.63%
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%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

ALLENTOWN SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S AND LIBRARY'S
CONTRIBUTIONS - PSERS PLAN
JUNE 30, 2023

	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 1,001,590	\$ 973,752	\$ 979,084	\$ 1,037,727	\$ 1,010,545	\$ 978,010	\$ 936,996
Contributions in relation to the contractually required contribution	<u>1,001,590</u>	<u>973,752</u>	<u>979,084</u>	<u>1,037,727</u>	<u>1,010,545</u>	<u>978,010</u>	<u>936,996</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's and Library's covered payroll	\$ 133,545,422	\$ 121,719,030	\$ 118,090,452	\$ 115,417,614	\$ 121,752,410	\$ 118,846,819	\$ 111,339,682
Contributions as a percentage of covered payroll	0.75%	0.80%	0.83%	0.90%	0.83%	0.82%	0.84%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SUPPLEMENTARY
INFORMATION

ALLENTOWN SCHOOL DISTRICT
 COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS
 JUNE 30, 2023

	Special Revenue Funds				Totals
	Athletic Fund	JBC Fund	Student Activity Fund	Playground Fund	
ASSETS					
Cash and cash equivalents	<u>\$ 93,484</u>	<u>\$ -</u>	<u>\$ 369,071</u>	<u>\$ 61,571</u>	<u>\$ 524,126</u>
TOTAL ASSETS	<u>\$ 93,484</u>	<u>\$ -</u>	<u>\$ 369,071</u>	<u>\$ 61,571</u>	<u>\$ 524,126</u>
FUND BALANCES:					
Restricted for playgrounds	-	-	-	61,571	61,571
Restricted for student activities	-	-	369,071	-	369,071
Assigned	93,484	-	-	-	93,484
TOTAL FUND BALANCES	<u>\$ 93,484</u>	<u>\$ -</u>	<u>\$ 369,071</u>	<u>\$ 61,571</u>	<u>\$ 524,126</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 93,484</u>	<u>\$ -</u>	<u>\$ 369,071</u>	<u>\$ 61,571</u>	<u>\$ 524,126</u>

ALLENTOWN SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES-
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2023

	Special Revenue Funds				Totals
	Athletic Fund	JBC Fund	Student Activity Fund	Playground Fund	
REVENUES					
Local sources	\$26,958	\$69,388	\$330,429	\$13,662	\$ 440,437
TOTAL REVENUES	<u>26,958</u>	<u>69,388</u>	<u>330,429</u>	<u>13,662</u>	<u>440,437</u>
EXPENDITURES					
Operation of noninstructional services	23,746	29,445	334,452	19,256	406,899
TOTAL EXPENDITURES	<u>23,746</u>	<u>29,445</u>	<u>334,452</u>	<u>19,256</u>	<u>406,899</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,212</u>	<u>39,943</u>	<u>(4,023)</u>	<u>(5,594)</u>	<u>33,538</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(351,152)	-	-	(351,152)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>(351,152)</u>	<u>-</u>	<u>-</u>	<u>(351,152)</u>
NET CHANGE IN FUND BALANCES	3,212	(311,209)	(4,023)	(5,594)	(317,614)
FUND BALANCE, BEGINNING OF YEAR	<u>90,272</u>	<u>311,209</u>	<u>373,094</u>	<u>67,165</u>	<u>841,740</u>
FUND BALANCE, END OF YEAR	<u>\$ 93,484</u>	<u>\$ -</u>	<u>\$ 369,071</u>	<u>\$ 61,571</u>	<u>\$ 524,126</u>

SINGLE
AUDIT
OTHER SUPPLEMENTAL INFORMATION



Zelenkofske Axlerod LLC

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

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Allentown School District
Allentown, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Allentown School District ("the District") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
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420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601

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Allentown School District
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Report on Compliance and Other Matters

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

Purpose of this Report

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

Zelenkofske Axelrod LLC

ZELENKOFSCHE AXELROD LLC

Jamison, Pennsylvania
October 21, 2024



Zelenkofske Axlerod LLC

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Allentown School District
Allentown, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Allentown School District's ("the District") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The 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, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the 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 District's compliance with the compliance requirements referred to above.

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the 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 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 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.



Zelenkofske Axlerod LLC

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Board of School Directors
Allentown School District
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Report on Internal Control Over Compliance

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

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

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

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

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
October 21, 2024

ALLENTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Source Code	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue 07/01/2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/2023	Passed Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION											
Passed through PA State System of Higher Education											
Gaining Early Awareness and Readiness for Undergraduate Programs	I	84.334	2019-GEARUP3-ASD-05	7/1/2021-6/30/2022	\$ -	\$ 6,414	\$ 6,414	\$ -	\$ -	\$ -	\$ -
Gaining Early Awareness and Readiness for Undergraduate Programs	I	84.334	2019-GEARUP3-ASD-05	7/1/2022-6/30/2023	549,293	447,541	-	549,293	549,293	101,752	-
Total ALN 84.334						453,955	6,414	549,293	549,293	101,752	-
Passed through PA Department of Education											
Title I Grants to Local Educational Agencies	I	84.010	042-200007	2/27/21 - 9/30/22	1,722,777	215,347	215,347	-	-	-	-
Title I Grants to Local Educational Agencies	I	84.010	042-210007	10/20/21 - 9/30/22	1,946,450	746,457	(330,274)	1,465,703	1,465,703	388,972	-
Title I Grants to Local Educational Agencies	I	84.010	042-220007	8/29/22 - 9/30/23	2,100,522	750,186	-	1,662,315	1,662,315	912,129	-
Title I Grants to Local Educational Agencies	I	84.010	013 220007	7/1/21 - 9/30/23	11,788,679	3,143,455	779,520	2,363,935	2,363,935	-	-
Title I Grants to Local Educational Agencies	I	84.010	013 230007	7/1/22 - 9/30/23	12,899,313	9,378,509	-	11,723,793	11,723,793	2,345,284	-
Total ALN 84.010						14,233,954	664,593	17,215,746	17,215,746	3,646,385	-
Twenty-First Century Community Learning Centers	I	84.287	4100078078	7/1/21 - 6/30/22	400,000	39,121	39,121	-	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	4100078076	7/1/21 - 6/30/22	400,000	42,422	42,422	-	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	4100078079	7/1/21 - 6/30/22	400,000	49,241	49,241	-	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	4100083485	7/1/21 - 6/30/22	400,000	92,292	-	92,292	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	4100083484	7/1/21 - 6/30/22	400,000	23,042	23,042	-	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	4100083483	7/1/21 - 6/30/22	400,000	103,174	-	103,174	-	-	-
Twenty-First Century Community Learning Centers	I	84.287	4100078078	7/1/22-6/30/23	400,000	220,633	-	259,003	259,003	38,370	-
Twenty-First Century Community Learning Centers	I	84.287	4100078076	7/1/22-6/30/23	400,000	306,277	-	350,257	350,257	43,980	-
Twenty-First Century Community Learning Centers	I	84.287	4100078079	7/1/22-6/30/23	400,000	269,776	-	317,607	317,607	47,831	-
Twenty-First Century Community Learning Centers	I	84.287	4100083485	7/1/22-6/30/23	400,000	233,539	-	268,981	268,981	35,442	-
Twenty-First Century Community Learning Centers	I	84.287	4100083484	7/1/22-6/30/23	400,000	268,765	-	340,746	340,746	171,981	-
Twenty-First Century Community Learning Centers	I	84.287	4100083483	7/1/22-6/30/23	400,000	179,739	-	356,997	356,997	177,258	-
Twenty-First Century Community Learning Centers	I	84.287	4100093277	10/1/22 - 9/30/23	500,000	193,153	-	253,146	253,146	59,993	-
Twenty-First Century Community Learning Centers	I	84.287	4100093276	10/1/22 - 9/30/23	500,000	171,253	-	225,804	225,804	54,551	-
Twenty-First Century Community Learning Centers	I	84.287	4100093278	10/1/22 - 9/30/23	500,000	169,759	-	229,241	229,241	59,482	-
Total ALN 84.287						2,362,186	349,292	2,601,782	2,601,782	588,888	-
English Language Acquisition State Grants	I	83.365	010-210007	7/1/20 - 9/30/22	1,051,236	203,498	203,498	-	-	-	-
English Language Acquisition State Grants	I	84.365	010-220007	7/1/21 - 9/30/22	739,291	99,018	(80,713)	625,310	625,310	445,579	-
English Language Acquisition State Grants	I	84.365	010-230007	7/1/22 - 9/30/23	577,994	577,994	-	38,454	38,454	(539,540)	-
Total ALN 84.365						880,510	122,785	663,764	663,764	(93,961)	-
Supporting Effective Instruction State Grants	I	84.367	020-210007	7/1/21 - 9/30/22	1,043,859	118,330	-	118,330	118,330	-	-
Supporting Effective Instruction State Grants	I	84.367	020-220007	7/1/21 - 9/30/22	1,097,416	225,060	63,652	236,428	236,428	75,020	-
Supporting Effective Instruction State Grants	I	84.367	020-230007	7/1/22 - 9/30/23	1,196,114	717,067	-	798,661	798,661	81,594	-
Total ALN 84.367						1,060,457	63,652	1,153,419	1,153,419	156,614	-
Student Support and Academic Enrichment Program	I	84.424	144-210007	7/1/20 - 9/30/22	905,726	60,381	60,381	-	-	-	-
Student Support and Academic Enrichment Program	I	84.424	144-220007	7/1/21 - 9/30/22	887,828	414,482	(35,688)	568,594	568,594	118,424	-
Student Support and Academic Enrichment Program	I	84.424	144-230007	7/1/22 - 9/30/23	916,704	412,349	-	59,330	59,330	(353,019)	-
Total ALN 84.424						887,212	24,693	627,924	627,924	(234,595)	-
Cares Act Esser Fund Local		84.425	200-210007	3/13/20 - 9/30/23	43,596,040	19,263,366	13,250,183	5,708,709	5,708,709	(304,474)	-
GEERs CEEG	I	84.425	253-200007	3/13/20 - 9/30/22	364,750	-	(3,161)	3,161	3,161	-	-
ARP ESSER		84.425	223-210007	3/13/20 - 9/30/24	88,182,176	3,206,625	(6,413,249)	20,826,062	20,826,062	11,206,188	-
ARP ESSER 2.5%		84.425	224-210007	3/13/20 - 9/30/24	433,718	417,946	41,770	293,788	293,788	(82,388)	-
ARP ESSER 7%		84.425	225-210007	3/13/20 - 9/30/24	6,853,735	2,616,881	41,555	3,472,761	3,472,761	897,435	-
ARP ESSER Homeless Children		84.425	181-212008	7/1/21 - 9/30/24	400,883	82,232	(20,558)	71,779	71,779	(31,011)	-
Total ALN 84.425						25,587,050	6,896,540	30,376,260	30,376,260	11,685,750	-
Subtotal						45,465,324	8,127,969	53,188,188	53,188,188	15,850,833	-
Continued on next page.											

The accompanying notes are an integral part of this schedule.

ALLENTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

<u>Federal Grantor/Pass-through Grantor/Program or Cluster Title</u>	<u>Source Code</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Grant Period Beginning - Ending</u>	<u>Program or Award Amount</u>	<u>Total Received for Year</u>	<u>Accrued (Deferred) Revenue 07/01/2022</u>	<u>Revenue Recognized</u>	<u>Expenditures</u>	<u>Accrued (Deferred) Revenue 06/30/2023</u>	<u>Passed Through to Subrecipients</u>
U.S. DEPARTMENT OF EDUCATION											
Passed through Pennsylvania Commission of Crime and Delinquency COVID-19 Education Stabilization Fund	I	84.425D	2020-ES-01-35220	03/13/2020 - 09/30/2022	\$ 1,307,704	\$ 336,685	\$ 4,803	\$ 331,882	\$ 331,882	\$ -	\$ -
Total ALN 84.425D						<u>336,685</u>	<u>4,803</u>	<u>331,882</u>	<u>331,882</u>	<u>-</u>	<u>-</u>
Passed through Carbon Lehigh I.U. Special Education Grants to States	I	84.027	N/A	7/1/21-6/30/22	3,093,643	3,093,643	3,093,643	-	-	-	-
Special Education Grants to States	I	84.027	N/A	7/1/21-6/30/23	730,390	-	-	730,390	730,390	730,390	-
Special Education Grants to States	I	84.027	N/A	7/1/22-6/30/23	3,143,523	-	-	3,143,523	3,143,523	3,143,523	-
Total ALN 84.027						<u>3,093,643</u>	<u>3,093,643</u>	<u>3,873,913</u>	<u>3,873,913</u>	<u>3,873,913</u>	<u>-</u>
Passed through Carbon Lehigh I.U. Special Education Preschool Grants	I	84.173	H173A190090	7/1/21-6/30/22	18,360	-	-	18,634	18,634	18,634	-
Special Education Preschool Grants	I	84.173	H173A190090	7/1/21-6/30/22	9,680	9,680	9,680	-	-	-	-
Total ALN 84.173						<u>9,680</u>	<u>9,680</u>	<u>18,634</u>	<u>18,634</u>	<u>18,634</u>	<u>-</u>
Subtotal Special Education Cluster (IDEA)						<u>3,103,323</u>	<u>3,103,323</u>	<u>3,892,547</u>	<u>3,892,547</u>	<u>3,892,547</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF EDUCATION						<u>48,905,332</u>	<u>11,236,095</u>	<u>57,412,617</u>	<u>57,412,617</u>	<u>19,743,380</u>	<u>-</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES											
Passed through PA Department of Education Temporary Assistance for Needy Families	I	93.558	4100081164	7/1/21-6/30/22	600,126	141,691	141,691	-	-	-	-
Temporary Assistance for Needy Families	I	93.558	4100081164	7/1/22-6/30/23	220,862	220,862	-	220,862	220,862	-	-
Total ALN 93.558, TANF Cluster						<u>362,553</u>	<u>141,691</u>	<u>220,862</u>	<u>220,862</u>	<u>-</u>	<u>-</u>
Refugee and Entrant Assistance Discretionary Grants	I	93.576	4100081652	7/1/22-6/30/23	22,955	22,955	-	22,955	22,955	-	-
Total ALN 93.576						<u>22,955</u>	<u>-</u>	<u>22,955</u>	<u>22,955</u>	<u>-</u>	<u>-</u>
Passed through PA Department of Human Services MaryLee Allen Promoting Safe and Stable Families Program	I	93.556	4100067075	7/1/22-6/30/23	144,612	144,612	-	144,612	144,612	-	-
Total ALN 93.556						<u>144,612</u>	<u>-</u>	<u>144,612</u>	<u>144,612</u>	<u>-</u>	<u>-</u>
Medical Assistance Program	I	93.778	N/A	7/1/21-6/30/22	145,227	113,247	113,247	-	-	-	-
Medical Assistance Program	I	93.778	N/A	7/1/22-6/30/23	91,149	36,654	-	91,149	91,149	54,495	-
Total ALN 93.778 Medicaid Cluster						<u>149,901</u>	<u>113,247</u>	<u>91,149</u>	<u>91,149</u>	<u>54,495</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						<u>680,021</u>	<u>254,938</u>	<u>479,578</u>	<u>479,578</u>	<u>54,495</u>	<u>-</u>

Continued on next page.

The accompanying notes are an integral part of this schedule.

ALLENTOWN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Source Code	Assistance Listing Number	Pass-Through Grantor's Number	Grant Period Beginning - Ending	Program or Award Amount	Total Received for Year	Accrued (Deferred) Revenue 07/01/2022	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 06/30/2023	Passed Through to Subrecipients
U.S. DEPARTMENT OF DEFENSE											
ROTC Language and Culture Training Grants	D	12.357	N/A	7/1/22-6/30/23	\$ 165,884	\$ 165,884	\$ -	\$ 165,884	\$ 165,884	\$ -	\$ -
Total ALN 12.357						<u>165,884</u>	<u>-</u>	<u>165,884</u>	<u>165,884</u>	<u>-</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF DEFENSE						<u>165,884</u>	<u>-</u>	<u>165,884</u>	<u>165,884</u>	<u>-</u>	<u>-</u>
U.S. DEPARTMENT OF AGRICULTURE											
Passed through PA Department of Education											
Child and Adult Care Food Program	I	10.558	164	07/01/21-06/30/22	N/A	3,195	3,195	-	-	-	-
Child and Adult Care Food Program	I	10.558	164	7/1/22-6/30/23	N/A	<u>277,267</u>	<u>-</u>	<u>278,869</u>	<u>278,869</u>	<u>1,602</u>	<u>-</u>
Total ALN 10.558						<u>280,462</u>	<u>3,195</u>	<u>278,869</u>	<u>278,869</u>	<u>1,602</u>	<u>-</u>
Pandemic EBT Administrative Costs	I	10.649	358	7/1/22-6/30/23	N/A	<u>5,950</u>	<u>-</u>	<u>5,950</u>	<u>5,950</u>	<u>-</u>	<u>-</u>
Total ALN 10.649						<u>5,950</u>	<u>-</u>	<u>5,950</u>	<u>5,950</u>	<u>-</u>	<u>-</u>
School Breakfast Program	I	10.553	365	07/01/21-06/30/22	N/A	144,489	144,489	-	-	-	-
School Breakfast Program	I	10.553	365	7/1/22-6/30/23	N/A	<u>1,791,206</u>	<u>-</u>	<u>1,866,072</u>	<u>1,866,072</u>	<u>74,866</u>	<u>-</u>
Total ALN 10.553						<u>1,935,695</u>	<u>144,489</u>	<u>1,866,072</u>	<u>1,866,072</u>	<u>74,866</u>	<u>-</u>
National School Lunch Program	I	10.555	N/A	07/01/21-06/30/22	N/A	841,895	-	822,787	822,787	*(19,108)	-
National School Lunch Program	I	11.555	N/A	7/1/22-6/30/23	N/A	408,168	408,168	-	-	-	-
National School Lunch Program	I	10.555	356357362	7/1/22-6/30/23	N/A	<u>8,676,273</u>	<u>-</u>	<u>8,839,897</u>	<u>8,839,897</u>	<u>163,624</u>	<u>-</u>
						<u>9,926,336</u>	<u>408,168</u>	<u>9,662,684</u>	<u>9,662,684</u>	<u>144,516</u>	<u>-</u>
Summer Food Service Program for Children	I	10.559	264	7/1/22-6/30/23	N/A	<u>229,194</u>	<u>-</u>	<u>280,067</u>	<u>280,067</u>	<u>50,873</u>	<u>-</u>
Total ALN 10.559						<u>229,194</u>	<u>-</u>	<u>280,067</u>	<u>280,067</u>	<u>50,873</u>	<u>-</u>
Passed through PA Department of Agriculture											
National School Lunch Program - Donated Commodities	I	10.555	N/A	7/1/22-6/30/23	N/A	<u>-</u>	<u>(27,436)</u>	<u>27,436</u>	<u>27,436</u>	<u>-</u>	<u>-</u>
Total Child Nutrition Cluster						<u>12,091,225</u>	<u>525,221</u>	<u>11,836,259</u>	<u>11,836,259</u>	<u>270,255</u>	<u>-</u>
TOTAL U.S. DEPARTMENT OF AGRICULTURE						<u>12,377,637</u>	<u>528,416</u>	<u>12,121,078</u>	<u>12,121,078</u>	<u>271,857</u>	<u>-</u>
TOTAL FEDERAL AWARDS						<u>\$ 62,128,874</u>	<u>\$ 12,019,449</u>	<u>\$ 70,179,157</u>	<u>\$ 70,179,157</u>	<u>\$ 20,069,732</u>	<u>\$ -</u>

Source Codes:

I - Indirect Funding
D - Direct Funding

* - Denotes tested as major program

The accompanying notes are an integral part of this schedule.

ALLENTOWN SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

NOTE A SCOPE OF THIS SCHEDULE

The schedule of expenditures of federal awards reflects federal expenditures for all individual grants that were active during the fiscal year.

NOTE B BASIS OF ACCOUNTING

The District uses the modified accrual method of recording transactions except as noted for the accounting of donated commodities in Note C. Revenues are recorded when measurable and available. Expenditures are recorded when incurred.

NOTE C NONMONETARY FEDERAL AWARDS - DONATED COMMODITIES

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal awards under ALN 10.555 represent surplus food consumed by the District during the 2022-2023 fiscal year. The District has food commodities totaling \$19,108 in inventory as of June 30, 2023.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2023 was \$810,000.

NOTE E ARRA PROGRAMS

The Qualified School Construction Bond Program ("QSCB") and Qualified Zone Academy Program ("QZAB") were authorized through the American Recovery and Reinvestment Tax Act ("ARRA"). These ARRA-funded programs are not covered by the single audit requirements and are not required to be included in the schedule of expenditures of federal awards ("SEFA") or in the determination of major programs. The total amount of federal subsidy reimbursements received totaled \$873,111 for the year ended June 30, 2023.

NOTE F INDIRECT COST RATE

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

NOTE G SUBRECIPIENTS

The District has not passed any federal awards through to subrecipients.

ALLENTOWN SCHOOL DISTRICT
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2023

PART A – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued (unmodified, qualified, adverse, or disclaimer): Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported
- Noncompliance material to financial
 Statements noted? Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

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

Any audit findings disclosed that are
 required to be reported in accordance
 with the Uniform Guidance?

 Yes X No

Identification of major programs:

<u>Assistance Listing Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.425	Education Stabilization Fund (ESF)
10.553, 10.555, 10.559	Child Nutrition Cluster
84.287	Twenty-First Century Community Learning Centers

Dollar threshold used to distinguish between
 Type A and Type B programs:

\$2,105,375

Auditee qualified as low-risk auditee?

 Yes X No

ALLENTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

PART B – FINDINGS RELATED TO FINANCIAL STATEMENTS

None noted

ALLENTOWN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023

PART C – FINDINGS RELATED TO FEDERAL AWARDS

None noted.

ALLENTOWN SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS
JUNE 30, 2023

STATUS OF PRIOR YEAR FINDINGS

2022-001 - Resolved

2022-002 - Resolved