

**REPORT ON  
BETHLEHEM AREA SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2022**

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2022

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**Single Audit Report**

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## INTRODUCTORY SECTION



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Members of the Board  
Bethlehem Area School District  
1516 Sycamore Street  
Bethlehem, PA 18017

We have performed the Single Audit of the Bethlehem Area School District for the fiscal year ended June 30, 2022, and have enclosed the Single Audit reporting package.

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

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

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

Respectfully submitted,

*Gorman & Associates, P.C.*

December 6, 2022



# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of School Directors  
Dr. Joseph J. Roy, Superintendent  
Bethlehem Area School District  
1516 Sycamore Street  
Bethlehem, PA 18017-6099

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Area School District for the year ended June 30, 2022, and have issued our report thereon dated December 6, 2022.

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

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matter on June 7, 2022.

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Bethlehem Area School District are described in the notes to the financial statements. No new accounting policies were adopted during this past year and the existing policies were properly applied. We did not discover any transactions entered into by the District that lacked authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

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

We have requested certain representations from management that are included in the management representation letter provided to us on December 6, 2022. We advise the governing body to request this letter from management for their review. In conjunction with their representations, we wish to inform you we did not encounter any significant difficulties in dealing with management and had no disagreements with your management. To our knowledge, management did not find a need to converse with any other independent accountant on any related accounting or auditing issue.



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

In accordance with auditing standards, generally accepted in the United States of America, we have acquired a sufficient understanding of the District and its environment, including its internal control, to assess the risk of material misstatements of the financial statements whether due to error or fraud, and to design the nature, timing, and extent of further audit procedures that were necessary to express an opinion on the 2021-22 basic financial statements.

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

**A control deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis.**

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

**A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.**

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

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

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the District.

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

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

### ***RECOMMENDATIONS***

#### ***PSDLAF Positive Pay***

Positive pay is a fraud-prevention system implemented at commercial banks to deter check fraud. This system is currently required by PSDLAF due to previous fraud attempts and is currently implemented with the General Fund PSDLAF account only. Since PSDLAF will not process payments for any other accounts without positive pay, payments from other funds must be transferred to the General Fund checking account and processed there. During the audit, we found instances where payments were processed from the General Fund account, but the money was not transferred from the appropriate fund(s), as needed. These discrepancies were tracked on the bank reconciliation as separate line items when an entry should have been made to correct the cash balance in the General Fund and record interfund receivables and payables within each of the funds.

The nature of positive pay is creating additional complexities in the bank reconciliation process which can increase the risk of errors being made and increase costs due to the additional time needed to process the transfers between funds and to reconcile the bank account. After discussing the matter with management, it is our recommendation the District consider implementing positive pay with each funds' bank account to eliminate the need to constantly transfer money between the various funds or consider using another bank without positive pay.

#### ***Elementary Student Activities***

While testing student activities, we noticed that elementary student activities are being included in the student activity fund. Students at an elementary level are perceived to be too young and inexperienced to independently manage their own funds, which disqualifies their eligibility to be considered for a custodial fund. Reporting elementary activities in a custodial fund is a departure from GAAP. It is our recommendation that elementary student activities and balances are included in the general fund or a special revenue fund.

#### ***Student Balances – Food Service Fund***

At the end of the year the District reviews the student balance accounts in the Food Service fund and applies certain donations against the student accounts with negative balances in a methodical way. After applying the donations, the District calculates what the student balances should be as of June 30<sup>th</sup> and makes a journal entry to apply the donations and correct the student balances in the Food Service Fund. However, when sorting the student balance accounts in an excel spreadsheet the District uses, the District mistakenly excluded the inactive student balances. This led to the balances effectively being written off in the Food Service Fund via a year-end adjusting entry. While this was corrected during the audit, the bad debt expense for uncollectable negative student balances cannot be written off in the food service fund but must instead be written off in the General Fund by having the General Fund reimburse the Food Service fund for the bad debt.

It is our recommendation that a policy should be put in place to decide when to write off negative student balances as bad debt for accounts the District is no longer actively collecting on. In addition, the spreadsheet being used to determine the student balances at the end of the year should be reviewed and compared to the reconciled student balances in total as a secondary proof to avoid any potential errors being made.

**CONTROL DEFICIENCY**

*Revenue Coding – Middle School Activity Funds*

While testing revenues in the student activities, we discovered Nitschmann Middle School and Northeast Middle School recorded all revenues, except Interest Revenue, to function 6750 (LEA Activity - Special Revenue). The PDE chart of accounts defines this revenue code as, “revenue from student fundraising events.” While testing deposits for these schools, it was evident that not all deposits were related to student fundraisers, such as yearbook sales, donations, and concert admissions. We also discovered that these coding errors could derive from the deposit forms that are being submitted from the clubs. The deposit forms for Nitschmann Middle School and Northeast Middle School specifically have revenue code 6750 printed on them, therefore by default every revenue is being coded there. We recommend that these forms remove the revenue function coding from the top of the page, and we also suggest referring to the PDE chart of accounts to break out revenues to the appropriate categories.

**OTHER INFORMATION**

*SBITAs (Subscription-Based Information Technology Arrangements)*

IT software subscriptions allow governments to benefit from the use of IT software without maintaining a perpetual license or title to the software. Therefore, these arrangements are mutually beneficial for both the vendor and the government. Because of the increased popularity of subscription-based information technology arrangements, GASB issued Statement No. 96 to address the accounting treatment and financial reporting for these agreements.

Currently these types of arrangements are simply expensed when paid however under the new standard a subscription liability is measured as the present value of the total subscription expected to be made to the vendor during the subscription term. The total future payments are discounted using the interest rate the vendor charges the government, which may be the interest rate implicit in the SBITA, or if such a rate is not stated an estimated incremental borrow rate of the government can be used for the present value calculation. In addition to the subscription liability, the government recognized a subscription asset. Subsequently, the government will amortize the subscription asset in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT asset. Amortization of the subscription asset begins at the commencement of the subscription term and is reported as an outflow of resources by the governmental entity.

The new guidance is effective for the 22-23 fiscal year.

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

Respectively submitted,



December 6, 2022

### ***REPORT DISTRIBUTION LIST***

The Bethlehem Area School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO: (Electronically Submitted)	BUREAU OF THE CENSUS DATA PREPARATION DIVISION
ONE COPY TO: (Electronically Submitted)	COMMONWEALTH OF PENNSYLVANIA OFFICE OF THE BUDGET/BUREAU OF AUDITS
ONE COPY TO:	U.S. DEPARTMENT OF EDUCATION 400 MARYLAND AVENUE, SW WASHINGTON, D.C. 20202
ONE COPY TO:	COLONIAL INTERMEDIATE UNIT 6 DANFORTH DRIVE EASTON, PA 18045
ONE COPY TO:	BUREAU OF FINANCIAL OPERATIONS DEPARTMENT OF PUBLIC WELFARE 2 N CIRCLE DR HARRISBURG, PA 17110
ONE COPY TO:	LANCASTER-LEBANON IU 13 ATTN; ROCCO A. PISCONERI 6340 FLANK DRIVE HARRISBURG, PA 17112-2764

## **FINANCIAL SECTION**



**GORMAN & ASSOCIATES, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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

## **INDEPENDENT AUDITOR'S REPORT**

Board of School Directors  
Bethlehem Area School District  
1516 Sycamore Street  
Bethlehem, PA 18017-6099

### **Report on the Audit of the Financial Statements**

#### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Area School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Bethlehem Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Area School District, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

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

#### ***Change in Accounting Principle***

As described in Note 2-G to the financial statements, in 2022, the District adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinion is not modified with respect to this matter.

#### ***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10-21, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 95-104, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

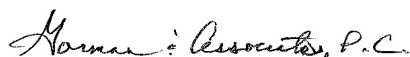
***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Bethlehem Area School District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2022, on our consideration of the Bethlehem Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bethlehem Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bethlehem Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania  
December 6, 2022



**Bethlehem Area School District  
Management's Discussion and Analysis**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)  
Required Supplementary Information (RSI)  
(UNAUDITED)  
For the Year Ended June 30, 2022**

The discussion and analysis of the Bethlehem Area School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School 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 their Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

**SCHOOL DISTRICT HIGHLIGHTS**

Bethlehem Area School District is a School District of the Second Class, organized and existing under the laws of the Commonwealth of Pennsylvania (the "Commonwealth"). The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

The Bethlehem Area School District is located in portions of Northampton and Lehigh Counties, Pennsylvania in an area known as the Lehigh Valley. It is comprised of five municipal subdivisions including the City of Bethlehem, Fountain Hill and Freemansburg Boroughs, and Bethlehem and Hanover Townships covering an area of approximately 43.1 square miles. The School District had enrollment of 12,916 students in our 22 schools for 2021-22. Students are additionally enrolled in out of district placements for vocational education and special education.

The Bethlehem Area School District consists of 16 elementary schools for students in kindergarten through 5th grade, four middle schools for grades 6-8, and two high schools for grades 9 through 12.

**FINANCIAL HIGHLIGHTS**

The School District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The School District uses site-based budgeting, and the budgeting system is designed to tightly control total site budgets, but provide flexibility for site management.

Analysis of actual revenues shows higher than budgeted current real estate, earned income and mercantile tax yielded an increase in operating revenue indicative of local economic stability during the pandemic. State and federal revenue was over budget by \$1,613,196. Overall operating revenues were \$317,434,724 for the 2021-22 school year, \$6,110,281 or 1.96% more than budgeted.

Actual operating expenditures were lower than budgeted in the amount of \$4,291,116 or 1.36% under budget. This resulted from staff vacancies and reduced OPEB liability and refinancing of debt. Transfers to the Capital Reserve Fund in the amount of \$7,500,000 resulted in total expenditures of \$311,529,805.

**Bethlehem Area School District  
Management's Discussion and Analysis**

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In total, this yielded a net General Fund surplus of 3.32% or \$5,904,919 for the year ended June 30, 2022. Together with the beginning fund balance of \$46,404,034, the BASD ended the fiscal year with a total general fund balance of \$52,308,953. This fund balance is reduced by \$291,058 in non-spendable assets, \$83,456 restricted, \$27,000,000 committed to the capital reserve fund for future capital improvements, and \$4,000,000 assigned to mitigate future ongoing increases in the state pension rates for school employees. The resulting undesignated fund balance on June 30, 2022 is \$20,934,439 or 7.6% of expenditures.

**USING THE ANNUAL FINANCIAL REPORT**

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

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

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail than the government-wide statements. The governmental funds statements tell how general District services were financed in the short term as well as what remains for future spending. Proprietary fund statements offer short- and long-term financial information about the activities that the District operates like a business. For this District this is our Food Service Fund and Child Care 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.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.



**Bethlehem Area School District  
Management's Discussion and Analysis**

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

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

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

**Bethlehem Area School District  
Management's Discussion and Analysis**

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## **OVERVIEW OF FINANCIAL STATEMENTS**

### *Government-wide Statements*

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

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

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

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

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

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

### *Fund Financial Statements*

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

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

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

**Bethlehem Area School District  
Management's Discussion and Analysis**

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

**FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

The District's total net position was (\$290,503,617) at June 30, 2022. This is a decrease of \$47,530,838 from the previous fiscal year.

**Table A-1  
Net Position (In Millions)  
Fiscal Year Ended June 30, 2022**

	<u>2022</u>			<u>2021</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
Current assets	\$ 116.1	\$ 5.6	\$ 121.7	\$ 97.9	\$ 1.9	\$ 99.8
Non-Current assets	250.2	0.1	250.3	247.1	0.1	247.2
Deferred Outflow of Resources	90.5	1.7	92.2	98.0	1.7	99.7
<b>Total Assets &amp; Deferred Outflow of Resources</b>	<b>\$ 456.8</b>	<b>\$ 7.4</b>	<b>\$ 464.2</b>	<b>\$ 443.0</b>	<b>\$ 3.7</b>	<b>\$ 446.7</b>
Current and other liabilities	\$ 58.0	\$ 0.4	\$ 58.4	\$ 52.5	\$ 0.9	\$ 53.4
Long-term liabilities	611.2	11.6	622.8	693.0	13.2	706.2
Deferred Inflow of Resources	72.0	1.4	73.4	24.8	0.3	25.1
<b>Total Liabilities &amp; Deferred Inflow of Resources</b>	<b>741.2</b>	<b>13.4</b>	<b>754.6</b>	<b>770.3</b>	<b>14.4</b>	<b>784.7</b>
<b>Net Position</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>	<b>-----</b>
Net Investment in Capital Assets	\$ -	\$ 0.1	\$ 0.1	\$ -	\$ 0.1	\$ 0.1
Unrestricted	(284.4)	(6.1)	(290.5)	(327.3)	(10.8)	(338.1)
<b>Total Net Position</b>	<b>\$ (284.4)</b>	<b>\$ (6.0)</b>	<b>\$ (290.4)</b>	<b>\$ (327.3)</b>	<b>\$ (10.7)</b>	<b>\$ (338.0)</b>
<b>Total Liabilities, Deferred Inflow of Resources, &amp; Net Position</b>	<b>\$ 456.8</b>	<b>\$ 7.4</b>	<b>\$ 464.2</b>	<b>\$ 443.0</b>	<b>\$ 3.7</b>	<b>\$ 446.7</b>

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining unrestricted net position is designated or set-aside to fund future capital projects as planned by the district. The overall negative net asset valuation is due to the level of outstanding debt and derivative liabilities as well as the Other Post Employment Benefit (OPEB) obligation reflected in the statements which are funded on an annual cash basis.

**Bethlehem Area School District  
Management's Discussion and Analysis**

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

Table A-2 takes the information from that Statement and rearranges it slightly, so that total revenues for the year can be seen.

**Table A-2  
Changes in Net Position (In Thousands)  
Fiscal Year Ended June 30, 2022**

	<u>2022</u>			<u>2021</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
<b><u>REVENUES</u></b>						
<i>Program revenues</i>						
Charges for services	\$ 472	\$ 2,032	\$ 2,504	\$ 258	\$ 1,043	\$ 1,301
Operating grants and contributions	56,517	11,721	68,238	50,126	5,098	55,224
Capital grants and contributions	13,284	-	13,284	1,965	-	1,965
<i>General revenues</i>						
Property taxes	185,002	-	185,002	177,674	-	177,674
Other taxes	28,497	-	28,497	27,317	-	27,317
Grants, subsidies and contributions, unrestricted	42,497	-	42,497	38,802	-	38,802
Other	1,267	-	1,267	1,586	3	1,589
<b>TOTAL REVENUES</b>	<b>\$ 327,536</b>	<b>\$ 13,753</b>	<b>\$ 341,289</b>	<b>\$ 297,728</b>	<b>\$ 6,144</b>	<b>\$ 303,872</b>
	-----	-----	-----	-----	-----	-----
<b><u>EXPENSES</u></b>						
Instruction	\$ 185,745	\$ -	\$ 185,745	\$ 191,459	\$ -	\$ 191,459
Instructional student support	24,943	-	24,943	24,503	-	24,503
Administrative and financial support	24,143	-	24,143	23,563	-	23,563
Operation and maintenance of plant	18,754	-	18,754	18,515	-	18,515
Pupil transportation	9,591	-	9,591	8,772	-	8,772
Student activities	3,455	-	3,455	2,997	-	2,997
Community services	201	-	201	178	-	178
Scholarships and Awards	-	-	-	-	-	-
Interest on long-term debt	8,538	-	8,538	10,125	-	10,125
Unallocated depreciation expense	9,263	-	9,263	8,988	-	8,988
Food Services	-	9,125	9,125	-	7,946	7,946
<b>TOTAL EXPENSES</b>	<b>284,633</b>	<b>9,125</b>	<b>293,758</b>	<b>289,100</b>	<b>7,946</b>	<b>297,046</b>
	-----	-----	-----	-----	-----	-----
<b>Increase (decrease) in net position</b>	<b>\$ 42,903</b>	<b>\$ 4,628</b>	<b>\$ 47,531</b>	<b>\$ 8,628</b>	<b>\$ (1,802)</b>	<b>\$ 6,826</b>

**Bethlehem Area School District  
Management's Discussion and Analysis**

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

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

**Table A-3  
Governmental Activities (In Thousands)  
Fiscal Year Ended June 30, 2022**

<b>Functions/Programs</b>	<b>2022</b>		<b>2021</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 185,745	\$ 145,681	\$ 191,459	\$ 154,995
Instructional student support	24,943	16,128	24,503	19,000
Administrative	24,143	20,269	23,563	21,002
Operation and maintenance	18,754	6,769	18,515	16,408
Pupil transportation	9,591	6,306	8,772	5,002
Student activities	3,455	2,960	2,997	2,674
Community services	201	107	178	120
Interest on long-term debt	8,538	6,877	10,125	8,562
Unallocated depreciation expense	9,263	9,263	8,988	8,988
<b>Total governmental activities</b>	<b>\$ 284,633</b>	<b>\$ 214,360</b>	<b>\$ 289,100</b>	<b>\$ 236,751</b>
Less:				
Unrestricted grants, subsidies		42,497		38,802
<b>Total needs from local taxes and other revenues</b>		<b>\$ (171,863)</b>		<b>\$ (197,949)</b>

Table A-4 reflects the activities of the Food Service and Child Care programs, the Business-type activities of the District.

**Table A-4  
Business-Type Activities  
Fiscal Year Ended June 30, 2022**

<b>Functions/Programs</b>	<b>2022</b>		<b>2021</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Food Services	\$ 7,317,452	\$ 4,026,405	\$ 5,799,079	\$ (1,053,068)
Child Care	1,807,476	598,234	2,146,622	(752,041)
Less:				
Investment earnings & other misc.		2,891		3,103
<b>Total business-type activities</b>		<b>\$ 4,627,530</b>		<b>\$ (1,802,006)</b>



**Bethlehem Area School District  
Management's Discussion and Analysis**

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*District Funds*

At June 30, 2022, the District governmental funds reported a combined fund balance of \$67,763,008, an increase of \$11,384,081 from the previous year.

General fund operating revenues exceeded expenses by \$5,904,919 which resulted in the final General Fund net ending fund balance of \$52,308,953.

Capital Projects Funds, including both the Capital Reserve and Capital Projects Funds, had an increase of \$5,478,539 resulting in a Capital Project fund balance of \$15,453,432 on June 30, 2022 as a result of ongoing planned capital improvements throughout the District.

*General Fund Budget*

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year, which is permitted by state law. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided in the Annual Financial Report.

Analysis of actual revenues shows higher than budgeted current real estate, earned income and mercantile tax yielded an increase in operating revenue indicative of local economic stability. State and federal revenue was over budget by \$1,613,196. Overall operating revenues were \$316,425,557 for the 2021-22 school year, \$5,181,114 or 0.02% more than budgeted.

Analysis of actual operating expenditures shows lower than budgeted spending in the amount of \$4,291,116 or 1.4% less than budget. Expenses decreased due to staffing vacancies, and reduced spending in support services and refinancing of variable bond debt. Pension related expenses also decreased as a result of the decreases in the net pension liability. The Capital Reserve Fund in the amount of \$7,500,000 resulted in total expenditures of \$311,529,805.

Transfers between specific categories of expenditures/financing uses occur during the year. The most significant transfers occur due to use of grant funds, whose amounts are not known at the time that the budget must be approved.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

***CAPITAL ASSETS***

At June 30, 2022, the District had \$250,222,926 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net increase of \$3,115,777 or 1.3% from last year. This is primarily due to the HVAC Improvements at various Elementary Schools.

**Bethlehem Area School District  
Management's Discussion and Analysis**

**Table A-5  
Governmental Activities  
Capital Assets – Net of Depreciation  
Fiscal Year Ended June 30, 2022**

	<u>2022</u>	<u>2021</u>
Land	\$ 75,410	\$ 75,410
Site Improvements	14,571,428	14,248,947
Buildings	398,465,153	383,832,816
Furniture & Equipment	70,422,111	70,060,511
Intangible right-to-use equipment	928,580	-
Construction in Progress	7,711,535	9,975,950
Total Capital Assets	492,174,217	478,193,634
Less Accumulated Depreciation	(241,951,291)	(231,086,485)
Total Capital Assets Net of Accumulated Depreciation	<u>\$ 250,222,926</u>	<u>\$ 247,107,149</u>

The District had significant additions in construction in progress related to HVAC Improvements at various Elementary Schools.

**DEBT ADMINISTRATION**

On July 1, 2021, the District had total outstanding debt of \$249,085,000. During the year, the District retired outstanding debt for a net decrease of \$18,605,000, resulting in ending outstanding debt as of June 30, 2022, of \$230,480,000.

**Table A-6  
Outstanding Debt**

	<u>2022</u>	<u>2021</u>
General Obligation Notes/Bonds:		
- Bonds, Series of 2021	\$ 28,140,000	\$ -
- Bonds, Series A of 2021	30,360,000	-
- Bonds, Series B of 2021	40,800,000	-
- Notes, Series C of 2015	30,305,000	-
- Bonds, Series of 2019	4,445,000	18,015,000
- Bonds, GRB Series A of 2018	-	30,095,000
- Bonds, GRB Series of 2018	-	40,550,000
- Bonds, GRB Series of 2017	-	30,200,000
- Bonds, Series B of 2016	19,700,000	19,700,000
- Bonds, Series A of 2016	33,455,000	33,960,000
- Notes, Series C of 2015	9,550,000	9,555,000
- Notes, Series B of 2015	3,725,000	3,725,000
- Bonds, Series A of 2015	30,000,000	30,000,000
- Bonds, Series of 2011	-	33,285,000
<b>TOTAL</b>	<u><b>\$ 230,480,000</b></u>	<u><b>\$ 249,085,000</b></u>

Other obligations include accrued vacation pay and sick leave for specific employees of the District as well as the OPEB obligation under GASB 75. More detailed information about our long-term liabilities is included in the notes to the financial statements.

**Bethlehem Area School District  
Management's Discussion and Analysis**

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**FUTURE ECONOMIC FACTORS**

***Capital Improvement Plan***

Since 1991, the school district has renovated or replaced most of its 22 schools and other properties. The school district continues to annually fund and complete capital improvement projects that are designed to maintain all existing structures. HVAC replacement projects at Freemansburg Elementary, Calypso Elementary, Governor Wolf Elementary, Hanover Elementary, James Buchanan Elementary, and Miller Heights Elementary will be completed summer of 2023. The school district plans on a roofing project at Freedom High School during the 2022-2023 school year along with repairs to the tennis courts, auditorium lighting and replacement of the bus lift.

***Variable Rate Debt and SWAP Concerns***

The amount of variable rate debt within the school district's debt portfolio continues to be a focus of the school board and administration with the percentage of variable rate to total debt 44%. The school directors continue to restructure its debt and swap portfolio by reducing the swap interests and improving the quality of outstanding debt. The school district also continues to monitor opportunities to refinance any existing debt as economic conditions warrant.

In November 2017, the District remarketed the expiring 2014 Floating Rate Notes with RBC Capital Markets. The new issue had a mandatory tender date of November 1, 2021 with applicable spread of 49 basis points. In March 2018, the District refunded the 2011 and 2011A private Floating Rate Notes with the 2018 & 2018A public Floating Rate Notes, reducing the applicable spread on both from 53 basis points to 48 basis points for a three-year period, after which these Notes had a Mandatory Tender Date of November 2021. In November 2021, the District refinanced the Series 2017; Series 2018 and Series 2018A.

The District currently has 3 remaining Fixed Payer Swaps, with a total notional amount of \$101,465,000 outstanding as of June 30, 2022. They are related to the Series A of 2021, Series B of 2021, and Series C of 2021 Floating Rate Notes, which are all based on a SOFR index with the same maturity date as the related bonds.

***Future Budgets***

With the passage of Act 1, the District is required to adopt a preliminary budget in January to authorize increasing taxes above an allowed index or pass a resolution stating that we would not exceed the index. For the 2022-2023 budget, this adjusted index was 4.9%. The District adopted the Resolution to not exceed the Act 1 index and is therefore precluded from filing any exception requests. The 2022-2023 final budget included no tax increase. The annual operating budget for the 2022-2023 year is \$329,602,481 and is supported by a 1.4 mil increase for Northampton County and a 0.7 mil increase for Lehigh County. The focus continues to be balancing the educational needs with the financial and economic realities. We continue to work to responsibly implement much needed academic programs with the focus of sustainability and improved outcomes.

Future budgets will be based on the District's Built by Bethlehem Roadmap which identifies four components necessary for student success: Organizational, Academic, Student Services and School Community/Culture. This "comprehensive" school experience is critical to our mission as a public school and guided our efforts throughout the budget process.

**Bethlehem Area School District  
Management's Discussion and Analysis**

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The comparison of original budgeted revenue and expenditure categories is as follow:

**BUDGETED REVENUES**

	<b>2022-2023</b>	<b>2021-22</b>
Local	66.2%	67.1%
State	29.7%	25.6%
Federal	3.5%	5.9%
Other	0.6%	1.4%

**BUDGETED EXPENDITURES**

	<b>2022-2023</b>	<b>2021-2022</b>
Instruction	56.5%	63.8%
Support Services	29.7%	27.1%
Non-Instruction/Community	1.5%	1.1%
Fund Transfers	0.0%	0.0%
Debt	12.3%	8.0%

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide citizens, taxpayers, students, investors and creditors, and other interested parties with a general overview of the School Board's finances and to illustrate the School Board's accountability for the funds it receives. Questions concerning this report or a request for additional information should be addressed to the Chief Financial Officer, Bethlehem Area School District, 1516 Sycamore Street, Bethlehem, PA 18017, telephone number (610) 861-0500 ext. 60201.

## **B A S I C   F I N A N C I A L   S T A T E M E N T S**

**Bethlehem Area School District**  
**Statement of Net Position**  
**As of June 30, 2022**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL	BUSINESS-TYPE	
	ACTIVITIES	ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 88,323,165	\$ 2,720,967	\$ 91,044,132
Investments	994,000	-	994,000
Receivables, net	7,330,088	-	7,330,088
Internal Balances	49,654	1,539,032	- (1)
Due From Other Governments	18,656,708	1,170,048	19,826,756
Lease Receivable	223,553	-	223,553
Other Receivables, net	214,055	160,231	374,286
Inventories	219,752	5,283	225,035
Prepaid Expenses	71,305	41,128	112,433
Other Current Assets	563	-	563
<b>Total Current Assets</b>	<b>116,082,843</b>	<b>5,636,689</b>	<b>120,130,846</b>
<b>Non-Current Assets:</b>			
Land	75,410	-	75,410
Site Improvements (net of depreciation)	4,599,086	-	4,599,086
Building and Bldg. Improvements (net of depreciation)	230,691,427	-	230,691,427
Furniture and Equipment (net of depreciation)	6,588,320	102,287	6,690,607
Intangible Right To Use Equipment (net of amortization)	557,148	-	557,148
Construction in Progress	7,711,535	-	7,711,535
<b>Total Non-Current Assets</b>	<b>250,222,926</b>	<b>102,287</b>	<b>250,325,213</b>
<b>TOTAL ASSETS</b>	<b>366,305,769.00</b>	<b>5,738,976.00</b>	<b>370,456,059</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Charges on Bond Refundings, net	14,591,703	-	14,591,703
Deferred Cost on Refundings - Derivatives	10,551,434	-	10,551,434
Deferred Outflows of Resources - Related to Pensions	59,741,654	1,568,008	61,309,662
Deferred Outflows of Resources - Related to OPEB	5,659,030	102,030	5,761,060
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 456,849,590</b>	<b>\$ 7,409,014</b>	<b>\$ 462,669,918</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Internal Balances	\$ 1,539,033	\$ 49,653	\$ - (1)
Due to other governments	1,368,502	-	1,368,502
Accounts Payable	10,645,089	195,750	10,840,839
Current Portion of Long-Term Obligations	14,428,231	-	14,428,231
Accrued Salaries and Benefits	15,583,461	28,334	15,611,795
Payroll Deductions and Withholdings	11,823,463	25,754	11,849,217
Prepayments	387,687	114,329	502,016
Other Current Liabilities	2,278,278	46,165	2,324,443
<b>Total Current Liabilities</b>	<b>58,053,744</b>	<b>459,985</b>	<b>56,925,043</b>
<b>Non-Current Liabilities:</b>			
Bonds and Notes Payable	226,826,723	-	226,826,723
Derivative Financial Instrument Liability	10,635,566	-	10,635,566
Lease Obligations	133,051	-	133,051
Long-Term Portion of Compensated Absences	5,351,086	256,105	5,607,191
Net OPEB Liability - Single Employer Plan	44,820,258	99,700	44,919,958
Net OPEB Liability - Multiple Employer Plan	17,990,597	522,220	18,512,817
Net Defined Benefit Pension Liability	304,945,179	10,697,317	315,642,496
Net Defined Contribution Pension Liability	552,734	-	552,734
<b>TOTAL LIABILITIES</b>	<b>669,308,938</b>	<b>12,035,327</b>	<b>679,755,579</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflow of Resources - Related to Derivatives	12,103,818	-	12,103,818
Deferred Inflows of Resources - Related to Pensions	54,139,916	1,360,791	55,500,707
Deferred Inflows of Resources - Related to OPEB	5,513,942	75,936	5,589,878
Deferred Inflows of Resources - Related to Leases	223,553	-	223,553
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>741,290,167</b>	<b>13,472,054</b>	<b>753,173,535</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	39,378,716	102,287	39,481,003
<b>Restricted For:</b>			
Capital Projects	15,049,328	-	15,049,328
Unrestricted (deficit)	(338,868,621)	(6,165,327)	(345,033,948)
<b>TOTAL NET POSITION</b>	<b>(284,440,577)</b>	<b>(6,063,040)</b>	<b>(290,503,617)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 456,849,590</b>	<b>\$ 7,409,014</b>	<b>\$ 462,669,918</b>

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

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

**Bethlehem Area School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction	\$ 185,745,358	\$ 326,687	\$ 39,272,548	\$ 464,880	\$ (145,681,243)	\$ -	\$ (145,681,243)
Instructional Student Support	24,942,885	-	8,369,791	445,421	(16,127,673)	-	(16,127,673)
Admin. & Fin'l Support Services	24,143,273	-	3,416,269	457,746	(20,269,258)	-	(20,269,258)
Oper. & Maint. of Plant Svcs.	18,754,450	-	1,730,754	10,254,609	(6,769,087)	-	(6,769,087)
Pupil Transportation	9,590,625	-	3,284,169	-	(6,306,456)	-	(6,306,456)
Student activities	3,454,796	140,115	354,684	-	(2,959,997)	-	(2,959,997)
Community Services	200,855	5,169	88,883	-	(106,803)	-	(106,803)
Scholarships and Awards	95	-	-	-	(95)	-	(95)
Interest on Long-Term Debt	8,538,374	-	-	1,661,120	(6,877,254)	-	(6,877,254)
Unallocated Depreciation Expense	9,262,625	-	-	-	(9,262,625)	-	(9,262,625)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>284,633,336</b>	<b>471,971</b>	<b>56,517,098</b>	<b>13,283,776</b>	<b>(214,360,491)</b>	<b>-</b>	<b>(214,360,491)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Services	7,317,452	419,738	10,913,645	-	-	4,015,931	4,015,931
Day Care	1,807,476	1,597,728	804,604	-	-	594,856	594,856
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 293,758,264</b>	<b>\$ 2,489,437</b>	<b>\$ 68,235,347</b>	<b>\$ 13,283,776</b>	<b>\$ (214,360,491)</b>	<b>\$ 4,610,787</b>	<b>\$ (209,749,704)</b>
<b>GENERAL REVENUES:</b>							
Property taxes. Levied for general purposes, net					\$ 185,001,512	\$ -	\$ 185,001,512
Taxes levied for specific purposes					28,497,211	-	28,497,211
Grants, subsidies, & contributions not restricted					42,496,606	-	42,496,606
Investment Earnings					146,529	2,472	149,001
Miscellaneous Income					1,090,444	14,271	1,104,715
Special item - Gain (Loss) on sale of capital assets					31,497	-	31,497
Extraordinary Items					-	-	-
Transfers					-	-	-
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>					<b>257,263,799</b>	<b>16,743</b>	<b>257,280,542</b>
<b>CHANGES IN NET POSITION</b>					<b>42,903,308</b>	<b>4,627,530</b>	<b>47,530,838</b>
<b>NET POSITION - BEGINNING</b>					<b>(327,343,885)</b>	<b>(10,690,570)</b>	<b>(338,034,455)</b>
<b>NET POSITION - ENDING</b>					<b>\$ (284,440,577)</b>	<b>\$ (6,063,040)</b>	<b>\$ (290,503,617)</b>

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

**Bethlehem Area School District**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2022**

	GENERAL	CAPITAL PROJECT FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>				
Cash and Cash Equivalents	\$ 72,251,877	\$ 15,867,530	\$ 203,759	\$ 88,323,166
Investments	994,000	-	-	994,000
Taxes Receivable, net	7,330,088	-	-	7,330,088
Due from Other Funds	49,869	4,634,187	-	4,684,056
Due from Primary Government	-	-	135,720	135,720
Due from Other Governments	18,656,708	-	-	18,656,708
Lease Receivable	223,553	-	-	223,553
Other Receivables	213,394	-	-	213,394
Inventories	219,752	-	-	219,752
Prepaid Expenditures	71,305	-	-	71,305
Other Current Assets	563	-	-	563
<b>TOTAL ASSETS</b>	<b>100,011,109</b>	<b>20,501,717</b>	<b>339,479</b>	<b>120,852,305</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 100,011,109</b>	<b>\$ 20,501,717</b>	<b>\$ 339,479</b>	<b>\$ 120,852,305</b>
<b><u>LIABILITIES</u></b>				
Due to Other Funds	\$ 8,292,803	\$ -	\$ -	\$ 8,292,803
Due to Other Governments	1,368,502	-	-	1,368,502
Due to Component Unit	135,720	-	-	135,720
Accounts Payable	3,477,222	5,048,285	-	8,525,507
Current Portion of Long-Term Debt	424,898	-	-	424,898
Accrued Salaries and Benefits	15,583,461	-	-	15,583,461
Payroll Deductions and Withholdings	11,823,463	-	-	11,823,463
Prepayments	387,687	-	-	387,687
Other Current Liabilities	-	-	338,856	338,856
<b>TOTAL LIABILITIES</b>	<b>41,493,756</b>	<b>5,048,285</b>	<b>338,856</b>	<b>46,880,897</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Unearned/Unavailable Property Taxes and Leases	6,208,400	-	-	6,208,400
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>47,702,156</b>	<b>5,048,285</b>	<b>338,856</b>	<b>53,089,297</b>
<b><u>FUND BALANCES:</u></b>				
Nonspendable Fund Balance	291,058	-	-	291,058
Restricted Fund Balance	83,456	15,453,432	-	15,536,888
Committed Fund Balance	27,000,000	-	-	27,000,000
Assigned Fund Balance	4,000,000	-	623	4,000,623
Unassigned Fund Balance	20,934,439	-	-	20,934,439
<b>TOTAL FUND BALANCES</b>	<b>52,308,953</b>	<b>15,453,432</b>	<b>623</b>	<b>67,763,008</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 100,011,109</b>	<b>\$ 20,501,717</b>	<b>\$ 339,479</b>	<b>\$ 120,852,305</b>

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



**Bethlehem Area School District  
Reconciliation of the Governmental Funds Balance Sheet  
to the Statement of Net Position  
As of June 30, 2022**

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$	67,763,008
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**Amounts reported for governmental activities in the statement  
of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$492,174,217 and the accumulated depreciation is \$241,951,291.		250,222,926
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Additional receivables established that do not meet the availability criteria reflected in the fund financial statements. This amount represents the difference between the prior year receivables and the current year receivables established under the accrual basis of accounting.		446
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This amount represents the deferred outflows, net of deferred inflows, created from derivative hedging transactions, including derivative instrument assets, deferred gains on derivative refundings, and deferred costs on refundings.		(1,552,384)
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Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		5,984,847
--	--	-----------

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. This amount was previously reported as a contra to Bonds Payable under long-term debt; however GASB Statement No. 65 changed the classification of this item to deferred outflows of resources.		14,591,703
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This represents the deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability.		5,746,826
--	--	-----------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		(627,197,949)
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<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(284,440,577)</u></b>
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The Accompanying Notes are an integral part of these financial statements.

**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**For the Year Ended June 30, 2022**

	<u>GENERAL</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>				
Local Sources	\$ 216,534,769	\$ 10,262,184	\$ 4,196,198	\$ 230,993,151
State Sources	82,983,841	-	-	82,983,841
Federal Sources	16,906,947	-	-	16,906,947
<b>TOTAL REVENUES</b>	<u>316,425,557</u> -----	<u>10,262,184</u> -----	<u>4,196,198</u> -----	<u>330,883,939</u> -----
<b>EXPENDITURES</b>				
Instruction	195,417,476	-	-	195,417,476
Support Services	80,238,695	413,256	917,781	81,569,732
Operation of Non-Instructional Services	3,868,324	-	-	3,868,324
Capital Outlay	76,494	11,870,389	-	11,946,883
Debt Service	24,428,816	-	4,202,228	28,631,044
<b>TOTAL EXPENDITURES</b>	<u>304,029,805</u>	<u>12,283,645</u>	<u>5,120,009</u>	<u>321,433,459</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>12,395,752</u>	<u>(2,021,461)</u>	<u>(923,811)</u>	<u>9,450,480</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds from Refunded Bond Issues	-	-	129,705,000	129,705,000
Proceeds from Leases	928,580	-	-	928,580
Bond Premiums	-	-	5,957,843	5,957,843
Sale/Compensation for Fixed Assets	80,587	-	-	80,587
Payment to Bond Refunding Escrow Agent	-	-	(134,738,409)	(134,738,409)
Transfers In (Out)	(7,500,000)	7,500,000	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(6,490,833)</u>	<u>7,500,000</u>	<u>924,434</u>	<u>1,933,601</u>
<b>SPECIAL/EXTRAORDINARY ITEMS</b>				
Special Items	-	-	-	-
Extraordinary Items - Insurance Recoveries	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	5,904,919	5,478,539	623	11,384,081
<b>FUND BALANCES - BEGINNING</b>	<u>46,404,034</u>	<u>9,974,893</u>	<u>-</u>	<u>56,378,927</u>
<b>FUND BALANCES - ENDING</b>	<u><b>\$ 52,308,953</b></u>	<u><b>\$ 15,453,432</b></u>	<u><b>\$ 623</b></u>	<u><b>\$ 67,763,008</b></u>

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

**Bethlehem Area School District**  
**Reconciliation of the Governmental Funds**  
**Statement of Revenues, Expenditures, and Changes In Fund Balances**  
**to the Statement of Activities**  
**For the Year Ended June 30, 2022**

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ 11,384,081**

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

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

Depreciation expense	\$ 11,255,085	
less - capital outlays	<u>14,419,952</u>	3,164,867

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold. (49,090)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources decreased by this amount this year. 820,488

Repayment of bond and lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. 14,477,196

In the statement of activities, certain operating expenses - compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. 102,577

In the statement of activities, certain operating revenues are recognized when earned versus the revenues using the modified accrual basis of accounting in the fund statements that are recognized when the funds are available. As such, the amount shown here represents the difference between earned revenues and revenues that are earned, but not available. (3,083)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. 664,275

Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Refunding bond issues becomes a use of current financial resources in governmental funds, but refundings represent payments of long-term debt in the statement of net position. This figure represents the difference between bond and lease proceeds and refunding payments made to paying agents. (1,098,013)

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. 13,440,010

**CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ 42,903,308**

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

**Bethlehem Area School District**  
**Statement of Fund Net Position - Proprietary Funds**  
**As of June 30, 2022**

	<b>FOOD SERVICE</b>	<b>DAY CARE FUND</b>	<b>TOTAL</b>
<b><u>ASSETS</u></b>			
<b>CURRENT ASSETS:</b>			
Cash and Cash Equivalents	\$ 2,139,701	\$ 581,266	\$ 2,720,967
Due from Other Funds	1,333,114	206,332	1,539,446
Due From Other Governments	1,170,048	-	1,170,048
Other Receivables (net)	122,422	37,395	159,817
Inventories	5,283	-	5,283
Prepaid expenses	41,128	-	41,128
<b>TOTAL CURRENT ASSETS</b>	4,811,696	824,993	5,636,689
	-----	-----	-----
<b>NON-CURRENT ASSETS:</b>			
Machinery & Equipment (net)	102,287	-	102,287
Other Long-Term Receivables	-	-	-
<b>TOTAL NON-CURRENT ASSETS</b>	102,287	-	102,287
	-----	-----	-----
<b>TOTAL ASSETS</b>	4,913,983	824,993	5,738,976
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>			
Deferred Outflows of Resources - Related to Pensions	1,019,261	548,747	1,568,008
Deferred Outflows of Resources - Related to OPEB	65,248	36,782	102,030
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 5,998,492</b>	<b>\$ 1,410,522</b>	<b>\$ 7,409,014</b>
	-----	-----	-----
<b><u>LIABILITIES</u></b>			
<b>CURRENT LIABILITIES:</b>			
Due to Other Funds	\$ 44,866	\$ 50,098	\$ 94,964
Accounts Payable	148,286	2,153	150,439
Accrued Salaries and Benefits	28,334	-	28,334
Payroll Deductions and Withholdings	222	25,532	25,754
Other Current Liabilities	46,165	-	46,165
Prepayments	69,714	44,615	114,329
<b>TOTAL CURRENT LIABILITIES</b>	337,587	122,398	459,985
	-----	-----	-----
<b>NON-CURRENT LIABILITIES:</b>			
Long-Term Portion of Compensated Absences	125,564	130,541	256,105
Net Defined Benefit Pension Liability	6,322,131	4,375,186	10,697,317
Net OPEB Liability - Single Employer Plan	47,201	52,499	99,700
Net OPEB Liability - Multiple Employer Plan	319,478	202,742	522,220
<b>TOTAL NON-CURRENT LIABILITIES</b>	6,814,374	4,760,968	11,575,342
<b>TOTAL LIABILITIES</b>	7,151,961	4,883,366	12,035,327
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Deferred Inflows of Resources - Related to Pensions	847,231	513,560	1,360,791
Deferred Inflows of Resources - Related to OPEB	66,657	9,279	75,936
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	8,065,849	5,406,205	13,472,054
	-----	-----	-----
<b><u>FUND NET POSITION</u></b>			
Net Investment in Capital Assets	102,287	-	102,287
Unrestricted	(2,169,644)	(3,995,683)	(6,165,327)
<b>TOTAL FUND NET POSITION</b>	(2,067,357)	(3,995,683)	(6,063,040)
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, &amp; FUND NET POSITION</b>	<b>\$ 5,998,492</b>	<b>\$ 1,410,522</b>	<b>\$ 7,409,014</b>
	-----	-----	-----

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

**Bethlehem Area School District**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds**  
**For the Year Ended June 30, 2022**

	<b>FOOD SERVICE</b>	<b>DAY CARE FUND</b>	<b>TOTAL</b>
<b>OPERATING REVENUES:</b>			
Food Service Revenue	\$ 419,738	\$ -	\$ 419,738
Charges for Services	-	1,182,487	1,182,487
Other Operating Revenues	10,474	419,038	429,512
<b>TOTAL OPERATING REVENUES</b>	430,212	1,601,525	2,031,737
	-----	-----	-----
<b>OPERATING EXPENSES:</b>			
Salaries	2,031,409	980,871	3,012,280
Employee Benefits	1,141,784	776,464	1,918,248
Purchased Professional and Technical Services	220	654	874
Purchased Property Service	33,966	-	33,966
Other Purchased Services	3,537,455	3,279	3,540,734
Supplies	537,472	28,765	566,237
Depreciation	29,985	-	29,985
Dues and Fees	5,161	1,913	7,074
Claims and Judgments	-	14,165	14,165
Other Operating Expenses	-	1,365	1,365
<b>TOTAL OPERATING EXPENSES</b>	7,317,452	1,807,476	9,124,928
<b>OPERATING INCOME (LOSS)</b>	(6,887,240)	(205,951)	(7,093,191)
	-----	-----	-----
<b>NON-OPERATING REVENUES (EXPENSES)</b>			
Earnings on investments	1,802	670	2,472
Contributions and Donations	-	419	419
State Sources	667,999	205,955	873,954
Federal Sources	10,245,646	598,230	10,843,876
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	10,915,447	805,274	11,720,721
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	4,028,207	599,323	4,627,530
Transfers in (out)	-	-	-
<b>CHANGES IN FUND NET POSITION</b>	4,028,207	599,323	4,627,530
<b>FUND NET POSITION - BEGINNING</b>	(6,095,564)	(4,595,006)	(10,690,570)
<b>FUND NET POSITION - ENDING</b>	\$ (2,067,357)	\$ (3,995,683)	\$ (6,063,040)

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

**Bethlehem Area School District**  
**Statement of Cash Flows - Proprietary Funds**  
**As of June 30, 2022**

	<b>FOOD SERVICE</b>	<b>DAY CARE FUND</b>	<b>TOTAL</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash Received from Users	\$ 452,966	\$ 1,194,890	\$ 1,647,856
Cash Received from Assessments made to Other Funds	-	-	-
Cash Received from Earnings on Investments	-	-	-
Cash Received from Other Operating Revenue	10,474	418,637	429,111
Cash Payments to Employees for Services	(4,448,728)	(1,873,259)	(6,321,987)
Cash Payments for Insurance Claims	-	-	-
Cash Payments to Suppliers for Goods and Services	(4,030,793)	(142,388)	(4,173,181)
Cash Payments to Other Operating Expenses	(5,161)	(1,913)	(7,074)
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	(8,021,242)	(404,033)	(8,425,275)
	-----	-----	-----
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>			
Local Sources	-	598,230	598,230
State Sources	633,957	205,955	839,912
Federal Sources	9,525,790	-	9,525,790
Contributions and Donations	-	419	419
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	10,159,747	804,604	10,964,351
	-----	-----	-----
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Purchase of Equipment	(21,163)	-	(21,163)
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	(21,163)	-	(21,163)
	-----	-----	-----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Earnings on Investments	1,802	670	2,472
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	1,802	670	2,472
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	2,119,144	401,241	2,520,385
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	20,557	180,025	200,582
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 2,139,701</b>	<b>\$ 581,266</b>	<b>\$ 2,720,967</b>

**Bethlehem Area School District**  
**Statement of Cash Flows - Proprietary Funds**  
**As of June 30, 2022**

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

	<b>FOOD SERVICE</b>	<b>DAY CARE FUND</b>	<b>TOTAL</b>
<b>OPERATING INCOME (LOSS)</b>	\$ (6,887,240)	\$ (205,951)	\$ (7,093,191)
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>			
Depreciation and Net Amortization	29,985	-	29,985
Donated Commodities Used	445,267	-	445,267
<b>CHANGE IN ASSETS AND LIABILITIES:</b>			
(Increase) Decrease in Accounts Receivable	33,228	13,878	47,106
(Increase) Decrease in Advances to Other Funds	(980,036)	12,289	(967,747)
(Increase) Decrease in Prepaid Expenses	1,508	-	1,508
(Increase) Decrease in Deferred Outflows of Resources - Change in Proportion to NPL	(714)	(443)	(1,157)
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(113,894)	24,466	(89,428)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	(255,519)	(157,523)	(413,042)
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	282,385	185,955	468,340
Increase (Decrease) in Accounts Payable	(35,312)	(1,765)	(37,077)
Increase (Decrease) in Accrued Salaries and Benefits	12,972	(23,693)	(10,721)
Increase (Decrease) in Advances from Other Funds	(307,268)	(20,852)	(328,120)
Increase (Decrease) in Net Defined Benefit Pension Liability	(931,212)	(577,429)	(1,508,641)
Increase (Decrease) in Net OPEB Liability - Single Employer Plan	(106,067)	(19,219)	(125,286)
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	27,113	16,813	43,926
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	746,710	452,171	1,198,881
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	(699)	(416)	(1,115)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	41,919	(16,606)	25,313
Increase (Decrease) in Other Current Liabilities	(24,368)	(85,708)	(110,076)
<b>TOTAL ADJUSTMENTS</b>	<b>(1,134,002)</b>	<b>(198,082)</b>	<b>(1,332,084)</b>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<b>\$ (8,021,242)</b>	<b>\$ (404,033)</b>	<b>\$ (8,425,275)</b>

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

**Bethlehem Area School District**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**As of June 30, 2022**

	<b>PRIVATE- PURPOSE TRUST</b>	<b>PENSION AND OTHER EMPLOYEE BENEFIT TRUST</b>	<b>CUSTODIAL FUNDS</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 285,983	\$ 24,520,542	\$ 651,794
Investments	1,903	-	-
Due from Other Funds	-	2,164,895	-
Other Receivables	-	474,778	2,027
<b>TOTAL ASSETS</b>	<u>287,886</u>	<u>27,160,215</u>	<u>653,821</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<u><b>\$ 287,886</b></u>	<u><b>\$ 27,160,215</b></u>	<u><b>\$ 653,821</b></u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 93,625	\$ 3,180,937	\$ 7,786
Due to Other Funds	-	405	225
Other Current Liabilities	-	56,507	-
<b>TOTAL LIABILITIES</b>	<u>93,625</u>	<u>3,237,849</u>	<u>8,011</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<u><b>93,625</b></u>	<u><b>3,237,849</b></u>	<u><b>8,011</b></u>
<b>NET POSITION</b>			
Restricted for			
Pool Participants	-	23,922,366	-
Individuals, Organizations, and Other Governments	194,261	-	645,810
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES &amp; NET POSITION</b>	<u><b>\$ 287,886</b></u>	<u><b>\$ 27,160,215</b></u>	<u><b>\$ 653,821</b></u>

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



**Bethlehem Area School District**  
**Statement of Changes in Fiduciary Net Position**  
**Fiduciary Funds**  
**For the Year Ended June 30, 2022**

	<b>PRIVATE- PURPOSE TRUST FUND</b>	<b>PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS</b>	<b>CUSTODIAL FUNDS</b>
<b>ADDITIONS</b>			
Contributions - Members	\$ -	\$ 1,503,519	\$ 283,162
Contributions - Employer	-	28,079,412	-
Contributions - Gifts and Bequests	129,335	-	67,199
Special Events	-	-	270,208
Other Income	-	1,912,884	13,422
<b>INVESTMENT EARNINGS:</b>			
Interest and Dividends	300	31,769	753
Net Increase (decrease) in Fair Value of Investments	-	-	-
Less Investment Expense	-	-	-
<b>TOTAL ADDITIONS</b>	<u>129,635</u>	<u>31,527,584</u>	<u>634,744</u>
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<b>DEDUCTIONS</b>			
Administrative Expense	-	1,272,357	11,536
Insurance Payments for Members	-	33,853,664	-
Benefits Paid to Participants or Beneficiaries	127,935	20,448	-
Payments for Student Club Activities	-	-	607,197
Other	-	-	-
<b>TOTAL DEDUCTIONS</b>	<u>127,935</u>	<u>35,146,469</u>	<u>618,733</u>
<b>CHANGES IN NET POSITION</b>	1,700	(3,618,885)	16,011
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>192,561</u>	<u>27,541,251</u>	<u>646,624</u>
<b>NET POSITION - END OF YEAR</b>	<u><u>\$ 194,261</u></u>	<u><u>\$ 23,922,366</u></u>	<u><u>\$ 662,635</u></u>

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

**Bethlehem Area School District**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -**  
**General Fund**  
**For the Year Ended June 30, 2022**

	<b>BUDGET AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>(GAAP BASIS)</b>	<b>FINAL BUDGET</b>
				<b>POSITIVE</b>
				<b>(NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 211,966,851	\$ 212,966,851	\$ 216,534,769	\$ 3,567,918
State Sources	80,788,195	80,788,195	82,983,841	2,195,646
Federal Sources	18,489,397	17,489,397	16,906,947	(582,450)
<b>TOTAL REVENUES</b>	<b>311,244,443</b>	<b>311,244,443</b>	<b>316,425,557</b>	<b>5,181,114</b>
<b>EXPENDITURES</b>				
Regular Instruction	137,216,690	135,982,065	135,939,459	42,606
Special Programs	46,326,747	46,696,304	46,268,360	427,944
Vocational Programs	7,374,004	7,374,004	7,367,381	6,623
Other Instructional Programs	2,909,581	2,155,244	2,048,331	106,913
Nonpublic School Programs	333,602	328,318	250,466	77,852
Adult Education Programs	2,467,899	2,467,899	2,467,898	1
Community College Sponsorship	20,000	20,000	12,666	7,334
Pre-Kindergarten	1,081,072	1,101,046	1,062,915	38,131
Pupil Personnel Services	13,001,310	13,883,844	13,528,200	355,644
Instructional Staff Services	10,253,533	10,086,997	9,752,760	334,237
Administrative Services	14,123,503	14,248,626	13,870,744	377,882
Pupil Health	3,047,021	3,195,764	3,132,404	63,360
Business Services	2,454,023	2,388,229	2,124,325	263,904
Operation & Maintenance of Plant Services	21,206,682	19,681,352	19,445,453	235,899
Student Transportation Services	11,012,508	9,634,349	9,558,211	76,138
Central Support Services	8,743,011	9,508,586	8,693,593	814,993
Other Support Services	131,446	133,129	133,005	124
Student Activities	3,314,652	3,769,269	3,665,580	103,689
Community Services	136,581	222,345	202,649	19,696
Scholarships and Awards	600	600	95	505
Facilities, Acquisition and Construction	-	76,495	76,494	1
Debt Service	24,966,456	25,366,456	24,428,816	937,640
<b>TOTAL EXPENDITURES</b>	<b>310,120,921</b>	<b>308,320,921</b>	<b>304,029,805</b>	<b>4,291,116</b>
Excess (Deficiency) of Revenues Over Expenditures	1,123,522	2,923,522	12,395,752	9,472,230
<b>OTHER FINANCING SOURCES (USES)</b>				
Proceeds From Leases	-	-	928,580	928,580
Sale/Compensation for Fixed Assets	80,000	80,000	80,587	587
Fund Transfers Out	-	(7,500,000)	(7,500,000)	-
Budgetary Reserve	(5,700,000)	-	-	-
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>(5,620,000)</b>	<b>(7,420,000)</b>	<b>(6,490,833)</b>	<b>929,167</b>
Special Items	-	-	-	-
Extraordinary Items - Insurance Recoveries	-	-	-	-
<b>NET CHANGE IN FUND BALANCES</b>	<b>(4,496,478)</b>	<b>(4,496,478)</b>	<b>5,904,919</b>	<b>10,401,397</b>
<b>FUND BALANCE - JULY 1, 2021</b>	<b>\$ 37,952,130</b>	<b>\$ 37,952,130</b>	<b>\$ 46,404,034</b>	<b>\$ 8,451,904</b>
<b>FUND BALANCE - JUNE 30, 2022</b>	<b>\$ 33,455,652</b>	<b>\$ 33,455,652</b>	<b>\$ 52,308,953</b>	<b>\$ 18,853,301</b>

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

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**Note 1 - Description of the School District and Reporting Entity**

***School District***

The Bethlehem Area School District (BASD), located 50 miles north of Philadelphia in eastern Pennsylvania, serves five communities in Bethlehem with demographics ranging from small suburban schools to severely distressed urban schools. It is the sixth largest school district in the state, with an approximate enrollment of 14,000 students. BASD facilities include two high schools, four middle schools, 16 elementary schools, and a school building which houses the District's preschool program.

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

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

***Board of School Directors***

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

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

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

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

***Administration***

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

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

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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***Reporting Entity***

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

Bethlehem Area School District is a municipal Corporation governed by an elected nine-member board. As required by generally accepted accounting principles, these financial statements are to present Bethlehem Area School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Bethlehem Area School District has two component units that are blended into its financial statements.

***Component Units***

***Bethlehem Area School District Authority***

The Bethlehem Area School District Authority is created under the Pennsylvania Municipality Authorities Act of 1945, as amended, by the School Districts, and is empowered under the Act to acquire, hold, construct, improve, maintain, operate, and lease school buildings and other school projects acquired, constructed or improved for public school purposes. The Authority, at the request of the Bethlehem Area School District, has undertaken reconstruction, modifying, and improving the financing of school buildings and facilities. As such, this component unit's transactions during the 2021-22 fiscal year are blended into the School District's basic financial statements.

***Bethlehem Area School District Employee Benefit Trust***

During the 2011-12 fiscal year, the District took its Self-Insurance Internal Service Fund, and created an IRC 501 (c) (9) tax exempt trust for their employees self-funded health, prescription, dental, and related benefits. As such, the Bethlehem Area School District Employee Benefit Trust is now a separate legal entity, and is considered a component unit. The Bethlehem Area School District Employee Trust's transactions have been blended into the School District's basic financial statements as a Fiduciary Fund.

***Joint Ventures***

***Bethlehem Area Vocational Technical School***

The School District is a participating member of the Bethlehem Area Vocational Technical School (BAVTS). The BAVTS is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the BAVTS's annual operating budget. Each participating district pays a pro-rata share of the BAVTS's operating costs based on the number of students attending the BAVTS for each District. The District's share of the BAVTS's operating costs for 2021-22 was \$7,367,381.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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On dissolution of the Bethlehem Area Vocational Technical School, the net position of BAVTS will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in BAVTS as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the BAVTS obtained from the BAVTS's administrative office at 3300 Chester Avenue, Bethlehem, PA 18020.

*Northampton Community College*

The District is a participating member of the Northampton Community College (NCC). The NCC is run by a Board of Trustees elected by the participating member districts' boards of directors. No participating district appoints a majority of the Board of Trustees. A vote of two-thirds of all member districts shall be required for approval of the NCC's annual operating budget. The amount of the annual operating costs of the NCC shall be apportioned among the member districts on the basis of the number of full-time equivalent students enrolled in NCC and residing in the respective geographical areas of each of the member districts. The District's share of NCC's operating costs for 2021-22 was \$2,467,898.

On dissolution of the Northampton Community College, the net position of NCC will be shared on a pro-rata basis of each member district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in NCC as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for NCC can be obtained from the NCC's Administrative office at 3835 Green Pond Road, Bethlehem, PA 18020.

***Jointly Governed Organizations***

*Colonial Intermediate Unit*

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

**Note 2 - Summary of Significant Accounting Policies**

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

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**A. Basis of Presentation**

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

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

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

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

**B. Fund Accounting**

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

**Governmental Funds**

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

**General Fund**

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

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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***Special Revenue Funds***

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

Under this definition, the District does not have any special revenue funds. However, its blended component unit's (BASD Authority) general fund is brought into these basic financial statements as a non-major governmental fund.

***Capital Project Funds***

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

***Capital Project Fund***

During the 2014-15 fiscal year this fund received the proceeds from the \$30,000,000 General Obligation Bonds - Series A of 2015, and in 2016-17 fiscal year received \$19,700,000 in General Obligation Bonds - Series B of 2016. purpose of this issue is to finance the capital costs of designing, constructing, renovating, improving, and furnishing & equipping school facilities, including the Nitschmann Middle School project.

***Capital Reserve Fund***

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

***Debt Service Fund***

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

The district has the following Debt Service Fund(s):

***2021 Debt Service Fund***

This fund was created with the issuance of General Obligation Bonds Series of 2021 to record the transactions of the refunding the General Obligation Bonds Series of 2011. This fund is recorded into the basic financial statements as a non-major governmental fund.

***Proprietary Funds***

Proprietary funds focus on the determination of changes in net position, financial position, and cash flows and are classified as enterprise funds. The Proprietary Funds of the School District have operating and nonoperating revenues and/or expenses. Transactions for which cash flows are reported as capital and related financing activities, noncapital financing activities, or investing activities are reported as nonoperating revenues and/or expenses, including subsidies received from the state and federal government for school lunches, donated commodities, and amounts received for fica and retirement

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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subsidies. Operating revenues reported are consistent with the fees or charges incurred based on the intent of the individual proprietary fund.

***Enterprise Funds***

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

*Food Service Fund*

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

*Daycare Fund*

The District offers before and after care for elementary age students. This fund accounts for the financial transactions related to these services.

**Fiduciary Funds**

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

*Self-Insured Employee Benefit Trust* – This fund is a considered a pension and other employee benefit trust fund and is reported as such in the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position. This Fund is a separate legal entity and considered a component unit. The purpose of this fund is for the self-funding of the School District's employee's health, prescription, dental, and other related benefits.

*Scholarship Fund* – This fund is a considered a private purpose trust fund and is reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs.

*Student Activity Fund* – This fund is considered a custodial fund and is reported as such in the Statement of Net Position Fiduciary Funds and the Statement of Changes in Fiduciary Net Position. Custodial funds are used to report fiduciary activities that are not required to be reported in one of the other three Fiduciary fund types.

**C. Measurement Focus**

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

**Fund Financial Statements** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund



**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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financial statements therefore include reconciliations with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

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

***D. Basis of Accounting***

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

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

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

***E. Budgetary Process***

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

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

***Accelerated Budget Process Option***

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

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

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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

**Board Resolution Option**

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2021-22 budget transfers.

***F. Use of Estimates***

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

***G. Changes in Accounting Principles***

During the 2021-22 fiscal year the School District implemented the following new generally accepted accounting principles:

GASB Statement No. 87 (Leases). The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement requires certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset.

GASB Statement No. 89 (Accounting for Interest Cost Incurred before the End of a Construction Period). The objectives of the statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before construction ends. This standard requires expensing interest costs when incurred rather than capitalizing the costs.

GASB Statement No. 92 (Omnibus 2020). The primary objective is to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including (1) effective date of Statement No 87, Leases for interim financial reports (2) Reporting of intra-entity transfers between primary government employer and a component unit defined benefit pension plan or defined benefit OPEB plan (3) Applicability of certain requirements of Statement No 84 (4)

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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Measurement of liabilities related to AROs (5) Reporting risk pools for amounts that are recoverable from reinsurers or excess insurers (6) Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature. (7) Terminology used to refer to derivative instruments.

GASB Statement No. 93 (Replacement of Interbank Offered Rates). The objective of this Statement is to address the issue the London Interbank Offered Rate (LIBOR) is being replaced with an interbank offered rate (IBOR).

GASB Statement No. 97 (Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32). The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

GASB Statement No. 98, (The Annual Comprehensive Financial Report). - This Statement establishes the term *annual comprehensive financial report* and its acronym *ACFR*. That new term and acronym replace instances of *comprehensive annual financial report* and its acronym in generally accepted accounting principles for state and local government.

## **H. Pensions**

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

### **I. Other Postemployment Benefits**

#### ***Multiple Employer Cost Sharing OPEB Plan***

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

#### ***Single Employer OPEB Plan***

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

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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***J. Assets, Liabilities, and Net Position***

***Cash and Cash Equivalents***

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

***Investments***

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

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

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets. These assets were previously required to be measured at fair value.

Fair Value is measured using a hierarchy of inputs using valuation techniques. The hierarchy has three levels. Level 1 inputs are quoted prices in active markets for identical assets or liabilities. Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly. Level 3 inputs are unobservable inputs.

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

***Receivables and Payables***

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

***Property Tax Levy***

Property taxes, which were levied during the fiscal year ended June 30, 2022, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

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

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

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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*Inventories*

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. As of June 30, 2022, the inventory shown in the governmental activities column of the government-wide statement of net position is \$219,752 and \$5,283, is shown as inventory in the business-type activities column of the government-wide statement of net position.

Inventory type items in governmental funds utilize the consumption method, that is, they are charged to expenditures when purchased. There was a physical inventory of \$219,752, taken as of June 30, 2022; therefore, there is a nonspendable fund balance in the General Fund.

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

Inventories on hand at June 30, 2022, consist of:

Purchased Food	\$	-
Donated Commodities		5,283
Purchased Supplies		-
Total	\$	<u>5,283</u>

*Prepaid Expenses*

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

*Capital Assets*

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of two thousand (\$2,000) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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

<b>Description</b>	<b>Governmental</b>	<b>Business-Type</b>
	<b>Activities</b>	<b>Activities</b>
	<b>Estimated Lives</b>	<b>Estimated Lives</b>
Buildings and Improvements	15 - 40 years	15 - 40 years
Furniture and Equipment	5 - 20 years	5 - 12 years
Intangible right-to-use Equipment	Length of Lease	Length of Lease
Vehicles	8 years	8 years

#### *Compensated Absences*

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

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

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

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

#### *Leases*

##### Lessee:

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

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

Lessor:

The School District is a lessor for various leases of buildings. The District recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

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

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

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

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

*Long-Term Obligations*

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position. Bond premiums and discounts, and deferred amounts on refundings are deferred and amortized over the life of the bonds using modification of the effective interest method.

Bonds payable are reported net of the applicable bond premium or discount. Any deferred amount on refundings are reported as deferred outflows of resources and amortized over the life of the bond issue. Bond issuance costs are expensed in the year they are incurred.

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

*Reclassification*

Certain amounts have been reclassified to conform to the June 30, 2022, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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*Net Position*

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

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

*Fund Balance Categories*

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Below are the potential categories of fund balance the government may use with their definitions, the actual categories used is explained in Note 7 to the financial statements:

*Nonspendable Fund Balance*

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

*Restricted Fund Balance*

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

*Committed Fund Balance*

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

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

*Assigned Fund Balance*

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



**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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*Unassigned Fund Balance*

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

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

*Contributions of Capital*

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

**Note 3 - Reconciliation of Government-Wide and Fund Financial Statements**

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

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

The details of the \$627,197,949 differences are:

Bonds/Notes payable	\$ 230,480,000
Less: Issuance discount (to be amortized as interest expense)	(139,730)
Add: Issuance premium (to be amortized as a contra to interest expense)	10,091,453
Derivative Instrument Liability	10,635,566
Lease Purchase Obligations	531,384
Accrued interest payable	1,939,422
Net Defined Benefit Pension Liability	304,945,179
Net Defined Contribution Pension Liability	552,734
Net OPEB Liability - Single Employer Plan	44,820,258
Net OPEB Liability - Multiple Employer Plan	17,990,597
Compensated absences	<u>5,351,086</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net assets - governmental activities"	<u><u>\$ 627,197,949</u></u>

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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

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

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

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
<b>REVENUES AND OTHER SOURCES</b>					
<b>LOCAL SOURCES:</b>					
Property Taxes	\$ 184,181,024	\$ 820,488	\$ -	\$ -	\$ 185,001,512
Taxes Levied for Specific Purposes	28,497,211	-	-	-	28,497,211
Interest and Investment Earnings	4,345,809	(3,083)	-	(4,096,198)	246,528
Miscellaneous	600,805	-	-	-	600,805
Contributions and Donations	489,639	-	-	-	489,639
Charges for Services	471,971	-	-	-	471,971
Grants, Subsidies & Contributions Not Restricted	42,442,688	-	-	-	42,442,688
<b>STATE SOURCES:</b>					
Operating & Capital Grants and Contributions	40,541,153	-	-	-	40,541,153
<b>FEDERAL SOURCES:</b>					
Operating & Capital Grants and Contributions	29,313,639	-	-	-	29,313,639
<b>SPECIAL AND EXTRAORDINARY SOURCES:</b>					
Proceeds from Bond Issues	129,705,000	-	-	(129,705,000)	-
Bond Premiums	5,957,843	-	-	(5,957,843)	-
Proceeds from Leases	928,580	-	-	(928,580)	-
Gain or (Loss) on Disposal of Assets	80,587	-	(49,090)	-	31,497
<b>TOTAL REVENUES</b>	<b>467,555,949</b>	<b>817,405</b>	<b>(49,090)</b>	<b>(140,687,621)</b>	<b>327,636,643</b>
<b>EXPENDITURES/EXPENSES</b>					
Instruction	195,417,476	(9,126,925)	(545,193)	-	185,745,358
Instructional Student Support	26,413,364	(1,471,962)	1,483	-	24,942,885
Admin. & Fin'l Support Services	25,739,448	(1,333,913)	(262,262)	-	24,143,273
Oper. & Maint. Of Plant Svcs.	19,731,226	(957,812)	(18,964)	-	18,754,450
Pupil Transportation	9,685,695	(463,897)	368,827	-	9,590,625
Student Activities	3,665,580	(186,286)	(24,499)	-	3,454,795
Community Services	202,649	(1,794)	-	-	200,855
Scholarships & Awards	95	-	-	-	95
Capital Outlay	11,946,883	-	(11,946,883)	-	-
Debt Service	163,369,452	-	-	(154,731,078)	8,638,374
Depreciation - Unallocated	-	-	9,262,625	-	9,262,625
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>456,171,868</b>	<b>(13,542,589)</b>	<b>(3,164,866)</b>	<b>(154,731,078)</b>	<b>284,733,335</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ 11,384,081</b>	<b>\$ 14,359,994</b>	<b>\$ 3,115,776</b>	<b>\$ 14,043,457</b>	<b>\$ 42,903,308</b>

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**Note 4 - Stewardship, Compliance, and Accountability**

**A. Compliance with finance related legal and contractual provisions**

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

**B. Deficit fund balance or net position of individual funds**

The governmental activities has a \$284,440,577 in deficit net position, and the business-type activities comprised of food service fund \$2,067,357 and day care fund \$3,995,683 have a deficit net position of \$6,063,327.

**C. Excess of expenditures over appropriations in individual funds**

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

**D. Budgetary compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2022.

In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

**Note 5 - Detailed Notes on All Funds and Account Groups**

**Assets**

*Cash*

*Custodial Credit Risk - Deposits*

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2022, \$203,759 of the District's bank balance of \$1,200,701 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	203,759
<b>TOTAL</b>	<b>\$ 203,759</b>

*Reconciliation to Financial Statements*

Uncollateralized Amount above	\$ 203,759
Plus: Insured Amount	996,942
Less: Outstanding Checks	-
Carrying Amount - Cash Balances	1,200,701
Plus: Petty Cash	304
Deposit in Pooled Investments Considered Cash Equivalents	116,297,349
Less: Certificates of Deposit considered Investments by School Code	(995,903)
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b>\$ 116,502,451</b>

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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*Investments*

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

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.
7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
  - The investments of the company are the authorized investments listed above.
  - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
  - The investment company is rated in the highest category by a nationally recognized rating agency.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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

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

As of June 30, 2022, the District had the following investments:

<i>Investment</i>	<b>Maturities</b>	<b>Fair Value</b>
PSDLAF/PSDMAX		\$ 100,006,399
PLGIT Class		16,289,580
Lafayette Ambassador Bank -CD		600
KNBT - CD's		1,303
PSDLAF - CD's		994,000
<b>TOTAL</b>		<b>\$ 117,291,882</b>

*Interest Rate Risk*

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

*Credit Risk*

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2022, the District's investment in PLGIT and PSDLAF were rated AAAm by Standard & Poor's. The District's investment in the PA Treasurer's Invest Program was rated AAAm by Standard & Poor's and Moody's.

*Concentration of Credit Risk*

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

*Reconciliation to Financial Statements*

Total Investments Above	\$ 117,291,882
Less: Deposits in Investment Pool Considered Cash Equivalents	(116,297,349)
<b>Total Investments Per Financial Statements</b>	<b>\$ 994,533</b>

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

***Fair Value Reporting***

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

The District did not have any recurring fair value investments at June 30, 2022. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

***Property Taxes***

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$4,420,132,150. In accordance with Act I of 2006, the District receives \$4,743,877 in property tax reduction funds for the 2021-22 fiscal year. The tax rate for the Northampton and Lehigh Counties were \$5.776 and \$1.878, respectively per \$100 of assessed valuation or 57.76 mills and 18.78 mills, respectively.

The property tax calendar is:

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

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

***Receivables***

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

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	FOOD SERVICE FUND	DAY CARE FUND	FIDUCIARY FUNDS	TOTAL
<b>RECEIVABLES:</b>						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	7,330,088	-	-	-	-	7,330,088
Accounts	213,394	-	122,422	37,395	476,805	850,016
Leases	223,553	-	-	-	-	-
Intergovernmental	18,656,708	-	1,170,048	-	-	19,826,756
<b>GROSS RECEIVABLES</b>	<b>26,423,743</b>	<b>-</b>	<b>1,292,470</b>	<b>37,395</b>	<b>476,805</b>	<b>28,006,860</b>
Less: Allowance for Uncollectibles	-	-	-	-	-	-
<b>NET RECEIVABLES</b>	<b>\$ 26,423,743</b>	<b>\$ -</b>	<b>\$ 1,292,470</b>	<b>\$ 37,395</b>	<b>\$ 476,805</b>	<b>\$ 28,006,860</b>

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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

	<b>UNAVAILABLE</b>	<b>UNEARNED</b>
Delinquent Property Taxes - General Fund	\$ 5,984,847	\$ -
Leases - General Fund	-	223,553
<b>TOTAL</b>	<b>\$ 5,984,847</b>	<b>\$ 223,553</b>

**Capital Assets**

Capital asset balances and activity for the year ending June 30, 2022, were:

	<b>BEGINNING BALANCE</b>	<b>INCREASES</b>	<b>DECREASES</b>	<b>ENDING BALANCE</b>
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ 75,410	\$ -	\$ -	\$ 75,410
Construction in Progress	9,975,950	12,232,656	(14,497,071)	7,711,535
<b>TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED/AMORTIZED</b>	<b>10,051,360</b>	<b>12,232,656</b>	<b>(14,497,071)</b>	<b>7,786,945</b>
Capital Assets being depreciated/amortized:				
Site Improvements	14,248,947	322,481	-	14,571,428
Buildings and Improvements	383,832,816	14,632,337	-	398,465,153
Furniture and Equipment	70,060,511	800,969	(439,369)	70,422,111
Intangible right-to-use equipment	-	928,580	-	928,580
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED</b>	<b>468,142,274</b>	<b>16,684,367</b>	<b>(439,369)</b>	<b>484,387,272</b>
Less accumulated depreciation/amortization for:				
Site Improvements	(9,646,670)	(325,672)	-	(9,972,342)
Buildings and Improvements	(158,653,731)	(9,119,995)	-	(167,773,726)
Furniture and Equipment	(62,786,084)	(1,437,986)	390,279	(63,833,791)
Intangible right-to-use equipment	-	(371,432)	-	(371,432)
<b>TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>(231,086,485)</b>	<b>(11,255,085)</b>	<b>390,279</b>	<b>(241,951,291)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>237,055,789</b>	<b>5,429,282</b>	<b>(49,090)</b>	<b>242,435,981</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>\$ 247,107,149</b>	<b>\$ 17,661,938</b>	<b>\$ (14,546,161)</b>	<b>\$ 250,222,926</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 2,059,736	\$ 21,164	\$ -	\$ 2,080,900
Less accumulated depreciation	(1,948,627)	(29,986)	-	(1,978,613)
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 111,109</b>	<b>\$ (8,822)</b>	<b>\$ -</b>	<b>\$ 102,287</b>

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

Instruction	\$ 858,194
Instructional Student Support	1,483
Admin. & Fin'l Support Services	199,713
Oper. & Maint. of Plant Svcs.	358,893
Pupil Transportation	496,311
Student activities	77,866
Depreciation - unallocated	9,262,625
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 11,255,085</b>

The District's governmental activities sold or scrapped \$439,369 of equipment for \$80,587 during the year, with accumulated depreciation of \$390,279, showing a gain on disposition of \$31,497. The business-type activities did not dispose of any equipment during the year.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

**Commitments**

*Encumbrances*

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

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

*Long-Term Construction Commitments*

The District has the following construction commitments in the Capital Project Funds:

	<b>CONTRACT AMOUNT</b>	<b>EXPENDED TO 6/30/22</b>	<b>OUTSTANDING COMMITMENTS</b>
<b><u>Freemansburg ES HVAC</u></b>			
D'Huy Engineering	\$ 347,692	\$ 312,922	\$ 34,770
Ace Electric	982,101	263,800	718,301
<b><u>Governor Wolf HVAC</u></b>			
JBK Mechanical	4,107,000	2,085,611	2,021,389
D'huy Engineering	342,255	309,027	33,228
Ace Electric	1,005,000	248,000	757,000
<b><u>Calypso HVAC</u></b>			
Trefz Mechanical	3,645,136	1,608,212	2,036,924
D'huy Engineering	298,119	269,186	28,933
<b><u>Freedom HS Roof Repairs</u></b>			
C & D Waterproofing Corp	1,236,820	424,936	811,884
<b><u>Miller Heights ES HVAC</u></b>			
D'huy Engineering	293,020	102,557	190,463
<b><u>James Buchanon ES HVAC</u></b>			
D'huy Engineering	223,572	85,676	137,896
<b><u>Hanover ES HVAC</u></b>			
D'huy Engineering	205,067	77,937	127,130
<b>GRAND TOTAL</b>	<b>\$ 12,685,782</b>	<b>\$ 5,787,864</b>	<b>\$ 6,897,918</b>

**Lease Receivables**

*Liberty HS Natatorium*

Effective July 1, 2021, The District entered into a 48-month lease as Lessor for the use of Liberty High School Natatorium. An initial lease receivable was recorded in the amount of \$39,667. The District will receive annual fixed payments of \$10,000. The lease has an interest rate of 0.56%. The District recognized \$10,000 in lease revenue and \$0 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the District's receivable for lease payments was \$29,667. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$29,667.



**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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The future lease payments as of June 30, 2022, were as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>
2022-23	\$ 9,834
2023-24	9,889
2024-25	9,944
<b>Totals</b>	<b>\$ 29,667</b>

*SPARK Building*

Effective July 1, 2021, The District entered into a 24-month lease as Lessor for the use of the SPARK building. An initial lease receivable was recorded in the amount of \$275,187. The District will receive monthly fixed payments of \$11,500. The lease has an interest rate of 0.308%. The District recognized \$137,417 in lease revenue and \$583 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the District's receivable for lease payments was \$137,770. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$137,770.

The future lease payments as of June 30, 2022, were as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>
2022-23	\$ 137,770
<b>Totals</b>	<b>\$ 137,770</b>

*Donegan Fowler Family Center*

Effective August 1, 2021, the District entered into a 36-month lease as Lessor for the use of the Donegan Fowler Family Center. An initial lease receivable was recorded in the amount of \$79,021. The District will receive annual fixed payments of \$10,000. The lease has an interest rate of 0.411%. The District recognized \$22,905 in lease revenue and \$231 in interest revenue during the current fiscal year related to this lease. As of June 30, 2022, the District's receivable for lease payments was \$56,116. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2022, the balance of the deferred inflow of resources was \$56,116.

The future lease payments as of June 30, 2022 were as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>
2022-23	\$ 26,215
2023-24	27,588
2024-25	2,313
<b>Totals</b>	<b>\$ 56,116</b>

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

**Short-Term Debt**

*Interfund Receivables and Payables*

The following interfund receivables and payables were in existence on June 30, 2022:

	<b>INTERFUND RECEIVABLES</b>	<b>INTERFUND PAYABLES</b>
General Fund	\$ 49,869	\$ 8,292,803
Enterprise (Food Service) Fund	1,333,114	44,866
Enterprise (Day Care) Fund	206,332	50,098
Capital Project Fund	4,634,187	-
Capital Reserve Fund	-	-
Special Revenue (BASD Authority General Fd) Fund	-	-
Self - Insurance Trust Fund (Blended Component Unit)	2,164,895	405
Private Purpose Trust Funds	-	-
Custodial (Activity) Fund	-	225
<b>TOTAL</b>	<b><u>\$ 8,388,397</u></b>	<b><u>\$ 8,388,397</u></b>

The District also made the following interfund transfers during the fiscal year ended June 30, 2022:

	<b>TRANSFER IN</b>	<b>TRANSFER OUT</b>
General Fund	\$ -	\$ 7,500,000
Capital Projects (Capital Reserve) Fund	7,500,000	-
Self - Insurance Trust Fund (Blended Component Unit)	-	-
Enterprise (Food Service) Fund	-	-
<b>TOTAL</b>	<b><u>\$ 7,500,000</u></b>	<b><u>\$ 7,500,000</u></b>

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

**Long-Term Liabilities**

Long-term liability balances and activity for the year ended June 30, 2022 were:

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<b>GOVERNMENTAL ACTIVITIES</b>					
<b>General Obligation Debt:</b>					
<i>Bonds and Notes Payable:</i>					
Bonds	\$ 242,113,272	\$ 135,717,690	\$ 150,623,748	\$ 227,207,214	\$ 13,605,000
Notes	13,223,687	5,822	5,000	13,224,509	-
<b>Total general obligation debt</b>	<b>255,336,959</b>	<b>135,723,512</b>	<b>150,628,748</b>	<b>240,431,723</b>	<b>13,605,000</b>
<i>Lease Obligations</i>	-	928,580	397,196	531,384	398,333
<b>Other Liabilities:</b>					
<i>Vested Employee Benefits:</i>					
Vacation Pay	1,726,379	-	46,670	1,679,709	213,011
Sick Pay	4,174,028	-	77,753	4,096,275	211,887
Net Defined Contribution Pension Obligation	558,291	-	5,557	552,734	-
Net Defined Benefit Pension Liability	364,717,148	-	59,771,969	304,945,179	-
Net OPEB Liability - Single Employer Plan	42,741,197	2,079,061	-	44,820,258	-
Net OPEB Liability - Multiple Employer Plan	16,249,377	1,741,220	-	17,990,597	-
Derivative Financial Instruments	22,134,423	-	11,498,857	10,635,566	-
<b>Total Other Liabilities</b>	<b>452,300,843</b>	<b>4,748,861</b>	<b>71,798,002</b>	<b>385,251,702</b>	<b>823,231</b>
<b>TOTAL GOVERNMENTAL ACTIVITY</b>					
<b>LONG-TERM LIABILITIES</b>	<b>\$ 707,637,802</b>	<b>\$ 140,472,373</b>	<b>\$ 222,426,750</b>	<b>\$ 625,683,425</b>	<b>\$ 14,428,231</b>
<b>BUSINESS TYPE ACTIVITIES</b>					
<i>Other Liabilities:</i>					
<i>Vested Employee Benefits:</i>					
Vacation Pay	\$ 46,358	\$ -	\$ 19,596	\$ 26,762	\$ -
Sick Pay	214,746	98,654	-	313,400	-
Net Defined Benefit Pension Liability	12,205,958	703,121	-	12,909,079	-
Net OPEB Liability - Single Employer Plan	224,986	27,807	-	252,793	-
Net OPEB Liability - Multiple Employer Plan	478,294	15,482	-	493,776	-
<b>TOTAL BUSINESS-TYPE ACTIVITY</b>					
<b>LONG-TERM LIABILITIES</b>	<b>\$ 13,170,342</b>	<b>\$ 845,064</b>	<b>\$ 19,596</b>	<b>\$ 13,995,810</b>	<b>\$ -</b>

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

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:	EXPENSE	PAID
General obligation debt	\$ 8,527,272	\$ 9,840,518
Lease debt	2,212	2,212
Refund of Prior Year Receipts	8,890	8,890
<b>TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES</b>	<b>\$ 8,538,374</b>	<b>\$ 9,851,620</b>

**Lease – 1516 Equipment**

On July 1, 2021, the District entered into a 28-month lease as lessee for the use of equipment. An initial lease liability was recorded in the amount of \$928,580 during the current fiscal year. As of June 30, 2022, the value of the lease liability was \$531,384. The District is required to make monthly fixed payments of \$33,284. The lease has an interest rate of 0.308%. The equipment has a 3-year estimated useful life. The value of the right to use asset as of June 30, 2022 was \$530,617 with accumulated amortization of \$397,963.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

The future principal and interest lease payments as of June 30, 2022, are as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022-23	\$ 398,333	\$ 1,075
2023-24	133,051	85
<b>Total Outstanding</b>	<b>\$ 531,384</b>	<b>\$ 1,160</b>

**Primary Government Debt**

**General Obligation Bonds – Series of 2011**

On November 1, 2011, the District issued \$33,330,000 of General Obligation Bonds – Series of 2011. The proceeds will be used: (1) to currently refund a portion (\$25,150,000) of the General Obligation Bonds – Series of 2007; (2) to make a payment to terminate a portion (\$7,470,000) of a related swap agreement; and; (3) to pay the costs and expenses of issuing the bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from November 15, 2012 to November 15, 2029. Interest rates range from 1.0% to 4.125%, with total interest indebtedness of \$18,872,955.

On August 17, 2021 the District refunded the General Obligation Bonds 2011 with the issuance of the General Obligation Bonds Series of 2021. Below is the economic gain calculation of the following refunding.

**SOURCES**

Gross Proceeds of Bonds	\$ 28,140,000
Plus: Accrued Interest	-
Premium	5,957,843
Less: Original Issue Discount	-
Underwriter's Discount	(32,391)
<b>TOTAL SOURCES</b>	<b>\$ 34,065,452</b>

**USES**

Escrow Deposit	\$ 33,928,409
Issuance Costs	131,013
Sinking Fund Deposit	6,030
<b>TOTAL USES</b>	<b>\$ 34,065,452</b>

**DIFFERENCE IN CASH FLOW REQUIREMENTS**

Old Debt Service Cash Flows	\$ 39,878,453
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 35,207,433
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	(6,030)
Net Cash Flows From New Debt	35,201,403
Net Difference in Cash Flows	4,677,050

**ECONOMIC GAIN/LOSS**

Present Value of Old Debt Service Cash Flows	\$ 38,504,799
Present Value of New Debt Service Cash Flows	\$ 33,934,439
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	(6,030)
Total	33,928,409
Economic Gain(Loss)	\$ 4,576,390

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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**General Obligation Bonds – Series A of 2015**

On June 4, 2015, the District issued \$30,000,000 in General Obligation Bonds - Series A of 2015. The proceeds will be used: (1) for capital projects including planning, designing, acquiring, construction and furnishing alterations and renovations to the Nitschmann Middle School and other public school facilities of the District, and (2) to pay the costs of issuance.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from August 1, 2025 to August 1, 2035. The bonds shall bear interest at 5.0%, with total interest indebtedness of \$28,080,750.

The outstanding debt service requirements at June 30, 2022, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022-23	\$ -	\$ 1,500,000
2023-24	-	1,500,000
2024-25	-	1,500,000
2025-26		1,500,000
2026-27		1,500,000
2027-32	-	7,500,000
2032-36	30,000,000	3,093,250
<b>Sub-Total</b>	<b>\$ 30,000,000</b>	<b>\$ 18,093,250</b>
<b>Unamortized Bond Premium</b>	2,508,106	
<b>Total Outstanding</b>	<b>\$ 32,508,106</b>	

**General Obligation Notes – Series B of 2015**

On June 4, 2015, the District issued \$3,470,000 of General Obligation Notes - Series B of 2015. The proceeds will be used: (1) to advance refund and restructure all of the Districts' General Obligation Bonds, Series of 2012 currently outstanding in the aggregate principal amount of \$3,470,000, and (2) to pay the costs of issuance.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from August 1, 2029, to August 1, 2031. The bonds bear interest from 3.25% to 3.37%, with total indebtedness of \$1,911,770.

The outstanding debt service requirements at June 30, 2022, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022-23	\$ -	\$ 124,706
2023-24	-	124,706
2024-25	-	124,706
2025-26		124,706
2026-27		124,706
2027-32	3,725,000	457,904
<b>Sub-Total</b>	<b>\$ 3,725,000</b>	<b>\$ 1,081,434</b>
<b>Unamortized Bond Discount</b>	(50,491)	
<b>Total Outstanding</b>	<b>\$ 3,674,509</b>	

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**General Obligation Notes – Series C of 2015**

On June 4, 2015, the District issued \$9,580,000 of General Obligation Notes - Series C of 2015. The proceeds will be used: (1) to advance refund and restructure all of the Districts' General Obligation Bonds, Series A of 2009 currently outstanding in the aggregate principal amount of \$60,365,000, of which \$8,420,000 was refunded, and (2) to pay the costs of issuance.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. The bonds mature from August 1, 2016, to August 1, 2029. The bonds bear interest from 2.868%% to 4.114%, with total indebtedness of \$3,656,622. This issue is considered federally taxable.

The outstanding debt service requirements at June 30, 2022, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022-23	\$ 1,215,000	\$ 327,634
2023-24	1,265,000	287,731
2024-25	1,280,000	244,600
2025-26	1,370,000	197,675
2026-27	1,390,000	146,759
2027-30	3,030,000	141,460
<b>Sub-Total</b>	<b>\$ 9,550,000</b>	<b>\$ 1,345,859</b>
<b>Unamortized Bond Discount</b>		-
<b>Total Outstanding</b>	<b>\$ 9,550,000</b>	

**General Obligation Bonds – Series A of 2016**

On August 31, 2016, the District issued \$34,240,000 of General Obligation Bonds – Series A of 2016. The proceeds will be used to (1) advance refund a portion of the School District's General Obligation Bonds, Series B of 2009, currently outstanding in the aggregate principal amount of \$7,975,000; of which \$7,480,000 shall be refunded, (2) advance refund all of the Districts, Series of 2010, currently outstanding in the aggregate principal amount of \$28,790,000 and (3) pay the costs and expenses of issuing and insuring the 2016A Bonds. Interest rates range from 2.0% to 5.0%.

The outstanding debt service requirements at June 30, 2022, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022-23	\$ 6,105,000	\$ 1,558,938
2023-24	7,090,000	1,253,688
2024-25	8,775,000	899,187
2025-26	9,240,000	460,434
2026-27	745,000	45,838
2027-29	1,500,000	46,875
<b>Sub-Total</b>	<b>\$33,455,000</b>	<b>\$ 4,264,960</b>
<b>Unamortized Bond Premium</b>	<b>2,379,298</b>	
<b>Total Outstanding</b>	<b>\$35,834,298</b>	

**General Obligation Bonds – Series B of 2016**

On August 31, 2016, the District issued \$19,700,000 of General Obligation Bonds – Series B of 2016. The proceeds will be used to (1) plan, design, acquire, constructing and furnishing alterations and renovations to the Nitschmann Middle School and other public school facilities of the School District, (2) replacement of turf and other athletic field improvements at the Freedom High School,

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

(3) HVAC and related improvements to the East Hills Middle School, and (4) paying the costs and expenses of issuing and insuring the 2016B Bonds. Interest rates range from 2.375% to 3.0%.

The outstanding debt service requirements at June 30, 2022, are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022-23	\$ -	\$ 590,925
2023-24	-	590,925
2024-25	-	590,925
2025-26	-	590,925
2026-27	-	590,925
2027-32	15,000	2,954,262
2032-36	19,685,000	1,501,350
<b>Sub-Total</b>	<b>\$ 19,700,000</b>	<b>\$ 7,410,237</b>
<b>Unamortized Bond Discount</b>	<b>(89,239)</b>	
<b>Total Outstanding</b>	<b>\$ 19,610,761</b>	

**General Obligation Bonds – Series of 2019**

On February 19, 2019, the District issued \$39,255,000 of General Obligation Bonds – Series of 2019. The proceeds will be used (1) refund the District's outstanding GOB Series A of 2009. Currently outstanding in the aggregate principal amount of \$27,305,000, (2) refund the District's outstanding GOB Series AA of 2009, currently outstanding in the aggregate principal amount of \$11,410,000 (3) finance capital projects including the purchase of school buses, and (4) pay allocable costs and expenses of issuing the Bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent. Interest rates are fixed at 5.0% with total interest indebtedness of \$3,979,192.

The outstanding debt service requirements at June 30, 2022 are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022-23	\$ 2,485,000	\$ 160,125
2023-24	1,960,000	49,000
<b>Sub-Total</b>	<b>\$ 4,445,000</b>	<b>\$ 209,125</b>
<b>Unamortized Bond Premium</b>	<b>129,191</b>	
<b>Total Outstanding</b>	<b>\$ 4,574,191</b>	

**General Obligation Bonds – Series of 2021**

On July 6, 2021 the District issued \$28,140,000 of General Obligation Bonds- Series of 2021. Proceeds of the Bonds were used to currently refund the School District's outstanding GOB, Series of 2011, currently outstanding in the aggregate principal amount of 33,285,000 and to pay the costs associated with the issuance of the Bonds.

In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with a paying agent. The Bonds matures from November 15, 2022 to November 15, 2029. The outstanding debt service requirements, using fixed interest rate of 5.0% with total interest indebtedness of \$7,067,433.

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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The outstanding debt service requirements at June 30, 2022 are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2022-23	\$ 2,230,000	\$ 1,351,250
2023-24	2,335,000	1,237,125
2024-25	3,845,000	1,082,625
2025-26	4,020,000	886,000
2026-27	4,165,000	681,375
2027-30	11,545,000	781,625
<b>Sub-Total</b>	<b>\$ 28,140,000</b>	<b>\$ 6,020,000</b>
<b>Unamortized Bond Discount</b>	<b>5,074,857</b>	
<b>Total Outstanding</b>	<b>\$ 33,214,857</b>	

**General Obligation Notes – Series of 2017**

On November 30, 2017, the District issued \$30,400,000 of General Obligation Notes – Series of 2017. The proceeds will be used: (1) to provide funds for refunding the variable rate General Obligation Notes – Series of 2014; and (2) paying the costs of this issue. These Notes are issued to the BASD Authority to guarantee their issuance of the Series of 2017 revenue bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent.

Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it is not shown on the government-wide Statement of Net Position as obligated debt because the Authority is blended into the financial statements; therefore, its long-term receivable equal to the principal outstanding balance of this Note are eliminated for financial reporting purposes. These notes were paid off during this fiscal year.

**General Obligation Notes – Series of 2018**

On April 2, 2018, the District issued \$40,655,000 of General Obligation Notes – Series of 2018. The proceeds will be used: (1) to provide funds for refunding the variable rate General Obligation Bonds – Series of 2011 by transferring the liability, including the fixed payor swap, to the BASD Authority; and (2) paying the cost of this issue. The Note is issued to the BASD Authority to guarantee their issuance of the Series of 2018 revenue bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent.

Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it will not be shown on the government-wide Statement of Net Position as obligated debt because the Authority is blended into the financial statements; therefore, its long-term receivable equal to the principal outstanding balance of the Note are eliminated for financial reporting purposes. These notes were paid off during this fiscal year.

**General Obligation Notes – Series A of 2018**

On April 2, 2018, the District issued \$30,140,000 of General Obligation Notes – Series A of 2018. The proceeds will be used: (1) to currently refund a portion General Obligation Notes – Series A of 2011 by transferring the liability, including the fixed payor swap, to the BASD Authority; and (2) paying the cost of this issue. These Notes are issued to the BASD Authority to guarantee their issuance of the Series A of 2018 revenue bonds. In accordance with the Local Governmental Unit Debt Act, a sinking fund has been established with the paying agent.

Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it will not be shown on the government-wide Statement of Net Position as obligated debt because the Authority is blended into the financial statements; therefore, its long-term receivable equal to



**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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the principal outstanding balance of the Note are eliminated for financial reporting purposes. These notes were paid off during this fiscal year.

**General Obligation Notes – Series A of 2021**

On November 1, 2021 the District issued \$30,435,000 of General Obligation Notes- Series A of 2021. Proceeds of the Notes were used: (1) to currently refund the General Obligation Notes – Series of 2017 by transferring the liability to the BASD Authority; and (2) pay the cost of issue. These Notes are issued to the BASD Authority to guarantee their issuance of the Series A of 2021 revenue bonds.

Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it is not shown on the Statement of Net Position as obligated debt since the Authority is blended into the financial statements; therefore, the Authority's long-term receivable, equal to the principal outstanding balance of the Notes, are eliminated for financial reporting.

**General Obligation Notes – Series B of 2021**

On November 1, 2021 the District issued \$40,800,000 of General Obligation Notes- Series B of 2021. Proceeds of the Notes were used: (1) to currently refund the General Obligation Notes – Series of 2018 by transferring the liability to the BASD Authority; and (2) pay the cost of issue. These Notes are issued to the BASD Authority to guarantee their issuance of the Series B of 2021 revenue bonds.

Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it is not shown on the Statement of Net Position as obligated debt since the Authority is blended into the financial statements; therefore, the Authority's long-term receivable, equal to the principal outstanding balance of the Notes, are eliminated for financial reporting.

**General Obligation Notes – Series C of 2021**

On November 1, 2021 the District issued \$30,330,000 of General Obligation Notes- Series C of 2021. Proceeds of the Notes were used: (1) to currently refund the General Obligation Notes – Series A of 2018 by transferring the liability to the BASD Authority; and (2) pay the cost of issue. These Notes are issued to the BASD Authority to guarantee their issuance of the Series C of 2021 revenue bonds.

Since this Note is between the School District and its component unit (Bethlehem Area School District Authority), it is not shown on the Statement of Net Position as obligated debt since the Authority is blended into the financial statements; therefore, the Authority's long-term receivable, equal to the principal outstanding balance of the Notes, are eliminated for financial reporting.

**Component Unit Debt**

**Guaranteed Revenue Bonds – Series of 2017**

On November 30, 2017, the Bethlehem Area School District Authority issued \$30,400,000 of Guaranteed Lease Revenue Bonds – Series of 2017. The purpose of this issue is (1) to currently refund the Guaranteed Lease Revenue Bonds – Series of 2014, which was used to currently refund a portion of the Bethlehem Area School District's General Obligation Bonds, Series of 2005, and (2) to pay the costs and expenses allocable to the issuance of the Bonds. The bonds are being issued under the Municipal Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust Indenture, dated May 1, 2009. During this fiscal year, these bonds were refunded with a new issue.

**Guaranteed Revenue Bonds – Series of 2018**

On April 2, 2018, the Bethlehem Area School District Authority issued a \$40,655,000 of Guaranteed Revenue Bonds – Series of 2018. The purposes of the issue are (1) to currently refund a portion of the Bethlehem School District Authority Series of 2011 and (2) to pay the costs and expenses allocable to the issuance of the Bonds. The Bonds are being issued under to Municipalities Authorities Act of 1945, as amended, and pursuant to the provisions of a trust Indenture, dated May 1, 2009. During this fiscal year, these bonds were refunded with a new issue.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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**Guaranteed Revenue Bonds – Series A of 2018**

On April 2, 2018, the Bethlehem Area School District Authority issued \$30,140,000 of Guaranteed Revenue Bonds – Series A of 2018. The purpose of this issue are (1) to currently refund a portion of the Bethlehem School District Authority Series of 2011A and (2) to pay the costs and expenses allocable to the issuance of the Bonds. The bonds are being issued under to Municipalities Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust Indenture, dated May 1, 2009. During this fiscal year, these bonds were refunded with a new issue.

**Guaranteed Revenue Bonds – Series A of 2021**

On November 1, 2021, the Bethlehem Area School District Authority issued \$30,435,000 of Guaranteed Lease Revenue Bonds – Series A of 2021. The purpose of this issue is (1) to currently refund the Guaranteed Lease Revenue Bonds – Series of 2017, which was used to refund a portion of the Bethlehem Area School District's General Obligation Bonds, Series of 2005, and (2) to pay the costs and expenses allocable to the issuance of the Bonds. The bonds are being issued under the Municipal Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust Indenture, dated May 1, 2009.

A supplemental trust indenture provides that the Bonds shall be secured by a pledge and assignment of the lease rentals payable by the Bethlehem Area School District and guaranteed by the School District, under the terms of a General Obligation Note Series A of 2021 issued by the school district in the amount of \$30,435,000 on November 1, 2021.

**Interest Rate Swap**

On November 1, 2021, the Bethlehem Area School District refunded its General Obligation Note – Series of 2017, which the notes were issued to the Bethlehem Area School District Authority. The Authority funded this refunding with the Guaranteed Lease Revenue Bonds, Series A of 2021. The related interest rate swap that was attached to the School District's General Obligation Notes-Series of 2017 was transferred to the Authority's Guaranteed Lease Revenue Bonds- Series A of 2021.

*Objective of the interest rate swap.* As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in July 1, 2005, the Bethlehem Area School District entered into a forward starting interest rate swap in connection with its \$55,000,000, Series of 2005 variable-rate General Obligation Bonds. The intention of the swap was to effectively change the School District's variable interest rate on the bonds to a synthetic fixed rate.

*Terms.* The bonds and the related swap agreement mature on January 1, 2030, and the swap's original notional amount was \$55,000,000. The swap was entered into on December 8, 2003. Subsequently, \$25,350,000 of the original notional amount was terminated leaving a remaining notional amount of \$29,650,000. Under the swap, the School District receives the lesser of 67% of SOFR (monthly rate) plus 0.35% from the Counterparty (Morgan Stanley Capital Services) in exchange for a fixed rate of 3.90%. The variable rate paid on the Authority's Guaranteed Revenue Bonds – Series A of 2021 approximates the SIFMA index. Therefore, if SIFMA exceeds 67% of SOFR plus 0.35%, the District pays a net effective interest rate approximately equal to the fixed rate.

*Fair Value.* The swap has a negative fair value of \$2,859,024 as of June 30, 2022. The swap negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM an Independent financial advisor.

*Credit Risk.* As of June 30, 2022, the Authority was exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would not be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa3 by Moody's, A+ by Standard & Poor's and A+ by Fitch.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

**Basis Risk.** The swap exposes the government to basis risk should the relationship between SOFR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2022. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2022, the SIFMA rate was 0.91%, whereas 67% of SOFR plus 0.35 % was 1.355%.

**Termination Risk.** The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Authority, if the counterparty's short-term debt credit rating is withdrawn or reduced to a rating below Baa3 for Moody's and the rating by S&P is withdrawn or reduced to a rating that is below BBB-. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination, the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

**Swap payments and associated debt.** Using rates as of June 30, 2022, debt service requirements of the variable –rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The outstanding debt requirements at June 30, 2022, using the variable interest rate in effect at year end are:

FISCAL YEAR	PRINCIPAL	INTEREST	INTEREST RATE	
			SWAPS, NET	TOTAL
2022-23	\$ 75,000	\$ 410,955	\$ 766,824	\$ 1,252,779
2023-24	75,000	409,938	766,824	1,251,762
2024-25	75,000	408,922	766,824	1,250,746
2025-26	75,000	407,906	766,824	1,249,730
2026-27	6,840,000	368,696	694,306	7,903,002
2027-30	23,220,000	513,816	956,039	24,689,855
<b>SUB-TOTAL</b>	<b>30,360,000</b>	<b>\$ 2,520,233</b>	<b>\$ 4,717,641</b>	<b>\$ 37,597,874</b>
Unamortized Premium	-			
<b>TOTAL OUTSTANDING</b>	<b>\$ 30,360,000</b>			

**Guaranteed Revenue Bonds – Series B of 2021**

On November 1, 2021, the Bethlehem Area School District Authority issued a \$40,800,000 of Guaranteed Revenue Bonds – Series B of 2021. The purposes of the issue are (1) to currently refund a portion of the Bethlehem School District Authority Note Series of 2018 and (2) to pay the costs and expenses allocable to the issuance of the Bonds. The Bonds are being issued under to Municipalities Authorities Act of 1945, as amended, and pursuant to the provisions of a trust Indenture, dated May 1, 2009.

The supplemental trust Indenture provides that the Bonds shall be secured by a pledge and assignment of the lease rentals payable by the Bethlehem Area School District and guaranteed by the school district, under the terms of a General Obligation Note Series B of 2021 issued by the school district in the amount of \$40,800,000 on November 1, 2021.

***Interest Rate Swap***

**Objective of the interest rate swap.** As a means to lower its borrowing costs, when compared against fixed-rate notes at the time of issuance in September 1, 2007, the School District entered into a forward starting interest rate swap in connection with its \$40,000,000, Series of 2007 variable-rate general obligation notes. In addition, the School District entered into a constant maturity swap. The intention of the swaps was to effectively change the School District's variable interest rate on the notes to a synthetic fixed rate.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

**Terms.** The notes were refunded by the Bethlehem Area School District's Authority Guaranteed Revenue Bonds Series of 2009 during 2009-10 fiscal year backed by the issuance of the District's \$41,000,000 General Obligation Note to the Authority. These Series of 2009 revenue bonds and related District's Notes have been refunded with the Series B of 2021 revenue bonds and related Series B of 2021 general obligation bonds of the District that guarantee the Authority's revenue bonds. The related swap agreement matures on July 1, 2031, and the swap's notional amount is \$40,000,000. The swap was entered into on November 22, 2005. Starting on July 1, 2008, the notional value of the swap and the principal amount of the associated debt begin to decline. Under the swap, the Authority receives the lesser of 67% of SOFR (monthly rate) from the Counterparty (Morgan Stanley Capital Services) in exchange for a fixed rate of 3.696%. The variable rate paid on the Authority's Guaranteed Revenue Bonds – Series B of 2021 approximates the SIFMA index. Therefore, if SIFMA exceeds 67% of SOFR plus 0.35%, the District pays a net effective interest rate approximately equal to the fixed rate.

**Fair Value.** The interest rate swap has a negative fair value of \$3,224,747 as of June 30, 2022. The swap negative fair value may be countered by a reduction in total interest payments required under the variable-rate notes, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate notes adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM, an independent financial advisor.

**Credit Risk.** As of June 30, 2022, the Authority was exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would not be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa3 by Moody's, A+ by Standard & Poor's and A+ by Fitch.

**Basis Risk.** The swap exposes the government to basis risk should the relationship between SOFR and SIFMA converge, changing the synthetic rate on the notes. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2022. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2022, the SIFMA rate was 0.91%, whereas 67% of SOFR Plus .35% was 1.355%.

**Termination Risk.** The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Authority, if the counterparty's short-term debt credit rating is withdrawn or reduced to a rating below Baa3 for Moody's and the rating by S&P is withdrawn or reduced to a rating that is below BBB-. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination, the swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair value.

**Swap payments and associated debt.** Using rates as of June 30, 2022, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The outstanding debt service requirements at June 30, 2022, using the variable rate in effect at year end are:

FISCAL YEAR	PRINCIPAL	INTEREST	INTEREST RATE	
			SWAPS, NET	TOTAL
2022-23	\$ 1,470,000	\$ 534,581	\$ 992,250	\$ 2,996,831
2023-24	1,540,000	513,793	899,299	2,953,092
2024-25	2,160,000	485,226	802,602	3,447,828
2025-26	2,230,000	455,088	702,015	3,387,103
2026-27	4,785,000	393,136	597,525	5,775,661
2027-32	28,615,000	858,996	1,271,452	30,745,448
<b>SUB-TOTAL</b>	40,800,000	<b>\$ 3,240,820</b>	<b>\$ 5,265,143</b>	<b>\$ 49,305,963</b>
Unamortized Premium	-	-	-	-
<b>TOTAL OUTSTANDING</b>	<b>\$ 40,800,000</b>			

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**Guaranteed Revenue Bonds – Series C of 2021**

On November 1, 2021, the Bethlehem Area School District Authority issued \$30,300,000 of Guaranteed Revenue Bonds – Series C of 2021. The purpose of this issue are (1) to refund the Bethlehem School District Authority Series A of 2018 and (2) to pay the costs and expenses allocable to the issuance of the Bonds. The bonds are being issued under to Municipalities Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust Indenture, dated May 1, 2009.

A supplemental trust indenture provides that the Bonds shall be secured by pledge and assignment of the lease rentals payable by the Bethlehem Area School District and guaranteed by the school district, under the terms of a General Obligation Note Series C of 2021 issued by the school district in the amount of \$30,300,000 on November 1, 2021.

***Interest Rate Swap***

*Objective of the interest rate swap.* As a means to lower its borrowing costs, when compared against fixed-rate bonds at the time of issuance in January 1, 2007, the School District entered into a forward starting interest rate swap in connection with its \$55,000,000, Series of 2007 variable-rate general obligation bonds. The intention of the swap was to effectively change the School District's variable interest rate on the bonds to a synthetic fixed rate. The 2007 bonds were refunded by the Bethlehem Area School District Authority's Guaranteed Revenue Bonds. The Authority's Series A of 2011 Revenue Bonds were refunded with the Authority's Series A of 2018 Revenue Bonds, and the Series A of 2018 were refunded by the Series C of 2021 Revenue Bonds

*Terms.* The bonds and the related swap agreement mature on January 1, 2032, and the swap's notional amount is \$55,000,000. The swap was entered into on December 8, 2003. Starting on January 1, 2008, the notional value of the swap and the principal amount of the associated debt begin to decline. Under the swap, the Authority receives the lesser of 67% of SOFR (monthly rate) plus 0.35% from the Morgan Stanley Capital Services in exchange for a fixed rate of 3.843%. The variable rate paid on Revenue Bonds – Series C of 2021 Authority's approximates the SIFMA index. Therefore, if SIFMA exceeds 67% of SOFR plus 0.35%, the District pays a net effective interest rate approximately equal to the fixed rate.

*Fair Value.* The interest rate swap has a negative fair value of \$4,551,797 as of June 30, 2022. The swap negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM, an independent financial advisor.

*Credit Risk.* As of June 30, 2022, the Authority was exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would not be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa3 by Moody's, A+ by Standard & Poor's and A+ by Fitch.

*Basis Risk.* The swap exposes the government to basis risk should the relationship between SOFR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2022. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2022, the SIFMA rate was 0.91%, whereas 67% of SOFR plus .35% was 1.355%.

*Termination Risk.* The Authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. The swap may be terminated by the Authority, if the counterparty's short-term debt credit rating is withdrawn or reduced to a rating below Baa3 for Moody's and the rating by S&P is withdrawn or reduced to a rating that is below BBB-. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination, the

**Bethlehem Area School District**  
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swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair

*Swap payments and associated debt.* Using rates as of June 30, 2022, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The outstanding debt service requirements at June 30, 2022, using the variable rate in effect at year end are:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>	<b>INTEREST RATE SWAPS, NET</b>	<b>TOTAL</b>
2022-23	\$ 25,000	\$ 410,492	\$ 846,575	\$ 1,282,067
2023-24	25,000	410,153	846,575	1,281,728
2024-25	25,000	409,814	846,575	1,281,389
2025-26	25,000	409,475	846,575	1,281,050
2026-27	25,000	409,137	846,575	1,280,712
2027-32	30,180,000	1,625,458	3,307,995	35,113,453
<b>SUB-TOTAL</b>	30,305,000	<b>\$ 3,674,529</b>	<b>\$ 7,540,870</b>	<b>\$ 41,520,399</b>
Unamortized Premium	-			
<b>TOTAL OUTSTANDING</b>	<b>\$ 30,305,000</b>			

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

**Bethlehem Area School District**  
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*Combined Long-Term Debt*

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

<b>Bonds</b>										
<b>Fiscal Year Ended June 30</b>	<b>GO Bonds - 2015A</b>		<b>GO Bonds - 2016A</b>		<b>GO Bonds - 2016B</b>		<b>GO Bonds - 2019</b>		<b>GO Bonds - 2021</b>	
	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>
2023	\$ 1,500,000	\$ -	\$ 1,558,938	\$ 6,105,000	\$ 590,925	\$ -	\$ 160,125	\$ 2,485,000	\$ 1,351,250	\$ 2,230,000
2024	1,500,000	-	1,253,688	7,090,000	590,925	-	49,000	1,960,000	1,237,125	2,335,000
2025	1,500,000	-	899,187	8,775,000	590,925	-	-	-	1,082,625	3,845,000
2026	1,500,000	-	460,434	9,240,000	590,925	-	-	-	886,000	4,020,000
2027	1,500,000	-	45,838	745,000	590,925	-	-	-	681,375	4,165,000
2028-2032	7,500,000	-	46,875	1,500,000	2,954,262	15,000	-	-	781,625	11,545,000
2033-2036	3,093,250	30,000,000	-	-	1,501,350	19,685,000	-	-	-	-
<b>TOTAL</b>	<b>\$ 18,093,250</b>	<b>\$ 30,000,000</b>	<b>\$ 4,264,960</b>	<b>\$ 33,455,000</b>	<b>\$ 7,410,237</b>	<b>\$ 19,700,000</b>	<b>\$ 209,125</b>	<b>\$ 4,445,000</b>	<b>\$ 6,020,000</b>	<b>\$ 28,140,000</b>

**Bonds - Continued**

<b>Fiscal Year Ended June 30</b>	<b>GR Bonds - 2021A</b>		<b>GR Bonds - 2021B</b>		<b>GR Bonds - 2021C</b>		<b>Totals</b>	
	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>
2023	\$ 1,177,779	\$ 75,000	\$ 1,526,832	\$ 1,470,000	\$ 1,257,067	\$ 25,000	\$ 9,122,916	\$ 12,390,000
2024	1,176,763	75,000	1,413,092	1,540,000	1,256,728	25,000	8,477,321	13,025,000
2025	1,175,746	75,000	1,287,827	2,160,000	1,256,390	25,000	7,792,700	14,880,000
2026	1,174,730	75,000	1,157,103	2,230,000	1,256,051	25,000	7,025,243	15,590,000
2027	1,063,002	6,840,000	990,662	4,785,000	1,255,712	25,000	6,127,514	16,560,000
2028-2032	1,469,855	23,220,000	2,130,451	28,615,000	4,933,454	30,180,000	19,816,522	95,075,000
2033-2036	-	-	-	-	-	-	4,594,600	49,685,000
<b>TOTAL</b>	<b>\$ 7,237,875</b>	<b>\$ 30,360,000</b>	<b>\$ 8,505,967</b>	<b>\$ 40,800,000</b>	<b>\$ 11,215,402</b>	<b>\$ 30,305,000</b>	<b>\$ 62,956,816</b>	<b>\$ 217,205,000</b>

**Direct Borrowing**

<b>Fiscal Year Ended June 30</b>	<b>GO Notes - 2015B</b>		<b>GO Notes - 2015C</b>		<b>Totals</b>	
	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>	<b>Interest</b>	<b>Principal</b>
2023	\$ 124,706	\$ -	\$ 327,634	\$ 1,215,000	\$ 452,340	\$ 1,215,000
2024	124,706	-	287,731	1,265,000	412,437	1,265,000
2025	124,706	-	244,600	1,280,000	369,306	1,280,000
2026	124,706	-	197,675	1,370,000	322,381	1,370,000
2027	124,706	-	146,759	1,390,000	271,465	1,390,000
2028-2032	457,904	3,725,000	141,460	3,030,000	599,364	6,755,000
2033-2036	-	-	-	-	-	-
<b>TOTAL</b>	<b>\$ 1,081,434</b>	<b>\$ 3,725,000</b>	<b>\$ 1,345,859</b>	<b>\$ 9,550,000</b>	<b>\$ 2,427,293</b>	<b>\$ 13,275,000</b>

**Bonds and Direct Borrowing**

<b>Totals</b>	
<b>Interest</b>	<b>Principal</b>
\$ 9,575,256	\$ 13,605,000
8,889,758	14,290,000
8,162,006	16,160,000
7,347,624	16,960,000
6,398,979	17,950,000
20,415,886	101,830,000
4,594,600	49,685,000
<b>\$ 65,384,109</b>	<b>\$ 230,480,000</b>

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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***Derivative Financial Instruments***

***Component Unit***

In accordance with Governmental Accounting Standards Board Statement No. 53, any derivative financial instruments must be recorded on the government-wide financial statements at fair value for periods beginning on or after June 15, 2009. The Bethlehem Area School District Authority (component unit) has three derivative financial instruments; one associated with its Guaranteed Lease Revenue Bonds – Series A of 2021, one associated with its Guaranteed Lease Revenue Bonds – Series B of 2021, and one associated with its Guaranteed Lease Revenue Bonds – Series C of 2021.

The swap associated with the Authority's Guaranteed Lease Revenue Bonds – Series of 2021 originated from the School District's (primary government) General Obligation Bonds – Series of 2005. The swap associated with the Authority's Guaranteed Lease Revenue Bonds – Series A of 2021 originated from the School District's (primary government) General Obligation Notes – Series of 2007. The swap associated with the Authority's Guaranteed Lease Revenue Bonds – Series C of 2021 originated from the School District's (primary government) General Obligation Notes – Series of 2007.

The fixed payor swap on the Series A of 2021 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 3.593% and receiving 67% of one-month SOFR, plus 0.35%. The value of this derivative instrument embedded into the swap is a negative \$2,859,024, at June 30, 2022.

The fixed payor swap on the Series B of 2021 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 3.696% and receiving 67% of one-month SOFR. The value of this derivative instrument embedded into the swap is a negative \$3,224,747, at June 30, 2022.

The fixed payor swap on the Series C of 2021 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 3.843% and receiving 67% of one-month SOFR, plus 0.35%. The value of this derivative instrument embedded into the swap is a negative \$4,551,797, at June 30, 2022.

GASB Statement No. 53 requires the use of hedge accounting, in which the net change in fair value represents a deferred inflow or outflow of the hedging derivative financial instrument reported on the government-wide Statement of Net Position. To be considered a hedging derivative financial instrument, the derivative financial instrument must pass an effectiveness test using one of the available methods (consistent critical terms, synthetic instrument, dollar-offset, and regression analysis). If none of the available methods result in the derivative financial instrument being effective, then the net change in fair value should flow to the government-wide Statement of Activities, and the instrument is considered an investment derivative.

Based upon the tests of effectiveness conducted by the District's financial advisor for this fiscal year, the above-mentioned interest rate swaps associated with the Series of 2021A, 2021B, and 2021C Revenue Bonds are hedging derivative financial instruments. As such, its fair values of \$2,859,024, \$3,224,747, and \$4,551,797, respectively are shown on the Statement of Net Position as deferred outflows of resources offset by the long-term liability.

The portion of these swaps fair value that is "at the market" is \$1,695,524, \$1,889,403 and \$2,130,667 respectively, and is recorded as a derivative instrument asset as a deferred inflow of resources. Any negative amount "at the market" amount would be shown as a deferred outflow or resource. The portion of the fair value \$6,388,223, has been recorded to deferred gains on refunding because of the termination of hedge accounting caused by the refunding of the original issues. In addition, \$10,551,434 is shown as deferred costs of refunding.



**Bethlehem Area School District**  
**Notes To Basic Financial Statements**  
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**Compensated Absences**

*Sick-Pay*

Under the District's various bargaining agreements and plans, (see below), professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These *accumulated sick days are non-vesting during the employee's tenure.*

**Clerical/Secretarial Employees** – Employees who retire will receive unused sick leave credit not to exceed 120 days at \$65 per day. Conversion of unused sick leave to health benefits have the following options: (1) if less than the allowed unused sick days have been accrued, payment in cash for the unused sick days will be used; (2) if more than the allowed unused sick days have been accrued, payment will be made for the allowed number, (90), plus all days in excess may be used to receive health care benefits for a period of time equal to a balance of funds credited for unused days multiplied by \$65 per day; (3) if more than the allowed unused sick days have been accrued, all unused sick days may be converted to credit toward health care coverage, as outlined in option 2.

**Custodial and Maintenance Employees** – Employees who retire will receive unused sick leave credit at \$63 per day. Conversions of unused sick leave to health benefits have the following options. Option 1 is the same as above. Option 2 is the same, except the excess is multiplied by \$63.

**Food Service Employees** – Employees who retire will receive unused sick leave credit at a rate of \$48 per day for a maximum of 56 days for full-time employees and \$40 per day for a maximum of 450 hours for part-time employees. Conversion for only full-time employees to health benefits has the following three options: Option 1: If less than the maximum 450 hours is accumulated, payment in cash will ensue. Option 2: If more than the allowed unused sick days have been accrued, payment will be made up to the 450 hours, excess will be converted to health benefits for a period of time equal to a balance of funds credited for unused sick hours multiplied by \$6 for full-time employees and \$5 for part-time employees. Option 3: If more than the allowed unused sick days have been accrued, they can cover all their unused sick hours to the health benefit coverage.

**Teacher Aide Employees** – Sick days are cumulative from year to year without limit. Full Time teacher assistants/health assistants who retire will receive unused sick leave credit not to exceed days at \$40 per sick day. To be eligible for unused sick leave credit a teacher assistant/health assistant shall meet the following criteria, (total combination of age years of BASD service as follows: year 1 Age + Yrs.=70 w/min 11 yrs. BASD Service, year 2 Age + Yrs.=71 w/min 12 yrs. BASD Service, year 3 Age 72 yrs. w/min 13 yrs. BASD Service, year 4 Age + Yrs.=72 w/min 14 yrs. BASD Service, year 5 Age + Yrs. = w/min 15 yrs. BASD Service). Payment will be made for the allowed benefits as a non-elective employer contribution to the employee's 403 (b) Plan.

**Teachers** – Upon retirement, members of the bargaining unit shall receive unused sick leave credit up to 90 days at the rate of \$45 per day. To be eligible for this severance payment they must have 10 yrs. of service at the district and be at least 52 yrs. of age, or have 10 yrs. of service and have accrued a minimum of 30 yrs. of credited service in the PSERS system.

**Bethlehem Area School District**  
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Note – Employees in the bargaining unit who have at least 30 years of credited service in PSERS, and who have more than 90 days of unused sick days at the time of retirement shall be provided with health benefits computed at the rate of 30 sick days for one year of health care coverage to a maximum of 10 years of benefits or until Medicare kicks in, whichever occurs first. If after calculating the number of years of coverage, there are sick days not used, two additional months of health care coverage can be secured for every 5 sick days, up to a maximum of 25 days equal 10 months of additional coverage. Bargaining members may exchange all of their unused sick days for the benefits of health coverage only if they exceed the minimum of 90 days accumulated.

The District maintains records of each employee's accumulated sick days that are vested with employees who are able to retire. In accordance with GASB statement No. 16, \$107,596 and \$104,949 respectively including FICA tax (net of reimbursement), has been recorded in the Food Service (Enterprise) Fund and Day Care (Enterprise) Fund, respectively for sick leave termination benefits earned by Cafeteria and Day Care employees at June 30, 2022. This amount is also included as a long-term liability in the business type activity column of the government-wide statements of net position. The amount recorded in the General Fund for governmental employees, which will use currently available financial resources, is \$211,887, including FICA tax (net of reimbursement). This amount is reflected as a current liability in the governmental activities column of the government-wide statement of net position. The remaining sick leave termination benefit of \$3,884,388, including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

***Vacation Leave***

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2022, that will use currently available financial resources is \$213,011, including fica tax and retirement contributions (net of reimbursement), which has been recorded in the General Fund. This amount is also shown as a current liability in the governmental activities column of the government-wide statement of net position (The Day Care) Fund and (Food Service Fund) has recorded \$17,968, and \$25,591, respectively, including fica tax and retirement contributions (net of reimbursement), which is also reflected as a long-term liability in the business-type activity column of the government-wide statement of net position. The remaining vacation pay earned at June 30, 2022, of \$1,466,698, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

***Defined Benefit Pension Plan***

Public School Employees' Retirement System (PSERS) Pension Plan

***Summary of Significant Accounting Policies***

Pensions

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

**Bethlehem Area School District  
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***General Information about the Pension Plan***

Plan description

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

Benefits provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

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

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

Contributions

Member Contributions:

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

**Bethlehem Area School District  
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<b>Member Contribution Rates</b>				
<b>Membership Class</b>	<b>Continuous Employment Since</b>	<b>Defined Benefit (DB) Contribution Rate</b>	<b>DC Contribution Rate</b>	<b>Total Contribution Rate</b>
<b>T-C</b>	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
<b>T-C</b>	On or after July 22, 1983	6.25%	N/A	6.25%
<b>T-D</b>	Prior to July 22, 1983	6.50%	N/A	6.50%
<b>T-D</b>	On or after July 22, 1983	7.50%	N/A	7.50%
<b>T-E</b>	On or after July 1, 2011	7.50% base rate with shared risk provision	N/A	7.50%
<b>T-F</b>	On or after July 1, 2011	10.30% base rate with shared risk provision	N/A	10.30%
<b>T-G</b>	On or after July 1, 2019	5.50% base rate with shared risk provision	2.75%	8.25%
<b>T-H</b>	On or after July 1, 2019	4.50% base rate with shared risk provision	3.00%	7.50%
<b>DC</b>	On or after July 1, 2019	N/A	7.50%	7.50%

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

**Employer Contributions:**

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2022 was 34.14% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$40,140,168 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$315,642,496 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021, 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, 2020 to June 30, 2021. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2022, the District's proportion was 0.7804 percent, which was an increase of 0.0064 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized pension expense of \$24,196,777. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual		
Paid Separately Finance Liabilities	\$ 43,567	\$ -
Changes in Assumptions	15,541,000	-
Net difference between projected and actual contributions made	-	526,707
Net difference between projected and actual earnings on pension plan investments	-	51,001,000
Difference between expected and actual experience	-	3,973,000
Changes in proportion of the Net Pension Liability	5,509,000	-
District contributions subsequent to the measurement date	40,140,168	-
Total	<u>\$ 61,233,735</u>	<u>\$ 55,500,707</u>

\$40,140,168 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2022	\$ (8,118,000)
2023	(4,075,723)
2024	(5,568,996)
2025	(16,583,235)
Thereafter	(61,186)
Total	<u>\$ (34,407,140)</u>

***Changes in Actuarial Assumptions***

The Total Pension Liability as of June 30, 2021 was determined by rolling forward the System's Total Pension Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2020
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 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 discount rate used to measure the Total Pension Liability decreased from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.

**Bethlehem Area School District  
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- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global public equity	27.0%	5.2%
Private Equity	12.0%	7.3%
Fixed Income	35.0%	1.8%
Commodities	10.0%	2.0%
Absolute return	8.0%	3.1%
Infrastructure/MLPs	8.0%	5.1%
Real estate	10.0%	4.7%
Cash	3.0%	1.0%
Leverage	-13.0%	1.0%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount rate

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

**Bethlehem Area School District  
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members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
District's proportionate share of the net pension liability	\$ 420,546,000	\$ 320,407,000	\$ 235,935,000

Pension plan fiduciary net position

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

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2022, the School District recognized revenue of \$20,082,682 as reimbursement from the State for its current year pension payments

Payables to the Pension Plan

As of June 30, 2022, the School District had \$13,968,412 included in accrued wages liability, of which \$10,243,525 is for the contractually required contribution for the second quarter of 2022 and \$3,724,887 is related to the accrued payroll liability for wages incurred as of June 30, 2022.

***Defined Contributions Pension Plan***

*Retirement Severance Benefits*

Under various contracts with administrators, support staff and custodians a lump sum payment is offered upon retirement. The payment is based on a flat amount per year of service reduced by a per diem amount based on the number of sick days used in each year.

The lump sum payment shall be paid in full to the employee in one payment on the date to be determined by the employee after the employees' effective date of retirement. In the event of death of the employee, the lump sum payment will be paid in full to the employee's estate.

In accordance with Government Accounting Standards Board Statement No. 73, this benefit is considered a pension plan. The following is a summary of plan provisions.

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**Employer Contributions**

The school district pays this benefit on a pay-as-you-go basis. It does not accumulate funds into any trust for future benefits. Contributions to the pension plan from the District were \$21,163 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$552,734 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 an actuarial valuation as of January 1, 2021, with rolling forward the System's total pension liability as of June 30, 2022.

For the year ended June 30, 2022, the District recognized pension expense of \$46,162. The following table reflects the changes to the pension obligation during the year:

	<u><b>2021-22</b></u>
<b>Total Defined Contribution Pension Liability - beginning</b>	<b>\$ 558,291</b>
Service Cost	29,581
Interest	10,301
Changes in Benefit Terms	-
Difference between expected and actual experience	28,309
Changes in assumptions	(10,854)
Benefit payments	(62,894)
Net change in total Pension Liability	(5,557)
<b>Total Defined Contribution Pension Liability - ending</b>	<b>\$ 552,734</b>
Interest Rate	2.28%
Plan Members	63
Covered Payroll	\$ 7,084,625

**Actuarial Assumptions**

The total pension liability as of June 30, 2022, was determined by the actuarial valuation on January 1, 2021, with rolling forward the System's total pension liability using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method - Entry Age Normal – level % of pay
- Investment return – 2.28%.

The actuarial assumptions used in the January 1, 2021 valuation were based on the experience study conducted by the actuary, including the assumed retirement rates based on PSERS plan experience and vary by age, service, and gender.



**Bethlehem Area School District**  
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*Schedule on Defined Contribution Pension Deferred Outflows/Inflows*

<b>Sources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in Assumptions	\$ 6,482	\$ -
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	48,282	-
Changes in proportion of the net defined contribution pension liability	-	-
District contributions subsequent to the measurement date	21,163	-
<b>Total</b>	<b>\$ 75,927</b>	<b>\$ -</b>

*Funded Status and Funding Process*

The funded status of the benefits as of June 30, 2022, was as follows:

	<b>Retirement Incentive Benefit Governmental Activity</b>
Actuarial accrued liability (a)	\$ 552,734
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	\$ 552,734
Funded Ratio (b) / (a)	0.0%
Covered payroll	\$ 7,084,625
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	7.8%

*Sensitivity of the District's Proportion Share of the Net Defined Contribution Pension Liability in the Discount Rate:*

The following presents the District's proportionate share of the net defined contribution pension liability calculated using the discount rate off 2.28%, as well as what the District's proportionate share of the net defined contribution pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.28%) or 1-percentage point higher (3.28%) than the current rate, using the net defined contribution liability reported by the actuary before adjusting for differences on projected vs actual contributions made.

	<b>1% Decrease 1.28%</b>	<b>Current Discount Rate 2.28%</b>	<b>1% Increase 3.28%</b>
District's proportionate share of the net OPEB Pension liability	\$ 578,281	\$ 552,734	\$ 526,357

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***Other Employee Benefits***

**Hospitalization/Medical/Dental/Prescription Drug Benefits**

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

***Other Postemployment Benefits***

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

***Summary of Significant Accounting Policies***

Other Postemployment Benefits

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

***General Information about the Health Insurance Premium Assistance Program***

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2020 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

Pension Plan description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time

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hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at [www.psers.pa.gov](http://www.psers.pa.gov).

**Benefits provided**

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021, there were no assumed future benefit increases to participating eligible retirees.

**Contributions**

**Employer Contributions:**

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2022 was 0.80% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$940,601 for the year ended June 30, 2022.

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

At June 30, 2022, the District reported a liability of \$18,512,817 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, 2020 to June 30, 2021. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2022, the District's proportion was 0.7813 percent, which was an increase of 0.0070 percent from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the District recognized OPEB expense of \$1,192,352. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Sources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Proportionate Share vs Actual		
Paid Separately Finance Liabilities	\$ 2,577	\$ -
Changes in Assumptions	1,725,000	-
Net difference between projected and actual contributions made	-	4,812
Net difference between projected and actual investment earnings	37,000	-
Difference between expected and actual experience	172,000	-
Changes in proportion of the Net OPEB Liability	392,000	-
District contributions subsequent to the measurement date	940,601	-
<b>Total</b>	<b>\$ 3,269,178</b>	<b>\$ 4,812</b>

**Bethlehem Area School District  
Notes to Basic Financial Statements  
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\$940,601 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2022	\$ 385,000
2023	380,352
2024	510,348
2025	423,862
2026	358,746
Thereafter	<u>265,457</u>
Total	<u>\$ 2,323,765</u>

***Actuarial Assumptions***

The Total OPEB Liability as of June 30, 2021, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2020 to June 30, 2021 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.5%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study that was performed for the five year the period ending June 30, 2015.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- 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.

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Notes to Basic Financial Statements  
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- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

<b>OPEB - Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Cash	79.8%	0.1%
US Core Fixed Income	17.5%	0.7%
Non-US Developed Fixed	2.7%	-0.3%
	<u>100%</u>	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2021.

Discount rate

The discount rate used to measure the Total OPEB Liability was 2.18%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 2.18% which represents the S&P 20-year Municipal Bond Rate at June 30, 2021, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the System Net OPEB Liability to Change in Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2021, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2021, 93,392 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2020, 611 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2021, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

**Bethlehem Area School District  
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	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
System net OPEB liability	\$ 18,516,000	\$ 18,518,000	\$ 18,520,000

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

The following presents the net OPEB liability, calculated using the discount rate of 2.18%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.18%) or 1-percentage-point higher (3.18%) than the current rate:

	<b>1% Decrease 1.18%</b>	<b>Current Discount Rate 2.18%</b>	<b>1% Increase 3.18%</b>
District's proportionate share of the net OPEB liability	\$ 21,252,000	\$ 18,518,000	\$ 16,267,000

OPEB plan fiduciary net position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2022, the School District had \$327,321 included in accrued wages liability, of which \$240,036 is for the contractually required contribution for the second quarter of 2022 and \$87,285 is related to the accrued payroll liability for wages incurred as of June 30, 2022.

***Single Employer OPEB Plan***

In accordance with the PA School of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65. This benefit has an implicit rate subsidy, since the retiree pays the premium at the insurance carrier's global rate charged to the School District versus an age-adjusted rate, as defined in the GASB Statement. Plan Description: Bethlehem Area School District has one single employer defined benefit plan with the pertinent descriptions shown on the table below:

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<b>Summary of Plan Provisions</b>			
<b>GROUP</b>	<b>ELIGIBILITY</b>	<b>COVERAGE AND PREMIUM SHARING</b>	<b>DURATION</b>
<b><u>I. ADMINISTRATORS</u></b>	Age 52 with 8 years of service with the district or ACT 110/43.	<ul style="list-style-type: none"> <li>Coverage: Medical, Prescription Drug, and Dental.</li> <li>Premium Sharing: If the member reaches 52 years with 8 years of service with the District, District contributions are based on the member's PSERS service at retirement. If the member reaches age 35 years of PSERS service, the member will pay the active cost share amount for medical, prescription drug, and dental coverage for the member and spouse. If the member does not reach 35 years of PSERS service, the member may trade unused sick days at a rate of 40 days per year of medical, prescription drug, and dental benefits for the member and spouse for up to 10 years during which time the member will pay the active cost share amount.</li> </ul> <p>If the accrued District subsidy period is exhausted or if the member does not meet the requirements for receiving a subsidy but requirements are met for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium as determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> <li>Dependents: Spouses included.</li> </ul>	Coverage continues until the member reaches Medicare eligibility
<b><u>II. TEACHERS</u></b>	ACT 110/43	<ul style="list-style-type: none"> <li>Coverage: Medical, Prescription Drug, and Dental</li> <li>Premium Sharing: If the member reaches 30 years of PSERS service and has more than 90 unused sick days, the member may trade all of their unused sick days at a rate of 40 days per medical, prescription drug, and dental coverage for the member and spouse for up to 10 years, depending on the year of retirement. Beginning with the 2014-2015 school year, the member must also reach 20 years of District service to be eligible for the subsidy. Members who reach 25 years of PSERS service by the end of the 2013-2014 school year and who retire before the 2019-2020 school year will be exempt from this requirement. During the subsidy period, the member will pay the active cost share amount.</li> </ul> <p>If the accrued District subsidy period is exhausted or if the member does not meet the requirements for receiving a subsidy but meets requirements are met for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium as determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> <li>Dependents: Spouses included</li> </ul>	Same as I

**Bethlehem Area School District  
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<b>Summary of Plan Provisions (Continued)</b>			
<b>GROUP</b>	<b>ELIGIBILITY</b>	<b>COVERAGE AND PREMIUM SHARING</b>	<b>DURATION</b>
<b><u>III. CUSTODIAL/MAINTENANCE</u></b>	Must be eligible for one of the following: <ul style="list-style-type: none"> <li>Attained at least 25 years of District service as of 12/31/2010 and be eligible for PSERS superannuation retirement.</li> <li>ACT 110/43</li> </ul>	<ul style="list-style-type: none"> <li>Coverage: Medical, Prescription Drug, and Dental</li> <li>Premium Sharing: If the member had attained 25 years of service with the district as of December 31, 2010, and is eligible for PSERS superannuation retirement, the member may trade unused sick days at a rate of 60 days per year of medical, prescription drug, and dental coverage for the member and spouse for up to 7 years during which time the member will pay the active cost share amount.</li> </ul> <p>If the accrued district subsidy period is exhausted or if the member does not meet the requirements for receiving a subsidy but meets requirements for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium as determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> <li>Dependents: Spouses included</li> </ul>	Same as I
<b><u>IV. FOOD SERVICE</u></b>	10 years of service with the District with age plus service greater than 65 or ACT 110/43.	ACT 110/43	Same as I
<b><u>V. TEACHER ASSISTANTS AND AIDES</u></b>	15 years of service with the District with age plus service greater than 65, or ACT 110/43.	ACT 110/43	Same as I
<b><u>VI. ALL OTHER SUPPORT STAFF</u></b>	Age 52 with 10 years of service with the District or ACT 110/43	ACT 110/43	Same as I

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

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Coordination with Medicare benefits: Medicare pays primary. Medicare pays secondary for retiree with special contract referred to in Section I.

**Benefits not Included in the Calculation:** Benefits that include conversion of sick leave to dollar value that can be used towards the payment of postretirement medical, prescription drug, and dental benefits are not valued under GASB 75. It is assumed that these benefits are reported under the provisions of GASB 16.

**GASB 73 Disclosures:** Administrators are eligible for service time incentive benefits upon attainment of age 52 with 8 years of service with the district. The amount payable is equal to \$1,000 times the administrator's service. The benefits are accounted for under GASB 73 and are contained in the appendix.



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**Employees Covered by Benefit Terms**

At June 30, 2022, the following employees were covered by the benefit terms:

Active Participants	1,708
Vested Former Participants	0
Retired Participants	<u>103</u>
Total	1,811

**Total OPEB Liability**

The School's total OPEB liability under this single employer plan of \$44,919,958, was measured as of June 30, 2022, and was determined by an actuarial valuation as of July 1, 2021.

**Actuarial Assumptions and Other Inputs**

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

**Actuarial Methods and Assumptions**

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

<b>Single Employer OPEB Healthcare Benefit</b>	
Actuarial Valuation Date	7/1/2021
Actuarial Cost Method	Entry Age Normal
Interest Rate	2.28%
Projected salary increases	3.50% to 6.25%
Healthcare inflation rate	5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis
The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2021.	

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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

*Changes in the Total OPEB Liability*

	<u><b>2021-22</b></u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 2,674,785
Interest	839,931
Changes in Benefit Terms	-
Difference between expected and actual experience	758,232
Changes in assumptions	(1,426,839)
Benefit payments	<u>(892,334)</u>
Net change in total OPEB Liability	1,953,775
Total OPEB Liability - beginning	<u>42,966,183</u>
<b>Total OPEB Liability - ending</b>	<u><b>\$ 44,919,958</b></u>
 Covered employee payroll	 <u><b>\$ 109,093,554</b></u>

Total OPEB Liability as a percentage of covered employee payroll 41.18%

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

For the year ended June 30, 2022, the School recognized OPEB expense of \$2,986,837. At June 30, 2022, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

<u><b>Sources</b></u>	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Changes in Assumptions	\$ 1,329,464	\$ -
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	-	5,585,066
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>1,162,418</u>	<u>-</u>
<b>Total</b>	<u><b>\$ 2,491,882</b></u>	<u><b>\$ 5,585,066</b></u>

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2023	\$ (527,879)
2024	(527,879)
2025	(527,879)
2026	(527,879)
2027	(527,879)
Thereafter	<u>(1,616,207)</u>
Total	<u>\$ (4,255,602)</u>

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.28%) or 1-percentage point higher (3.28%) than the current discount rate:

	<b><u>1% Decrease</u></b> <b><u>1.28%</u></b>	<b><u>Current</u></b> <b><u>Discount Rate</u></b> <b><u>2.28%</u></b>	<b><u>1% Increase</u></b> <b><u>3.28%</u></b>
District's proportionate share of the net OPEB liability	\$ 48,344,203	\$ 44,919,958	\$ 41,606,058

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

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

	<b><u>1% Decrease</u></b>	<b><u>Current</u></b> <b><u>Trend Rate</u></b>	<b><u>1% Increase</u></b>
System net OPEB liability	\$ 39,302,899	\$ 44,919,958	\$ 51,613,572

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

**Combined Deferred Outflows/Inflows on Pensions and OPEB**

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

GOVERNMENTAL ACTIVITIES					
	<i>Pension - GASB 68</i>	<i>Pension - GASB 73</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension &amp; OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 5,342,100	\$ -	\$ -	\$ 381,036	\$ 5,723,136
Current Year Contributions	39,123,149	21,163	1,162,418	916,769	41,223,499
Change in Assumption	15,156,911	6,482	1,312,448	1,680,668	18,156,509
Diff in Projected Vs Actual Contributions	(512,590)	-	-	(4,681)	(517,271)
Difference in Investment Earnings	(49,801,091)	-	-	35,972	(49,765,119)
Diff. between Expected vs Actual Experience	(3,826,235)	48,282	(5,509,261)	167,142	(9,120,072)
Diff. between Prop. Share vs Actual POS	43,567	-	-	2,577	46,144
<b>Net Pension Liability</b>	<b>\$ 304,945,179</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 304,945,179</b>
<b>Net Defined Contribution Pension Liability</b>	<b>\$ -</b>	<b>\$ 552,734</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 552,734</b>
<b>Net OPEB Liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 44,820,258</b>	<b>\$ 17,990,597</b>	<b>\$ 62,810,855</b>

BUSINESS-TYPE ACTIVITIES					
	<i>Pension - GASB 68</i>	<i>Pension - GASB 73</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension &amp; OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 166,900	\$ -	\$ -	\$ 10,964	\$ 177,864
Current Year Contributions	1,017,019	-	-	23,832	1,040,851
Change in Assumption	384,089	-	17,016	44,332	445,437
Diff in Projected Vs Actual Contributions	(14,117)	-	-	(131)	(14,248)
Difference in Investment Earnings	(1,199,909)	-	-	1,028	(1,198,881)
Diff. between Expected vs Actual Experience	(146,765)	-	(75,805)	4,858	(217,712)
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
<b>Net Pension Liability</b>	<b>\$ 10,697,317</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 10,697,317</b>
<b>Net Defined Contribution Pension Liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB Liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 99,700</b>	<b>\$ 522,219</b>	<b>\$ 621,919</b>

STATEMENT OF NET POSITION	
<i>Governmental &amp; Business-Type Activities</i>	<i>Total</i>
	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE
Change in Proportion	\$ 5,901,000
Current Year Contributions	42,264,350
Change in Assumption	18,601,946
Diff in Projected Vs Actual Contributions	(531,519)
Difference in Investment Earnings	(50,964,000)
Diff. between Expected vs Actual Experience	(9,337,784)
Diff. between Prop. Share vs Actual POS	46,144
<b>Net Pension Liability</b>	<b>\$ 315,642,496</b>
<b>Net Defined Contribution Pension Liability</b>	<b>\$ 552,734</b>
<b>Net OPEB Liability</b>	<b>\$ 63,432,774</b>

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental	Business-Type
<i>Pension - Pension and Defined Contribution Plans</i>	<i>Activities</i>	<i>Activities</i>
Net Pension Liability	\$ 304,945,179	\$ 10,697,317
Net Defined Contribution Pension Liability	552,734	-
Deferred Outflow Related to Pensions	(59,741,654)	(1,568,008)
Deferred Inflows Related to Pensions	54,139,916	1,360,791
<b>Total liab. Net deferred inflows/outflows</b>	<b>\$ 299,896,175</b>	<b>\$ 10,490,100</b>
<i>OPEB - Single &amp; Multiple Employer Plans</i>		
Net OPEB Liability	\$ 62,810,855	\$ 621,919
Deferred Outflows Related to OPEB	(5,659,030)	(102,030)
Deferred Inflows Related to OPEB	5,513,942	75,936
<b>Total liab. Net deferred inflows/outflows</b>	<b>\$ 62,665,767</b>	<b>\$ 595,825</b>

**Bethlehem Area School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2022**

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**Note 6 – Risk Management**

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

**Note 7 – Fund Balance Allocations**

*Nonspendable Fund Balance*

The General Fund had \$291,058, in nonspendable fund balance at June 30, 2022, comprised of \$219,753, of inventories on hand at year-end and \$71,305, of prepaid expenditures.

*Restricted Fund Balance*

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$15,049,328 fund balance at year end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes. In addition, the debt covenant on the bond issues restricts the proceeds shown in the Construction Fund for the purposes outlined in the bond resolution. As such, the \$404,104, in deficit fund balance at year end within this fund is considered restricted. In addition, the General Fund has \$83,456 restricted for unspent donations.

*Committed Fund Balance*

The School Board has committed \$27,000,000 to the Capital Reserve Fund.

*Assigned Fund Balance*

Management has assigned \$4,000,000 of fund balance of the General Fund for future retirement rate increases in their retirement contributions.

**Note 8 – Net Position Restrictions**

The net position for governmental activities, shown on the government-wide statement of net position has an overall deficit of \$284,440,577. The business-type activities column reflects a deficit of \$6,063,040, with \$102,287 invested in capital assets with no related debt.

**Note 9 – Contingencies**

*Grants*

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2022.

*Litigation*

In accordance with management, there are no legal matters that could materially affect the financial position of the District as of June 30, 2022.

**Bethlehem Area School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2022**

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**Note 10 – New Accounting Pronouncements**

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

- Statement No. 91, *Conduit Debt Obligations* – The primary objective is to provide a single method of reporting conduit debt obligations by issuers associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. Effective date: Periods beginning after December 15, 2021.
- Statement No. 94, *PPP's* – The primary objective of this Statement is to improve financial reporting related to public-private and public-public partnership arrangements (PPPs). A PPP is defined in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement. Effective date: Periods beginning after June 15, 2022.
- Statement No. 96, *Subscription-Based Information Technology Arrangements* – This statement provided guidance on accounting and financial reporting for subscription-based information technology arrangements (SBITAs). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to use subscription asset – and intangible asset – and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. Effective date: Periods beginning after June 15, 2022
- Statement No. 99, *Omnibus 2022* - The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees. Effective Dates: Requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022. Requirements related to financial guarantees and the classification and reporting of derivative instruments with in the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023.
- Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62* - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. Effective Date: for fiscal years beginning after June 15, 2023.
- Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. Effective Date: for fiscal years beginning after December 15, 2023.

**REQUIRED  
SUPPLEMENTAL INFORMATION**

**BETHLEHEM AREA SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.7804%	0.7740%	0.7610%	0.7602%	0.7520%	0.7550%	0.7466%	0.7642%
District's proportionate share of the net pension liability (asset)	\$ 320,407,000	\$ 381,110,000	\$ 356,016,000	\$ 364,934,000	\$ 371,401,000	\$ 374,154,000	\$ 323,393,000	\$ 302,476,000
District's covered employee payroll	117,575,186	111,049,771	108,843,833	105,058,992	102,424,053	100,679,073	98,203,838	95,500,629
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	272.51%	343.19%	327.09%	347.36%	362.61%	371.63%	329.31%	316.73%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%



BETHLEHEM AREA SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Contractually required contribution	\$ 40,140,168	\$ 37,412,668	\$ 36,408,262	\$ 34,249,231	\$ 32,509,394	\$ 29,398,289	\$ 24,550,959	\$ 19,577,629	\$ 15,280,818	\$ 10,663,125
Contributions in relation to the contractually required contribution	<u>40,140,168</u>	<u>37,412,668</u>	<u>36,408,262</u>	<u>34,249,231</u>	<u>32,509,394</u>	<u>29,398,289</u>	<u>24,550,959</u>	<u>19,577,629</u>	<u>15,280,818</u>	<u>10,663,125</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 117,575,186	\$ 111,049,771	\$ 108,843,833	\$ 105,058,992	\$ 102,424,053	\$ 100,679,073	\$ 98,203,838	\$ 95,500,630	\$ 95,505,113	\$ 92,722,828
Contributions as a percentage of covered employee payroll	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%	16.00%	11.50%

**BETHLEHEM AREA SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S DEFINED CONTRIBUTION PENSION LIABILITY**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
<b>Total Defined Contribution Pension Liability - beginning</b>	<u>\$ 558,291</u>	<u>\$ 548,321</u>	<u>\$ 569,576</u>	<u>\$ 581,333</u>	<u>\$ 575,595</u>
Service Cost	29,581	22,623	25,267	23,628	27,837
Interest	10,301	18,050	16,628	17,975	14,353
Changes in Benefit Terms	-	-	-	-	-
Difference between expected and actual experience	28,309	-	13,337	-	23,156
Changes in assumptions	(10,854)	31,568	(8,455)	3,248	(9,752)
Benefit payments	<u>(62,894)</u>	<u>(62,271)</u>	<u>(68,032)</u>	<u>(56,608)</u>	<u>(49,856)</u>
Net change in total Pension Liability	<u>(5,557)</u>	<u>9,970</u>	<u>(21,255)</u>	<u>(11,757)</u>	<u>5,738</u>
<b>Total Defined Contribution Pension Liability - ending</b>	<u>\$ 552,734</u>	<u>\$ 558,291</u>	<u>\$ 548,321</u>	<u>\$ 569,576</u>	<u>\$ 581,333</u>
Interest Rate	2.28%	1.86%	3.36%	2.98%	3.13%
Plan Members	63	53	53	53	53
Covered Payroll	\$ 7,084,625	\$ 6,217,420	\$ 6,217,420	\$ 5,956,792	\$ 5,956,792

**BETHLEHEM AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET DEFINED CONTRIBUTION PENSION LIABILITY**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u><b>2021-22</b></u>	<u><b>2020-21</b></u>	<u><b>2019-20</b></u>	<u><b>2018-19</b></u>	<u><b>2017-18</b></u>
District's proportionate share of the net defined contribution pension liability (asset)	\$ 552,734	\$ 558,291	\$ 548,321	\$ 569,576	\$ 581,333
District's covered employee payroll	\$ 7,084,625	\$ 6,217,420	\$ 6,217,420	\$ 5,956,792	\$ 5,956,792
District's proportionate share of the net defined contribution pension liability (asset) as a percentage of its covered employee payroll	7.80%	8.98%	8.82%	9.56%	9.76%

**BETHLEHEM AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**MULTIPLE EMPLOYER OPEB PLAN**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u><b>2021-22</b></u>	<u><b>2020-21</b></u>	<u><b>2019-20</b></u>	<u><b>2018-19</b></u>	<u><b>2017-18</b></u>	<u><b>2016-17</b></u>
District's proportion of the net OPEB liability	0.7813%	0.7743%	0.7610%	0.7602%	0.7520%	0.7550%
District's proportionate share of the net OPEB liability (asset)	\$ 18,518,000	\$ 16,730,000	\$ 16,185,000	\$ 15,850,000	\$ 15,321,000	\$ 16,263,000
District's covered-employee payroll	110,763,139	111,049,771	108,843,833	105,058,992	102,424,053	100,679,073
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	16.72%	15.07%	14.87%	15.09%	14.96%	16.15%
Plan fiduciary net position as a percentage of the total OPEB liability	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

BETHLEHEM AREA SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
MULTIPLE EMPLOYER OPEB PLAN  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2022

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>
Contractually required contribution	\$ 940,601	\$ 910,608	\$ 914,288	\$ 871,990	\$ 850,120	\$ 835,636	\$ 824,911	\$ 859,508	\$ 888,203	\$ 797,409
Contributions in relation to the contractually required contribution	<u>940,601</u>	<u>910,608</u>	<u>914,288</u>	<u>871,990</u>	<u>850,120</u>	<u>835,636</u>	<u>824,911</u>	<u>859,508</u>	<u>888,203</u>	<u>797,409</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 117,575,186	\$ 111,049,771	\$ 108,843,833	\$ 105,058,992	\$ 102,424,053	\$ 100,679,073	\$ 98,203,838	\$ 95,500,630	\$ 95,505,113	\$ 92,722,828
Contributions as a percentage of covered employee payroll	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%	0.93%	0.86%

**BETHLEHEM AREA SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**SINGLE EMPLOYER HEALTH INSURANCE PLAN**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2022**

	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
<b>Total OPEB Liability</b>					
Service Cost	\$ 2,674,785	\$ 1,888,218	\$ 2,344,633	\$ 2,149,964	\$ 2,205,429
Interest	839,931	1,254,674	1,328,122	1,296,750	1,027,803
Changes in Benefit Terms	-	-	-	-	-
Difference between expected and actual experience	758,232	-	(7,592,830)	-	(1,012,030)
Changes in assumptions	(1,426,839)	4,870,904	(1,794,503)	522,450	(711,366)
Benefit payments	<u>(892,334)</u>	<u>(1,092,883)</u>	<u>(1,011,025)</u>	<u>(1,043,053)</u>	<u>(1,607,802)</u>
Net change in total OPEB Liability	1,953,775	6,920,913	(6,725,603)	2,926,111	(97,966)
Total OPEB Liability - beginning	<u>42,966,183</u>	<u>36,045,270</u>	<u>42,770,873</u>	<u>39,844,762</u>	<u>39,942,728</u>
<b>Total OPEB Liability - ending</b>	<u><b>\$ 44,919,958</b></u>	<u><b>\$ 42,966,183</b></u>	<u><b>\$ 36,045,270</b></u>	<u><b>\$ 42,770,873</b></u>	<u><b>\$ 39,844,762</b></u>
 Covered employee payroll	 <u><b>\$ 109,093,554</b></u>	 <u><b>\$ 98,214,972</b></u>	 <u><b>\$ 98,214,972</b></u>	 <u><b>\$ 96,491,297</b></u>	 <u><b>\$ 96,491,297</b></u>
 Total OPEB Liability as a percentage of covered employee payroll	 41.18%	 43.75%	 36.70%	 44.33%	 41.29%

**Bethlehem Area School District  
Notes To Required Supplemental Information  
Fiscal Year Ended June 30, 2022**

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**Public School Employees' Retirement System**

Changes of benefit terms

None

Changes in assumptions

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

- Valuation Date -- June 30, 2020
- Actuarial cost method -- Entry Age Normal -- level % of pay.
- Investment return -- 7.00% includes inflation at 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 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability decreases from 7.25% as of June 30, 2020 to 7.00% as of June 30, 2021.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Proportionate Share of the Net Pension Liability

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

**Bethlehem Area School District  
Notes To Required Supplemental Information  
Fiscal Year Ended June 30, 2022**

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**Other Postemployment Benefits – Teachers Health Insurance Assistance**

Changes of benefit terms

None

Changes in assumptions

The discount rate used to measure the Total OPEB liability decreased from 2.66% as of June 30, 2020 to 2.18% as of June 30, 2021.

Methods and assumptions used in calculations of actuarially determined contributions

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

- Investment return – 2.18% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.50%, which reflects an allowance for inflation of 2.50%, and 2.00% for real wage growth and merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSER'S experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2019 determined the employer contribution rate for fiscal year 2021.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSER'S experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Proportionate Share of the Net OPEB Liability

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



**Bethlehem Area School District  
Notes To Required Supplemental Information  
Fiscal Year Ended June 30, 2022**

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**Other Postemployment Benefits – Single Employer Healthcare Plan**

Changes of benefit terms

None

Changes in assumptions

The discount rate changed from 1.86% to 2.28%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Methods and assumptions used in calculations of actuarially determined contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 3.50% to 6.25%
- Healthcare cost trend rate – 5.5% in 2021 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.0% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Asset Valuation Method – Pay as you go basis
- Discount Rate – The rate of 2.28% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2021.

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

Bethlehem Area School District  
Combining Balance Sheet  
All Capital Project Funds  
As of June 30, 2022

	CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	TOTAL CAPITAL PROJECT FUNDS
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 15,463,426	\$ 404,104	\$ 15,867,530
Due from Other Funds	-	4,634,187	4,634,187
<b>TOTAL ASSETS</b>	15,463,426	5,038,291	20,501,717
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 15,463,426</b>	<b>\$ 5,038,291</b>	<b>\$ 20,501,717</b>
<b><u>LIABILITIES</u></b>			
Accounts Payable	\$ 414,098	\$ 4,634,187	\$ 5,048,285
<b>TOTAL LIABILITIES</b>	414,098	4,634,187	5,048,285
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	-	-	-
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	414,098	4,634,187	5,048,285
<b>FUND BALANCES:</b>			
Restricted Fund Balance	15,049,328	404,104	15,453,432
<b>TOTAL FUND BALANCES</b>	15,049,328	404,104	15,453,432
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 15,463,426</b>	<b>\$ 5,038,291</b>	<b>\$ 20,501,717</b>

**Bethlehem Area School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Capital Project Funds**  
**For the Year Ended June 30, 2022**

	<b>CAPITAL RESERVE FUND</b>	<b>CAPITAL PROJECT FUND</b>	<b>TOTAL CAPITAL PROJECT FUNDS</b>
<b>REVENUES</b>			
Local Sources	\$ 6,981	\$ 10,255,203	\$ 10,262,184
<b>TOTAL REVENUES</b>	6,981 -----	10,255,203 -----	10,262,184 -----
<b>EXPENDITURES</b>			
Support Services	211,708	201,548	413,256
Capital Outlay	2,366,631	9,503,758	11,870,389
<b>TOTAL EXPENDITURES</b>	2,578,339	9,705,306	12,283,645
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(2,571,358)	549,897	(2,021,461)
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	7,500,000	-	7,500,000
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	7,500,000	-	7,500,000
<b>NET CHANGE IN FUND BALANCES</b>	4,928,642	549,897	5,478,539
<b>FUND BALANCES - BEGINNING</b>	10,120,686	(145,793)	9,974,893
<b>FUND BALANCES - ENDING</b>	<b>\$ 15,049,328</b>	<b>\$ 404,104</b>	<b>\$ 15,453,432</b>

Bethlehem Area School District  
Combining Balance Sheet  
All Non-Major Governmental Funds  
As of June 30, 2022

	(AUTHORITY) SPECIAL REVENUE FUND	2021 DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents	\$ 203,759	\$ -	\$ 203,759
Due from Primary Government	135,720	-	135,720
<b>TOTAL ASSETS</b>	<b>339,479</b>	<b>-</b>	<b>339,479</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 339,479</b>	<b>\$ -</b>	<b>\$ 339,479</b>
<b><u>LIABILITIES</u></b>			
Interest Payable	\$ 338,856	\$ -	\$ 338,856
<b>TOTAL LIABILITIES</b>	<b>338,856</b>	<b>-</b>	<b>338,856</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>338,856</b>	<b>-</b>	<b>338,856</b>
<b>FUND BALANCES:</b>			
Assigned Fund Balance	623	-	623
<b>TOTAL FUND BALANCES</b>	<b>623</b>	<b>-</b>	<b>623</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 339,479</b>	<b>\$ -</b>	<b>\$ 339,479</b>

**Bethlehem Area School District**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Non-Major Governmental Funds**  
**For the Year Ended June 30, 2022**

	(AUTHORITY) SPECIAL REVENUE FUND	2021 DEBT SERVICE FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<b>REVENUES</b>			
Local Sources	\$ 4,196,198	\$ -	\$ 4,196,198
<b>TOTAL REVENUES</b>	4,196,198	-	4,196,198
	-----	-----	-----
<b>EXPENDITURES</b>			
Support Services	754,377	163,404	917,781
Debt Service	4,196,198	6,030	4,202,228
<b>TOTAL EXPENDITURES</b>	4,950,575	169,434	5,120,009
	-----	-----	-----
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	(754,377)	(169,434)	(923,811)
	-----	-----	-----
<b>OTHER FINANCING SOURCES (USES)</b>			
Proceeds from Refunded Bond Issues	101,565,000	28,140,000	129,705,000
Bond Premium	-	5,957,843	5,957,843
Payment to Bond Refunding Escrow Agent	(100,810,000)	(33,928,409)	(134,738,409)
<b>TOTAL OTHER FINANCING SOURCES AND USES</b>	755,000	169,434	924,434
	-----	-----	-----
<b>NET CHANGE IN FUND BALANCES</b>	623	-	623
	-----	-----	-----
<b>FUND BALANCES - BEGINNING</b>	-	-	-
	-----	-----	-----
<b>FUND BALANCES - ENDING</b>	<u>\$ 623</u>	<u>\$ -</u>	<u>\$ 623</u>

**Bethlehem Area School District  
General Fund  
Schedule on Tax Collectors' Receipts  
For the Year Ended June 30, 2022**

	<b>Bethlehem Township</b>	<b>Freemansburg</b>	<b>Fountain Hill</b>	<b>Hanover Township</b>	<b>City of Bethlehem Lehigh</b>	<b>Northampton</b>	<b>Total</b>
<b>Current Real Estate Taxes</b>							
Assessed Value	\$ 909,184,500	\$ 47,925,000	\$ 229,781,200	\$ 559,636,050	\$ 1,461,141,000	\$ 1,212,464,400	\$ 4,420,132,150
Millage Rate	0.05776	0.05776	0.01878	0.05776	0.01878	0.05776	Avg.
Total Tax to be Collected	52,514,497	2,768,148	4,315,291	32,324,579	27,440,228	70,031,944	189,394,687
Less: Act 1 Deduction	1,348,770	101,693	179,193	692,658	761,172	1,660,391	4,743,877
Total Taxable Duplicate	51,165,727	2,666,455	4,136,097	31,631,921	26,679,056	68,371,553	184,650,809
Plus:							
Additions	-	-	-	-	-	-	-
Over/Under	49,820	1	9,188	24,275	9,627	61,387	154,298
Penalties	47,213	4,791	7,540	20,722	45,189	181,325	306,780
Total Taxes to be Collected	51,262,760	2,671,247	4,152,825	31,676,918	26,733,872	68,614,265	185,111,887
Less -							
Discounts	930,601	43,631	70,168	562,103	441,151	1,167,136	3,214,790
Reductions	22,896	68,012	4,780	3,731	1,763	60,550	161,732
Refunds	29,306	1	11,334	17,942	7,197	99,192	164,972
TIF Payments	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-
Returned to County	713,780	90,192	111,229	253,799	402,564	1,283,367	2,854,931
Outstanding	-	-	-	-	-	-	-
<b>Net Current Real Estate Taxes Collected</b>	<b>\$ 49,566,177</b>	<b>\$ 2,469,411</b>	<b>\$ 3,955,314</b>	<b>\$ 30,839,343</b>	<b>\$ 25,881,197</b>	<b>\$ 66,004,020</b>	<b>\$ 178,715,462</b>
<b>Current Interim Real Estate Taxes Collected</b>	<b>\$ 417,604</b>	<b>\$ 4,932</b>	<b>\$ 6,511</b>	<b>\$ 995,620</b>	<b>\$ 129,631</b>	<b>\$ 371,008</b>	<b>\$ 1,925,306</b>
<b>Current Per Capita Taxes</b>					<b>Combined</b>		
No. of Persons Assessed	20,486	2,412	3,441	9,581	-	57,560	93,480
Tax Rate	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Taxable Valuation	\$ 204,860	\$ 24,120	\$ 34,410	\$ 95,810	\$ -	\$ 575,600	\$ 934,800
Plus -							
Additions	790	110	140	380	-	1,520	2,940
Adjustments	72	7	7	29	-	193	308
Penalties	479	40	73	226	-	1,191	2,009
Collections made by the District	-	-	-	-	-	-	-
<b>Taxes to be Collected</b>	<b>206,201</b>	<b>24,277</b>	<b>34,630</b>	<b>96,445</b>	<b>-</b>	<b>578,504</b>	<b>940,057</b>
Less -							
Discounts	2,449	170	255	1,279	-	4,714	8,867
Exonerations	2,170	90	180	1,240	-	3,020	6,700
Deletions	5,360	500	720	2,650	-	14,540	23,770
Returned to Delinquent Tax Collector	58,860	13,810	18,340	20,590	-	285,600	397,200
Outstanding	-	-	-	-	-	-	-
Reductions	-	-	-	-	-	-	-
<b>Net Current Per Capita Taxes Collected</b>	<b>\$ 137,362</b>	<b>\$ 9,707</b>	<b>\$ 15,135</b>	<b>\$ 70,686</b>	<b>\$ -</b>	<b>\$ 270,630</b>	<b>\$ 503,520</b>

**Bethlehem Area School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2022**

<b>6000 - Revenue from Local Sources</b>		<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
6111	Current Real Estate Taxes	\$ 177,279,227	\$ 178,715,462	\$ 1,436,235
6112	Interim Real Estate Taxes	1,500,000	1,925,306	425,306
6113	Public Utility	182,000	193,428	11,428
6114	Payment in Lieu of Taxes	325,000	441,859	116,859
6120	Current Per Capita Taxes - 679	244,392	251,760	7,368
6141	Current Per Capita Taxes - 511	244,392	251,760	7,368
6143	Local Services Tax	348,000	345,649	(2,351)
6151	Earned Income Tax	15,146,690	17,630,272	2,483,582
6153	Real Estate Transfer Tax	3,895,000	4,318,181	423,181
6157	Act 511 Mercantile Taxes	3,924,985	4,266,370	341,385
6411	Delinquent Real Estate Taxes	4,432,000	3,540,256	(891,744)
6420	Delinquent Per Capita Taxes	140,000	348,422	208,422
6457	Delinquent Mercantile Taxes	650,000	449,510	(200,490)
6510	Interest	115,000	142,036	27,036
6710	Admissions	110,000	100,465	(9,535)
6740	Fees	63,000	33,881	(29,119)
6750	Other Student Activity Income	2,850	5,769	2,919
6832	Federal IDEA Revenued Received as Pass Through	2,092,226	2,065,863	(26,363)
6833	Federal ARP Act IDEA Revenue Received as Pass Through	-	86,220	86,220
6837	Federal Revenue Received From Other Sources	1,000,000	-	(1,000,000)
6910	Rentals	149,350	315,665	166,315
6920	Contributions	296,200	489,639	193,439
6942	Summer School	-	550	550
6944	Receipts from Other LEA's - Education	268,750	326,137	57,387
6970	Services provided to Other Funds	300,000	-	(300,000)
6980	Revenue from Community Services	2,750	5,169	2,419
6991	Refunds of Prior Yr. Expenditures	100,000	75,700	(24,300)
6999	Miscellaneous	155,039	209,440	54,401
<b>TOTAL REVENUE FROM LOCAL SOURCES</b>		<b>212,966,851</b>	<b>216,534,769</b>	<b>3,567,918</b>
<b>7000 - Revenue from State Sources</b>				
7111	Basic Subsidy - ESBE	33,971,899	37,681,610	3,709,711
7112	Basic Subsidy - ESBE	4,174,018	4,078,779	(95,239)
7160	Orphan Tuition	440,000	421,790	(18,210)
7250	Migratory Children	400	680	280
7271	Special Education	8,025,728	8,360,655	334,927
7292	Pre-K Counts	1,050,000	1,044,270	(5,730)
7311	Pupil Transportation Subsidy	1,750,210	1,691,208	(59,002)
7312	Nonpublic and Charter School Pupil Transportation	1,016,400	728,805	(287,595)
7320	Rentals	1,613,392	1,661,120	47,728
7330	Health Services	321,000	304,382	(16,618)
7340	State Property Tax Reduction Allocation	4,761,078	4,761,078	-
7361	School Safety and Security	-	182,905	182,905
7369	Other Safe School Grants	25,000	-	(25,000)
7505	Ready to Learn Grant	1,797,733	1,797,733	-
7599	Other State revenue not listed elsewhere	1,395,658	186,144	(1,209,514)
7820	Retirement Revenue	20,445,679	20,082,682	(362,997)
<b>TOTAL REVENUE FROM STATE SOURCES</b>		<b>\$ 80,788,195</b>	<b>\$ 82,983,841</b>	<b>\$ 2,195,646</b>



**Bethlehem Area School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2022**

<b>8000 - Revenue from Federal Sources</b>		<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
8110	Payments for Federally Impacted Areas	\$ 55,000	\$ 53,918	\$ (1,082)
8514	Title I	4,694,093	4,575,728	(118,365)
8515	Title IIA, IID	597,298	504,249	(93,049)
8516	Title III	198,738	182,257	(16,481)
8517	Title IV	326,539	267,484	(59,055)
8580	Child Care Grants	164,581	124,095	(40,486)
8741	ESSER I	-	23,845	23,845
8742	GEER Funds	97,269	289,837	192,568
8743	ESSER II	2,561,576	3,385,814	824,238
8744	ARP ESSER III	6,882,303	4,338,778	(2,543,525)
8747	ARP ECF - Emergency Connectivity Fund	-	254,000	254,000
8751	ARP ESSER Learning Loss	-	1,155,471	1,155,471
8752	ARP ESSER Summer Programs	500,000	347,190	(152,810)
8753	ARP ESSER Afterschool Programs	500,000	271,420	(228,580)
8754	ARP ESSER Homeless Children and Youth Funds	-	3,789	3,789
8810	Medical Assistance Reimbursements (Access)	800,000	959,409	159,409
8820	Medical Assistance Reimbursement for Health Related	112,000	169,663	57,663
<b>TOTAL REVENUE FROM FEDERAL SOURCES</b>		<b>17,489,397</b>	<b>16,906,947</b>	<b>(582,450)</b>
<b>9000 - Other Financing Sources</b>				
9220	Proceeds from Leases	-	928,580	928,580
9400	Sale of or Compensation for Loss of Fixed Assets	80,000	80,587	587
<b>TOTAL OTHER FINANCING SOURCES</b>		<b>80,000</b>	<b>1,009,167</b>	<b>929,167</b>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>		<b>\$ 311,324,443</b>	<b>\$ 317,434,724</b>	<b>\$ 6,110,281</b>
<b>1000 - Instruction</b>				
1110	Regular Programs - Elem./Secondary	\$ 128,554,707	\$ 128,553,768	\$ 939
1190	Federally Funded Regular Programs	7,427,358	7,385,691	41,667
1211	Life Skills Support - Public	2,414,124	2,414,069	55
1221	Deaf or Hearing Impaired Support	264,677	262,001	2,676
1224	Blind or Visually Impaired Support	76,975	38,354	38,621
1225	Speech & Language Impaired	1,678,130	1,623,585	54,545
1231	Emotional Support	6,191,688	6,062,929	128,759
1233	Autistic Support	5,789,500	5,789,188	312
1241	Learning Support - Public	16,952,866	16,906,972	45,894
1243	Gifted Support	1,058,939	1,035,962	22,977
1260	Physical Support	187,049	96,111	90,938
1270	Multi-Handicapped Support	1,041,597	1,041,584	13
1280	Early Intervention Support	91,359	48,323	43,036
1290	Other Support	10,949,400	10,949,282	118
1390	Other Vocational Education Programs	7,374,004	7,367,381	6,623
1420	Summer School	958,440	944,299	14,141
1430	Homebound Instruction	166,606	158,035	8,571
1441	Adjudicated/Court Placed Programs	103,921	103,723	198
1442	Alternative Education Program	551,125	498,923	52,202
1450	Instructional Programs Outside Established Schools	374,152	342,847	31,305
1490	Additional Other Instructional Program	1,000	504	496
1500	Nonpublic School Programs	328,318	250,466	77,852
1693	Community College Sponsorship	2,467,899	2,467,898	1
1700	Higher Education Programs	20,000	12,666	7,334
1801	Pre-K Instruction	1,051,070	1,014,375	36,695
1802	Pre-K Admin Support	44,386	43,857	529
1805	Pre-K Food Services	600	226	374
1806	Pre-K Professional Development	4,990	4,457	533
<b>Total Instruction</b>		<b>\$ 196,124,880</b>	<b>\$ 195,417,476</b>	<b>\$ 707,404</b>

**Bethlehem Area School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2022**

<b>2000 - Support Services</b>		<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
2111	Supervision of Student Services - Head of Component	\$ 115,200	\$ 114,332	\$ 868
2119	Supervision of Student Services - All Other Supervision	828,806	828,133	673
2120	Guidance Services	7,679,972	7,486,709	193,263
2130	Attendance Services	379,588	363,746	15,842
2140	Psychological Services	1,706,287	1,704,632	1,655
2160	Social Work Services	2,709,721	2,611,327	98,394
2170	Student Accounting Services	464,270	419,321	44,949
2220	Technology Support Services	138,386	112,267	26,119
2230	Educational Television Services	143,893	143,698	195
2240	Computer Assisted Instruction Services	1,109,973	1,094,415	15,558
2250	School Library Services	2,257,099	2,144,621	112,478
2260	Instructional & Curriculum Dev. Service	2,695,354	2,662,957	32,397
2271	Instructional Staff Development Services	3,676,669	3,529,379	147,290
2272	Instructional Staff Development Service	65,623	65,423	200
2310	Board Services	169,035	129,530	39,505
2320	Board Treasurer Services	200	200	-
2330	Tax Assessment & Collection Service	1,662,346	1,565,161	97,185
2340	Staff Relations	2,500	-	2,500
2350	Legal Services	584,900	482,012	102,888
2360	Office of the Superintendent Services	578,131	577,613	518
2370	Community Relations Services	130,598	121,809	8,789
2380	Office of the Principal Services	11,008,258	10,882,153	126,105
2390	Other Administration Services	112,658	112,266	392
2419	Supervision of Health Services - All Other	197,225	160,447	36,778
2420	Medical Services	5,020	2,090	2,930
2430	Dental Services	12,200	6,510	5,690
2440	Nursing Services	2,698,811	2,698,451	360
2450	Non Public Health Service	246,577	237,283	9,294
2490	Other Health Services	35,931	27,623	8,308
2511	Supervision of Fiscal Services	409,902	403,596	6,306
2513	Receiving and Disbursing Funds Services	411,067	410,986	81
2514	Payroll Services	386,549	281,902	104,647
2515	Financial Accounting Services	180,254	179,359	895
2516	Internal Auditing Services	173,852	173,674	178
2519	Other Fiscal Services	269,839	269,827	12
2520	Purchasing Services	94,401	77,666	16,735
2530	Warehousing and Distributing Services	208,090	203,887	4,203
2540	Printing, Publishing and Duplicating Services	254,275	123,428	130,847
2600	Operation and Maintenance of Plant Serv	5,000	4,340	660
2611	Supervision of Oper and Maint. of Plant - Head	309,145	308,469	676
2619	Supervision of Oper and Maint. of Plant - Other	452,397	446,859	5,538
2620	Operation of Building Services	16,302,244	16,222,266	79,978
2630	Care and Upkeep of Grounds Services	1,135,940	1,134,983	957
2640	Care and Upkeep of Equipment Services	-	-	-
2650	Vehicle Operation and Maint. Services	272,165	272,056	109
2660	Security Services	1,204,461	1,056,480	147,981
2711	Supervision of Student Trans. Svcs - Head	-	-	-
2719	Supervision of Student Transportation Services	1,008,170	1,008,097	73
2720	Vehicle Operation Services	6,114,474	6,039,790	74,684
2730	Monitoring Services	890,599	889,405	1,194
2740	Vehicle Servicing and Maintenance Services	1,620,926	1,620,909	17
2750	Nonpublic Transportaion	180	10	170
	Sub-Total - Support Services	\$ 73,119,161	\$ 71,412,097	\$ 1,707,064

**Bethlehem Area School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2022**

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Sub-Total - Support Services (Carried Forward)</b>		\$ 73,119,161	\$ 71,412,097	\$ 1,707,064
2818	System Wide Technology Services	4,057,727	3,902,401	155,326
2821	Supervision of Information Services	321,145	320,532	613
2823	Public Information Services	259,923	211,438	48,485
2831	Supervision of Staff Services	367,953	365,141	2,812
2832	Recruitment and Placement Services	232,238	232,212	26
2833	Staff Accounting Services	675,740	675,442	298
2834	Staff Development Services - Non-Instructional	657,541	391,299	266,242
2835	Health Services	342,809	342,767	42
2836	Staff Development Services - Non-Instructional	510,442	510,256	186
2840	Data Processing Services	1,773,647	1,432,939	340,708
2850	State and Federal Agency Liaison Services	309,421	309,166	255
2910	Support Services not listed elsewhere	133,129	133,005	124
	<b>Total Support Services</b>	<b>82,760,876</b>	<b>80,238,695</b>	<b>2,522,181</b>
<b><u>3000 - Operation of Non-Instructional Services</u></b>				
3210	School Sponsored Student Activities	665,921	665,682	239
3250	School Sponsored Athletics	3,103,348	2,999,898	103,450
3300	Community Services	179,219	160,576	18,643
3330	Public Library Services	38,000	37,493	507
3350	Welfare Activities	5,126	4,580	546
3400	Scholarships and Awards	600	95	505
	<b>Total Non-Instructional Services</b>	<b>3,992,214</b>	<b>3,868,324</b>	<b>123,890</b>
<b><u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u></b>				
4200	Existing Site Improvement Services	18,027	18,026	1
4600	Existing Building Improvement Services	58,468	58,468	-
	<b>Total Facilities Acquisition, Construction, and Improvement Svcs.</b>	<b>76,495</b>	<b>76,494</b>	<b>1</b>
<b><u>5000 - Other Expenditures and Financing Uses</u></b>				
5110	Debt Service	24,816,456	24,020,518	795,938
5130	Refund of Prior Yr. Receipts	150,000	8,890	141,110
5140	Lease Payments	400,000	399,408	592
5230	Capital Projects Fund Transfers	7,500,000	7,500,000	-
5900	Budgetary Reserve	-	-	-
	<b>Total Other Expenditures and Financing Uses</b>	<b>32,866,456</b>	<b>31,928,816</b>	<b>937,640</b>
	<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<b>\$ 315,820,921</b>	<b>\$ 311,529,805</b>	<b>\$ 4,291,116</b>

**Bethlehem Area School District**  
**General Fund**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual**  
**For the Year Ended June 30, 2022**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>TOTAL REVENUES AND OTHER FINANCING SOURCES</b>	\$ 311,324,443	\$ 317,434,724	\$ 6,110,281
<b>TOTAL EXPENDITURES AND OTHER FINANCING USES</b>	<u>315,820,921</u>	<u>311,529,805</u>	<u>4,291,116</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(4,496,478)	5,904,919	10,401,397
<b>Special Items</b>	-	-	-
<b>Extraordinary Items - Insurance Recoveries</b>	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(4,496,478)	5,904,919	10,401,397
<b>FUND BALANCE - JULY 1, 2021</b>	<u>37,952,130</u>	<u>46,404,034</u>	<u>8,451,904</u>
<b>FUND BALANCE - JUNE 30, 2022</b>	<u>\$ 33,455,652</u>	<u>\$ 52,308,953</u>	<u>\$ 18,853,301</u>

**Bethlehem Area School District  
Capital Reserve Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2022**

<b>FUND BALANCE - JULY 1, 2021</b>	\$	10,120,686
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**REVENUES AND OTHER FINANCING SOURCES**

Interest	\$ 6,981	
Transfer from General Fund	7,500,000	7,506,981
<b>TOTAL FUNDS AVAILABLE</b>		<b>17,627,667</b>

**EXPENDITURES**

**SUPPORT SERVICES:**

Construction Services	211,708	
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**CAPITAL OUTLAY:**

Professional Services	858,872	
Construction Services	1,417,759	
Equipment	90,000	2,578,339

<b>FUND BALANCE - JUNE 30, 2022</b>	<b>\$</b>	<b><u>15,049,328</u></b>
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**Bethlehem Area School District  
Special Revenue (Authority General Fund) Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2022**

**FUND BALANCE - JULY 1, 2021** \$ -

**REVENUES AND OTHER FINANCING SOURCES**

Proceeds from Refunding Bond Issues	\$ 101,565,000	
Interest Earnings	4,196,198	105,761,198
<b>TOTAL FUNDS AVAILABLE</b>		<b>105,761,198</b>

**EXPENDITURES AND OTHER FINANCING USES**

**SUPPORT SERVICES:**

Professional Services	753,177	
Printing	1,200	

**DEBT SERVICE:**

Bond Principal	100,000	
Bond Interest	4,096,198	

**OTHER FINANCING USES:**

Payment to Refunding Bond Issue Escrow Agent	100,810,000	105,760,575

**FUND BALANCE - JUNE 30, 2022** **\$ 623**

**Bethlehem Area School District  
Capital Project Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2022**

**FUND BALANCE - JULY 1, 2021** \$ (145,793)

**REVENUES AND OTHER FINANCING SOURCES**

ESSER II	\$ 6,478,627	
ARP ESSER III	3,775,981	
Interest Earnings	595	10,255,203
<b>TOTAL FUNDS AVAILABLE</b>		<b>10,109,410</b>

**EXPENDITURES AND OTHER FINANCING USES**

**SUPPORT SERVICES:**

Construction Services	74,064	
Equipment	127,484	

**CAPITAL OUTLAY:**

Professional Services	376,523	
Construction Services	9,127,235	9,705,306

**FUND BALANCE - JUNE 30, 2022** **\$ 404,104**

**Bethlehem Area School District**  
**2021 Debt Service Fund**  
**Statement of Revenues and Expenditures**  
**For the Year Ended June 30, 2022**

<b>FUND BALANCE - JULY 1, 2021</b>	\$	-
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**REVENUES AND OTHER FINANCING SOURCES**

Proceeds from Refunded Bond Issues	\$ 28,140,000		
Bond Premium	5,957,843		34,097,843
<b>TOTAL FUNDS AVAILABLE</b>			<b>34,097,843</b>

**EXPENDITURES AND OTHER FINANCING USES**

**SUPPORT SERVICES:**

Insurance	162,204		
Printing	1,200		

**OTHER FINANCING USES:**

Interest	6,030		
Payment to Escrow Agent on Refunded Bonds	33,928,409		34,097,843

<b>FUND BALANCE - JUNE 30, 2022</b>	<b>\$</b>	<b>-</b>
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**Bethlehem Area School District**  
**Food Service Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2022**

**REVENUES**

Sales	\$ 233,211	
Donated Commodities	440,401	
Special Events	186,527	
ESSER II	880,783	
State Subsidies	667,999	
Federal Subsidies	8,924,462	
Interest earnings	1,802	
Miscellaneous	10,474	
<b>TOTAL REVENUES</b>		\$ 11,345,659

**COST OF COMMODITIES**

Beginning Inventory	10,150	
Food Service Management - Food	2,324,359	
Donated Commodities	440,400	
Ending Inventory	(5,283)	
<b>TOTAL COST OF COMMODITIES SOLD</b>		2,769,626
<b>GROSS PROFIT</b>		8,576,033
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**OPERATING EXPENSES**

Salaries	2,031,409	
Self-Insured Medical Benefits	549,481	
Self-Insured Dental Benefits	3,889	
Self-Insured Prescriptions	16,575	
Fica Tax	154,462	
Retirement Contributions	385,356	
Other Benefits	32,021	
Employee Training	220	
Repairs and Maintenance	31,507	
Rentals	2,459	
Communications	2,344	
Food Service Management Costs	1,209,855	
Travel	897	
Supplies	72,925	
Technology Supples	19,280	
Depreciation	29,985	
Dues and Fees	5,161	
<b>TOTAL EXPENSES</b>		4,547,826
<b>CHANGES IN FUND NET POSITION</b>		4,028,207
<b>FUND NET POSITION - JULY 1, 2021</b>		(6,095,564)
<b>FUND NET POSITION - JUNE 30, 2022</b>		<u>\$ (2,067,357)</u>



**Bethlehem Area School District**  
**Day Care Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2022**

**REVENUES**

Regular Day School Tuition	\$ 1,182,487	
Revenue from Community Service Activities	414,840	
Fica Revenue	37,188	
Retirement Revenue	168,767	
Donations	419	
OCDEL-CSC Cares ACT Funding	598,230	
Miscellaneous	4,198	
Earnings on Investments	670	
<b>TOTAL REVENUES</b>		<b>\$ 2,406,799</b>

**OPERATING EXPENSES**

Salaries	980,871	
Self-ins. Medical Benefits	313,775	
Self-ins. Dental Benefits	24,858	
Self-ins. Prescriptions	105,950	
Self-Ins. Eye Care	159	
Fica Tax	73,751	
Retirement Contributions	237,090	
Workers Compensation	8,109	
Unemployment Compensation	868	
Other Benefits	11,904	
Professional Services	654	
Small Equipment	1,132	
Communications	15	
Travel	516	
Repairs and Maintenance	2,748	
Supplies	28,673	
Meals/Refreshments	92	
Miscellaneous	233	
Dues and Fees	1,913	
Bad Debt Expense	14,165	
<b>TOTAL EXPENSES</b>		<b><u>1,807,476</u></b>
<b>CHANGES IN FUND NET POSITION</b>		<b>599,323</b>
<b>FUND NET POSITION - JULY 1, 2021</b>		<b><u>(4,595,006)</u></b>
<b>FUND NET POSITION - JUNE 30, 2022</b>		<b><u>\$ (3,995,683)</u></b>

**Bethlehem Area School District  
Self-Insurance Fund  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2022**

**ADDITIONS**

Contributions from Other Funds	\$ 28,079,412	
Cobra and Co-Pay Payments	1,503,519	
Unemployment Comp. Payments	15,719	
Interest Earnings	31,769	
Wellness Revenue	28,980	
Stop-Loss Claim Reimbursement	1,791,082	
Other Misc. Revenue	77,103	
<b>TOTAL REVENUES</b>		<b>\$ 31,527,584</b>

**DEDUCTIONS**

Staff Health Services	14,925	
Staff Health Software	18,112	
Eye Care Insurance	9,767	
Unemployment	20,232	
Workers Compensation	216	
Medical Insurance	25,021,998	
Dental	1,302,084	
Prescription	7,519,815	
Stop Loss Insurance	1,227,567	
Dues, Fees, and Supplies	11,753	
<b>TOTAL EXPENSES</b>		<b>35,146,469</b>
<b>CHANGES IN NET POSITION</b>		<b>(3,618,885)</b>
<b>NET POSITION - JULY 1, 2021</b>		<b>27,541,251</b>
<b>NET POSITION - JUNE 30, 2022</b>		<b><u>\$ 23,922,366</u></b>

**Self-Insurance Fund  
Statement of Fiduciary Net Position  
As of June 30, 2022**

**ASSETS**

Cash and Cash Equivalents	\$ 24,520,542	
Due From Other Funds	2,164,895	
Other Receivables	474,778	
<b>TOTAL ASSETS</b>		<b><u>\$ 27,160,215</u></b>

**LIABILITIES**

Accounts Payable	\$ 3,180,937	
Due to Other Funds	405	
Other Current Liabilities	56,507	
<b>TOTAL LIABILITIES</b>		<b>3,237,849</b>

**NET POSITION**

Restricted for:		
Pool Participants		<u>23,922,366</u>
<b>TOTAL LIABILITIES AND FUND NET POSITION</b>		<b><u>\$ 27,160,215</u></b>

**Bethlehem Area School District  
Activity Fund  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2022**

**ADDITIONS**

Interest Income	\$ 753	
Admissions	168,372	
Student Organization Membership Dues and Fees	114,790	
Special Events	270,208	
Contributions & Donations	67,199	
Other Activity Income	13,422	
<b>TOTAL REVENUES</b>		<b>\$ 634,744</b>

**DEDUCTIONS**

Professional and Technical Services	36,899	
Rentals	126,740	
Transportation Services	25,571	
Communications	40,174	
Travel	37,947	
Supplies	202,623	
Food	17,920	
Dues & Fees	11,536	
Donations	66,959	
Student Fees for Instruction Related Events	7,799	
Miscellaneous Expenses	44,565	
<b>TOTAL EXPENSES</b>		<b>618,733</b>
<b>CHANGES IN NET POSITION</b>		<b>16,011</b>
<b>NET POSITION - JULY 1, 2021</b>		<b>646,624</b>
<b>NET POSITION - JUNE 30, 2022</b>		<b><u>\$ 662,635</u></b>

**Activity Fund  
Statement of Fiduciary Net Position  
As of June 30, 2022**

**ASSETS**

Cash and Cash Equivalents	\$ 651,794	
Other Receivables	2,027	
Prepaid Expenses	6,825	
Other Current Assets	10,000	
<b>TOTAL ASSETS</b>		<b><u>\$ 670,646</u></b>

**LIABILITIES**

Accounts Payable	\$ 7,786	
Due to Other Funds	225	
<b>TOTAL LIABILITIES</b>		<b>8,011</b>

**NET POSITION**

Restricted for:		
Individuals, organizations, and other governments		662,635
<b>TOTAL LIABILITIES AND FUND NET POSITION</b>		<b><u>\$ 670,646</u></b>

**Bethlehem Area School District  
Private-Purpose Trust Fund  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2022**

**ADDITIONS**

Contributions & Donations	\$ 129,335	
Interest Income	300	
<b>TOTAL REVENUES</b>		<b>\$ 129,635</b>

**DEDUCTIONS**

Admin. Fees	-	
Awards	127,935	
<b>TOTAL EXPENSES</b>		<b>127,935</b>

**CHANGES IN NET POSITION** 1,700

**NET POSITION - JULY 1, 2020** 192,561

**NET POSITION - JUNE 30, 2021** **\$ 194,261**

**Private-Purpose Trust Fund  
Statement of Fiduciary Net Position  
As of June 30, 2022**

**ASSETS**

Cash and Cash Equivalents	\$ 285,983	
Investments	1,903	
<b>TOTAL ASSETS</b>		<b>\$ 287,886</b>

**LIABILITIES**

Accounts Payable	\$ 93,625	
<b>TOTAL LIABILITIES</b>		<b>93,625</b>

**NET POSITION**

Restricted for:		
Individuals, organizations, and other governments		194,261
<b>TOTAL LIABILITIES AND FUND NET POSITION</b>		<b>\$ 287,886</b>

**Bethlehem Area School District**  
**Schedule on General Obligation Bonds - Series A of 2015**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 1,500,000	\$ -
2023-24	1,500,000	-
2024-25	1,500,000	-
2025-26	1,500,000	-
2026-27	1,500,000	-
2027-28	1,500,000	-
2028-29	1,500,000	-
2029-30	1,500,000	-
2030-31	1,500,000	-
2031-32	1,500,000	-
2032-33	1,326,250	6,950,000
2033-34	969,875	7,305,000
2034-35	595,375	7,675,000
2035-36	201,750	8,070,000
<b>TOTAL OUTSTANDING</b>	<b><u>\$ 18,093,250</u></b>	<b><u>\$ 30,000,000</u></b>

**Schedule on General Obligation Notes - Series B of 2015**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 124,706	\$ -
2023-24	124,706	-
2024-25	124,706	-
2025-26	124,706	-
2026-27	124,706	-
2027-28	124,706	-
2028-29	124,706	-
2029-30	111,545	810,000
2030-31	73,069	1,500,000
2031-32	23,878	1,415,000
<b>TOTAL OUTSTANDING</b>	<b><u>\$ 1,081,434</u></b>	<b><u>\$ 3,725,000</u></b>

**Bethlehem Area School District**  
**Schedule on General Obligation Notes - Series C of 2015**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 327,634	\$ 1,215,000
2023-24	287,731	1,265,000
2024-25	244,600	1,280,000
2025-26	197,675	1,370,000
2026-27	146,759	1,390,000
2027-28	93,886	1,365,000
2028-29	40,581	1,325,000
2029-30	6,993	340,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 1,345,859</b>	<b>\$ 9,550,000</b>

**Schedule on General Obligation Bonds - Series A of 2016**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 1,558,938	\$ 6,105,000
2023-24	1,253,688	7,090,000
2024-25	899,187	8,775,000
2025-26	460,434	9,240,000
2026-27	45,838	745,000
2027-28	30,937	750,000
2028-29	15,938	750,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 4,264,960</b>	<b>\$ 33,455,000</b>

**Schedule on General Obligation Bonds - Series B of 2016**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 590,925	\$ -
2023-24	590,925	-
2024-25	590,925	-
2025-26	590,925	-
2026-27	590,925	-
2027-28	590,925	-
2028-29	590,925	-
2029-30	590,925	5,000
2030-31	590,806	5,000
2031-32	590,681	5,000
2032-33	590,550	4,655,000
2033-34	450,900	4,860,000
2034-35	305,100	5,010,000
2035-36	154,800	5,160,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 7,410,237</b>	<b>\$ 19,700,000</b>

**Bethlehem Area School District**  
**Schedule on General Obligation Bonds - Series of 2019**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 160,125	\$ 2,485,000
2023-24	49,000	1,960,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 209,125</b>	<b>\$ 4,445,000</b>

**Schedule on General Obligation Bonds - Series of 2021**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 1,351,250	\$ 2,230,000
2023-24	1,237,125	2,335,000
2024-25	1,082,625	3,845,000
2025-26	886,000	4,020,000
2026-27	681,375	4,165,000
2027-28	468,625	4,345,000
2028-29	246,500	4,540,000
2029-30	66,500	2,660,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 6,020,000</b>	<b>\$ 28,140,000</b>

**Schedule on Guaranteed Revenue Bonds - Series A of 2021**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 1,177,779	\$ 75,000
2023-24	1,176,763	75,000
2024-25	1,175,746	75,000
2025-26	1,174,730	75,000
2026-27	1,063,002	6,840,000
2027-28	787,931	7,220,000
2028-29	495,331	7,625,000
2029-30	186,593	8,375,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 7,237,875</b>	<b>\$ 30,360,000</b>

**Bethlehem Area School District**  
**Schedule on Guaranteed Revenue Bonds - Series B of 2021**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 1,526,832	\$ 1,470,000
2023-24	1,413,092	1,540,000
2024-25	1,287,827	2,160,000
2025-26	1,157,103	2,230,000
2026-27	990,662	4,785,000
2027-28	814,579	4,995,000
2028-29	631,293	5,220,000
2029-30	435,386	5,860,000
2030-31	231,336	6,090,000
2031-32	17,857	6,450,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 8,505,967</b>	<b>\$ 40,800,000</b>

**Schedule on Guaranteed Revenue Bonds - Series C of 2021**  
**For the Year Ended June 30, 2022**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2022-23	\$ 1,257,067	\$ 25,000
2023-24	1,256,728	25,000
2024-25	1,256,390	25,000
2025-26	1,256,051	25,000
2026-27	1,255,712	25,000
2027-28	1,255,373	25,000
2028-29	1,255,035	25,000
2029-30	1,198,240	2,275,000
2030-31	891,108	13,640,000
2031-32	333,698	14,215,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 11,215,402</b>	<b>\$ 30,305,000</b>



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

# Bethlehem Area School District

## Schedule of Expenditures of Federal Awards

### Fiscal Year Ended June 30, 2022

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/21	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/22	FOOTNOTES
<b>FEDERAL COMMUNICATIONS COMMISSION</b>											
<b>PASSED THROUGH THE UNIVERSAL SERVICE ADMINISTRATIVE CO.</b>											3
COVID-19 EMERGENCY CONNECTIVITY FUND PROGRAM	I	32.009	N/A	N/A	\$ 254,000	\$ 254,000	\$ -	\$ 254,000	\$ 254,000	\$ -	
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>						254,000	-	254,000	254,000	-	4
<b>U.S. DEPARTMENT OF EDUCATION</b>											
<b>IMPACT AID PUBLIC LAW 81-874</b>											
IMPACT AID PUBLIC LAW 81-874	D	84.041	N/A	7/1/20-6/30/21	\$ -	53,918	-	53,918	53,918	-	
<b>TOTAL IMPACT AID CLUSTER</b>						53,918	-	53,918	53,918	-	
<b>PASSED THROUGH THE PA DEPT OF EDUCATION (PDE)</b>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-21-0034	7/1/20-9/30/21	\$ 4,287,702	1,376,969	1,255,240	87,898	87,898	(33,831)	3
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-22-0034	7/1/21-9/30/22	\$ 4,025,624	3,215,211	-	3,988,932	3,988,932	773,721	
TITLE I - SCHOOL INTERVENTION	I	84.010	FA-042-20-0034	7/1/20-9/30/21	\$ 501,515	38,578	(104,977)	143,555	143,555	-	
TITLE I - SCHOOL INTERVENTION	I	84.010	FA-042-21-0034	7/1/21-9/30/22	\$ 573,831	382,554	-	355,343	355,343	(27,211)	
<b>TOTAL TITLE I CLUSTER</b>						5,013,312	1,150,263	4,575,728	4,575,728	712,679	
<b>PASSED THROUGH THE PDE</b>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-20-0034	7/1/19-9/30/20	\$ 572,442	-	(9,870)	9,870	9,870	-	3
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-21-0034	7/1/20-9/30/21	\$ 561,370	183,465	116,740	64,894	64,894	(1,831)	
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-22-0034	7/1/21-9/30/22	\$ 466,144	431,378	-	429,485	429,485	(1,893)	
<b>TOTAL TITLE IIA PROGRAM</b>						614,843	106,870	504,249	504,249	(3,724)	
<b>PASSED THROUGH THE PDE</b>											
TITLE III - LEP / IMMIGRANT STUDENTS	I	84.365	FA-010-21-0034	7/1/20-9/30/21	\$ 293,328	19,555	49,944	47,634	47,634	78,023	3
TITLE III - LEP / IMMIGRANT STUDENTS	I	84.365	FA-010-22-0034	7/1/21-9/30/22	\$ 180,988	119,159	-	134,623	134,623	15,464	
<b>TOTAL TITLE III PROGRAM</b>						138,714	49,944	182,257	182,257	93,487	
<b>PASSED THROUGH THE PDE</b>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-20-0034	7/1/19-9/30/20	\$ 298,593	-	(207)	207	207	-	3
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-21-0034	7/1/20-9/30/21	\$ 297,171	138,680	26,401	109,551	109,551	(2,728)	
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-22-0034	7/1/21-9/30/22	\$ 323,579	194,033	-	157,726	157,726	(36,307)	
<b>TOTAL TITLE IV PROGRAM</b>						332,713	26,194	267,484	267,484	(39,035)	
<b>PASSED THROUGH THE COLONIAL I.U. #20</b>											
IDEA, PART B	I	84.027	N/A	7/1/20-9/30/21	\$ 2,054,685	-	-	-	-	-	3
IDEA, PART B	I	84.027	N/A	7/1/21-9/30/22	\$ 2,049,051	2,161,395	112,344	2,049,051	2,049,051	-	1
COVID-19 ARP-IDEA	I	84.027X	N/A	7/1/21-9/30/23	\$ 593,232	-	-	86,220	86,220	86,220	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/20-9/30/21	\$ 11,550	-	-	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/21-9/30/22	\$ 8,815	-	-	8,815	8,815	8,815	1
<b>PASSED THROUGH THE LANCASTER-LEBANON I.U. #13</b>											
IDEA	I	84.027	N/A	7/1/20-6/30/21	\$ 10,000	-	(7,998)	7,998	7,998	-	3
<b>TOTAL IDEA CLUSTER</b>						2,161,395	104,346	2,152,084	2,152,084	95,035	2
<b>PASSED THROUGH THE PA COMMISSION ON CRIME AND DELINQUENCY (PCCD)</b>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND - ESSER I	I	84.425D	2020-ES-01-35273	3/13/20-9/30/22	\$ 452,553	451,491	450,741	1,577	1,577	827	3
<b>PASSED THROUGH THE PDE</b>											
COVID-19 ELEMENTARY AND SECONDARY SCHOOL EMERGENCY RELIEF (ESSER) FUND - ESSER I	I	84.425D	FA-200-20-0034	3/13/20-9/30/21	\$ 3,218,394	-	(25,986)	22,268	22,268	(3,718)	3
COVID-19 GOVERNOR'S EMERGENCY EDUCATION RELIEF (GEER) FUND - ATSI	I	84.425C	FA-254-20-0034	3/13/20-9/30/21	\$ 389,988	143,680	37,916	159,863	159,863	54,099	
COVID-19 GOVERNOR'S EMERGENCY EDUCATION RELIEF (GEER) FUND - SECIM	I	84.425C	FA-252-20-0034	3/13/20-9/30/21	\$ 177,268	102,629	(27,345)	129,974	129,974	-	
COVID-19 ESSER FUND - ESSER II	I	84.425D	FA-200-21-0034	3/13/20-9/30/23	\$ 15,889,038	8,129,275	-	10,745,224	10,745,224	2,615,949	6
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	223-21-0034	3/13/20-9/30/24	\$ 32,138,927	2,337,377	-	8,114,760	8,114,760	5,777,383	7
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 1,784,227	1,135,416	-	1,155,471	1,155,471	20,055	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 356,845	227,083	-	347,190	347,190	120,107	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 356,845	227,085	-	271,420	271,420	44,335	
COVID-19 ARP-ESSER - HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2035	7/01/21-9/30/24	\$ 189,023	14,540	-	3,789	3,789	(10,751)	
COVID-19 ARP-ESSER - 2.5% SEA RESERVE	I	84.425C	FA-224-21-0034	3/13/20-9/30/24	\$ 355,967	19,416	-	-	-	(19,416)	
<b>TOTAL EDUCATION STABILIZATION FUND</b>						12,787,992	435,326	20,951,536	20,951,536	8,598,870	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						21,102,887	1,872,943	28,687,256	28,687,256	9,457,312	

SOURCE: D-DIRECT; I- INDIRECT

**Bethlehem Area School District  
Schedule of Expenditures of Federal Awards  
Fiscal Year Ended June 30, 2022**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/21	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/22	FOOTNOTES
<b>U.S. DEPT. OF HEALTH AND HUMAN SERVICES</b>											
<b><u>PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE</u></b>											
PROMOTING SAFE AND STABLE FAMILIES	I	93.556	SAP 4100066996	7/1/20-6/30/21	\$ 187,866	35,987	35,987	-	-	-	3
PROMOTING SAFE AND STABLE FAMILIES	I	93.556	SAP 4100066996	7/1/21-6/30/22	\$ 121,666	121,666	-	121,666	121,666	-	
<b>TOTAL PROMOTING SAFE AND STABLE FAMILIES PROGRAM</b>						157,653	35,987	121,666	121,666	-	
COMMUNITY BASED CHILD ABUSE PREVENTION	I	93.590	SAP 4100066996	7/1/20-6/30/21	\$ 2,429	303	303	-	-	-	
COMMUNITY BASED CHILD ABUSE PREVENTION	I	93.590	SAP 4100066996	7/1/21-6/30/22	\$ 2,429	2,429	-	2,429	2,429	-	
<b>TOTAL COMMUNITY BASED CHILD ABUSE PREVENTION PROGRAM</b>						2,732	303	2,429	2,429	-	
ESEA - TITLE 19 MEDICAID REIMBURSEMENT	I	93.778	N/A	7/1/21-9/30/22	N/A	111,630	36,013	169,663	169,663	94,046	
<b>TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES</b>						272,015	72,303	293,758	293,758	94,046	
<b>U. S. DEPT. OF AGRICULTURE</b>											
<b><u>PASSED THROUGH THE PDE</u></b>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/20 - 6/30/21	N/A	-	-	-	-	-	3
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/21 - 6/30/22	N/A	5,226,813	-	6,078,463	6,078,463	851,650	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	256,517	-	256,517	256,517	-	
COVID-19 NATIONAL SCHOOL LUNCH - SNP EMERGENCY OPERATING COSTS	I	10.555	N/A	N/A	N/A	515,152	-	515,152	515,152	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/20 - 6/30/21	N/A	-	-	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/21 - 6/30/22	N/A	885,273	-	1,041,373	1,041,373	156,100	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/20 - 6/30/21	N/A	-	-	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/21 - 6/30/22	N/A	491,162	-	586,390	586,390	95,228	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/20 - 6/30/21	N/A	4,299	4,299	-	-	-	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/21 - 6/30/22	N/A	55,698	-	63,390	63,390	7,692	
SUMMER FOOD	I	10.559	N/A	7/1/20 - 6/30/21	N/A	817,485	817,485	-	-	-	
SUMMER FOOD	I	10.559	N/A	7/1/21 - 6/30/22	N/A	163,164	-	188,500	188,500	25,336	
FRESH FRUIT AND VEGETABLE PROGRAM	I	10.582	N/A	7/1/21 - 6/30/22	N/A	188,863	-	188,863	188,863	-	
<b><u>PASSED THROUGH THE PA DEPARTMENT OF AGRICULTURE</u></b>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/21 - 6/30/22	N/A	440,401	(10,150)	445,267	445,267	(5,284)	3
<b>TOTAL CHILD NUTRITION CLUSTER</b>						9,044,827	811,634	9,363,915	9,363,915	1,130,722	4,5
<b><u>PASSED THROUGH THE PDE</u></b>											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	5,814	-	5,814	5,814	-	3
						5,814	-	5,814	5,814	-	
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						9,050,641	811,634	9,369,729	9,369,729	1,130,722	
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						\$ 30,679,543	\$ 2,756,880	\$ 38,604,743	\$ 38,604,743	\$ 10,682,080	
SOURCE: D-DIRECT; I- INDIRECT											

**Bethlehem Area School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

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**Note 1 – Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Bethlehem Area School District under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bethlehem Area School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bethlehem Area School District.

**Note 2 – Significant Accounting Policies**

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

**Note 3 – Organization and Scope**

The District recognized 5.7% of its total general fund revenue in federal awards, 90.3% of its total food service fund revenue, and 100% of its capital project fund revenue.

**Note 4 – Indirect Costs**

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

**Note 5 – Program Disclosure – Footnotes**

1. The federal awards passed through the Colonial I.U. #20 under the U.S. Department of Education heading, are part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenues.
2. The federal awards passed through the Lancaster-Lebanon I.U. #13 under the U.S. Department of Education heading, are part of a consortium of participating school districts. However, the District is not contracted as part of the participating school districts of the Lancaster-Lebanon I.U. #13, but merely received a special award in the form of a grant for Liberty High School. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenues.

**Bethlehem Area School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2022**

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3. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 67,238,809	\$ 35,404,139
PA Commission on Crime & Delinquency	452,553	1,577
Universal Service Administrative Co.	254,000	254,000
Lancaster-Lebanon I.U. #13	10,000	7,998
Colonial I.U. #20	4,717,333	2,144,086
PA Department of Public Welfare	314,390	293,758
PA Department of Agriculture	N/A	445,267
<b>Totals</b>	<b><u>\$ 72,987,085</u></b>	<b><u>\$ 38,550,825</u></b>

4. The District received non-monetary assistance from the U.S. Department of Agriculture of \$440,401 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2021-22 fiscal year, the District used \$445,267 in commodities and established a year-end inventory of \$5,284 at June 30, 2022.
5. The amount recognized as revenue in the Schedule of Expenditures of Federal Awards, under the U.S. Department of Agriculture heading, represents the commodities used, versus the commodities received, which are recognized as revenue in the basic financial statements.
6. Of the \$10,745,224 of expenditures reported for the ESSER II grant, \$49,179 were incurred in the prior fiscal year.
7. Of the \$8,114,760 of expenditures reported for the ARP-ESSER grant, \$798,570 were incurred in the prior fiscal year.
8. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

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**FINANCIAL STATEMENT RECONCILIATION**

General Fund Federal Source Revenues	\$ 16,906,947
Federal Grants in Local Sources	2,152,083
Capital Project Fund Federal Revenue	10,254,608
Food Service Fund Federal Revenue	10,245,646
<b>Total Federal Revenue, per financial statements</b>	<b>39,559,284</b>
Less - Medical Access Reimbursement (Federal)	(959,409)
Plus: Change in Donated Commodities	4,868
<b>Total Federal Revenue Reported on SEFA</b>	<b><u>\$ 38,604,743</u></b>

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GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

Board of School Directors  
Bethlehem Area School District  
1516 Sycamore Street  
Bethlehem, PA 18017-6099

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Bethlehem Area School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Bethlehem Area School District's basic financial statements, and have issued our report thereon dated December 6, 2022.

***Report on Internal Control over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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

Respectfully submitted,



Northampton, Pennsylvania  
December 6, 2022



**GORMAN & ASSOCIATES, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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

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

Board of School Directors  
Bethlehem Area School District  
1516 Sycamore Street  
Bethlehem, PA 18017-6099

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Bethlehem Area School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bethlehem Area School District's major federal programs for the year ended June 30, 2022. Bethlehem Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bethlehem Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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



### ***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

### ***Report on Internal Control over Compliance***

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

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

**Bethlehem Area School District**

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

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

Respectfully submitted,



Northampton, Pennsylvania  
December 6, 2022

**Bethlehem Area School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Section I - Summary of Auditor Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
84.425C, 84.425D, 84.425U, 84.425W	COVID-19 - Education Stabilization Fund
84.027, 84.027X, 84.173	IDEA Cluster

Percentage of programs tested to total awards 59.9%

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**Bethlehem Area School District  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2022**

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**Section II – Financial Statement Findings**

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

**Section III – Findings and Questioned Costs for Federal Awards**

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

*Audit Follow-Up Procedures*

We did not perform any follow-up procedures on prior year findings since no prior year findings existed.