

FLEETWOOD AREA SCHOOL DISTRICT

FINANCIAL AND COMPLIANCE REPORT

Year Ended June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of School Directors
Fleetwood Area School District
Fleetwood, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fleetwood Area School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Fleetwood 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 Fleetwood Area School District, as of June 30, 2024, 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 Fleetwood 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.

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 Fleetwood 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 Fleetwood 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 Fleetwood 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, budgetary comparison schedule for the general fund, and the pension and other postemployment benefit information on pages 82 through 86, 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 Fleetwood Area School District's basic financial statements. The accompanying combining nonmajor governmental funds 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 nonmajor governmental funds financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 19, 2024, on our consideration of Fleetwood 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 Fleetwood 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 Fleetwood Area School District's internal control over financial reporting and compliance.

Herbein + Company, Inc.

Reading, Pennsylvania
November 19, 2024

Fleetwood Area School District

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Business Manager

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
REQUIRED SUPPLEMENTARY INFORMATION (RSI)

For the fiscal year ended June 30, 2024, the discussion and analysis of Fleetwood Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the 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 District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element 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 June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

FINANCIAL HIGHLIGHTS

For the 2023-2024 school year, the District operated an in-person instructional model for all students while continuing the 1:1 technology initiative that was implemented as a result of the COVID-19 pandemic. The continuation of additional funding due to the COVID-19 pandemic has resulted in continued additional expenses for program specific requirements such as afterschool programs, summer remediation, learning loss recovery, and reading improvement. The District will continue to maintain these programs provided that funding is available.

The District's overall financial position, as reflected in total net position, decreased by $97,180 for governmental activities; Due to the inclusion of the District's pension liability, the overall governmental activities net position reflects a negative balance of $9,032,750 as of June 30, 2024.

The District entered into a new General Obligation Note for the purpose of refinancing existing debt and to fund capital projects. As a result the District experienced an increase in the amount of outstanding general obligation debt bringing the total outstanding debt to $15,530,000.

In governmental funds, total fund balance increased by $3,345,143. This includes a $1,017,564 decrease in the general fund and a $4,358,311 increase in the capital projects fund due to the debt issuance which resulted in net proceeds of $5,005,644 as well as ongoing capital improvements.

The net position of the business-type activities increased by $308,900 with an ending net deficit of ($18,295) as of June 30, 2024.

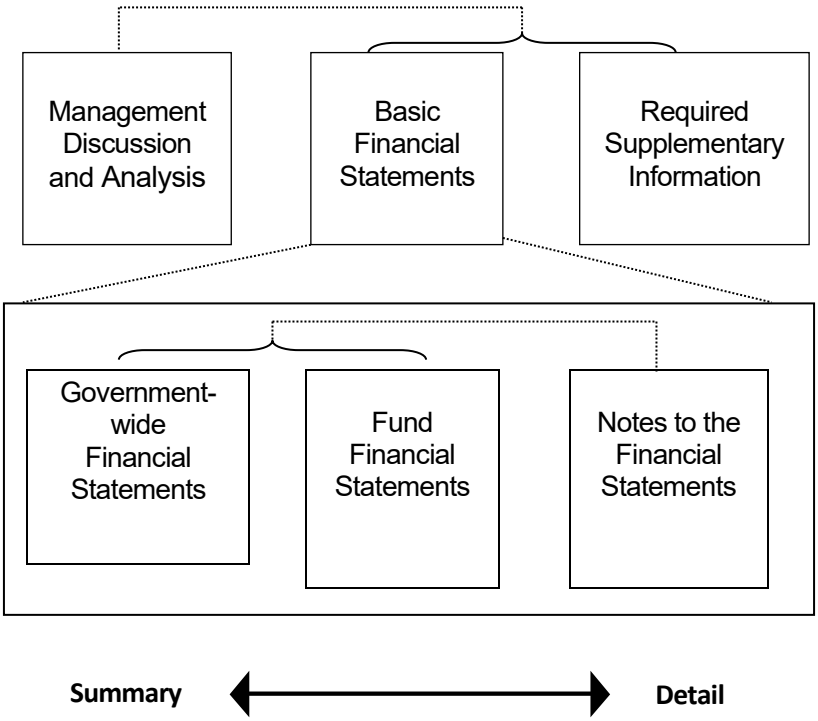
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Figure A-1 shows how the required parts of the Financial Section are arranged and relate to one another:

Figure A-1
Required components of
Fleetwood Area School District's
Financial Report



Fleetwood Area School District

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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 Fleetwood Area School District's
Government-wide and Fund Financial Statements

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

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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 or resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, 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 non-financial factors, such as changes in the District's property tax base and the performance of the students.

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.

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Fund Financial Statements

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

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

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

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FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A comparative analysis of fiscal year 2023-2024 to 2022-2023:

Table A-1
Fiscal Year ended June 30, 2024
Net Position

	Governmental Activities		Business-type Activities		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Current and other assets	$ 13,775,816	$ 8,478,459	$ 635,135	$ 467,245	$ 14,410,951	$ 8,945,704
Capital assets	59,495,620	60,479,657	176,950	170,453	59,672,570	60,650,110
Total assets	73,271,436	68,958,116	812,085	637,698	74,083,521	69,595,814
Deferred outflows of resources	13,850,484	14,001,050	163,985	157,011	14,014,469	14,158,061
Current and other liabilities	8,597,916	8,077,047	26,968	34,441	8,624,884	8,111,488
Long-term liabilities including pension	83,961,169	78,228,187	754,066	786,706	84,715,235	79,014,893
Total Liabilities	92,559,085	86,305,234	781,034	821,147	93,340,119	87,126,381
Deferred inflows of resources	3,595,585	5,589,502	213,331	300,757	3,808,916	5,890,259
Net Position (deficit)						
Net investment in capital assets	46,359,881	46,596,875	176,950	170,453	46,536,831	46,767,328
Restricted	1,023,931	198,981	-	-	1,023,931	198,981
Unrestricted	(56,416,562)	(55,731,426)	(195,245)	(497,648)	(56,611,807)	(56,229,074)
Total Net Position (Deficit)	**$ (9,032,750)**	**$ (8,935,570)**	**$ (18,295)**	**$ (327,195)**	**$ (9,051,045)**	**$ (9,262,765)**

Most of the District's net position is invested in capital assets (buildings, land, and equipment). An additional amount is restricted for capital projects as well as the District's special revenue funds. The remaining unrestricted net position are unrestricted/undesignated amounts.

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

Table A-2 takes the information from that Statement, rearranges it slightly, so you can see our total revenues for the year. This table also shows a comparative analysis of fiscal year 2023-2024 to 2022-2023.

Table A-2
Fiscal Year ended June 30, 2024
Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
REVENUES						
Program revenues						
Charges for services	$ 270,880	$ 258,224	$ 450,897	$ 418,643	$ 721,777	$ 676,867
Operating grants and contributions	10,548,968	11,139,282	1,041,260	929,445	11,590,228	12,068,727
Capital grants and contributions	3,164	233,505	-	-	3,164	233,505
General revenues						
Property taxes	27,675,023	27,731,764	-	-	27,675,023	27,731,764
Other taxes	3,342,013	3,280,417	-	-	3,342,013	3,280,417
Grants, subsidies and contributions, unrestricted	8,613,035	8,063,914	-	-	8,613,035	8,063,914
Other	706,942	521,837	93	758	707,035	522,595
TOTAL REVENUES	51,160,025	51,228,943	1,492,250	1,348,846	52,652,275	52,577,789
EXPENSES						
Instruction	32,374,840	30,790,857	-	-	32,374,840	30,790,857
Instructional student support	5,118,705	4,500,977	-	-	5,118,705	4,500,977
Administrative and financial support	4,127,764	3,534,843	-	-	4,127,764	3,534,843
Operation and maintenance of plant	5,516,577	5,088,850	-	-	5,516,577	5,088,850
Pupil transportation	2,712,225	2,390,702	-	-	2,712,225	2,390,702
Student activities	1,073,124	1,033,582	-	-	1,073,124	1,033,582
Community services	18,152	18,055	-	-	18,152	18,055
Interest on long-term debt	315,818	376,816	-	-	315,818	376,816
Food Services	-	-	1,183,350	1,041,426	1,183,350	1,041,426
TOTAL EXPENSES	51,257,205	47,734,682	1,183,350	1,041,426	52,440,555	48,776,108
Increase (decrease) in net position	**(97,180)**	**3,494,261**	**308,900**	**307,420**	**211,720**	**3,801,681**
Net position (deficit) - beginning of year	**(8,935,570)**	**(12,429,831)**	**(327,195)**	**(634,615)**	**(9,262,765)**	**(13,064,446)**
Net position (deficit) - end of year	**$ (9,032,750)**	**$ (8,935,570)**	**$ (18,295)**	**$ (327,195)**	**$ (9,051,045)**	**$ (9,262,765)**

Fleetwood Area School District

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Heidi A. Orth
Business Manager

The following tables represent the expenses of both the Governmental Activities and the Business-type Activities of the District.

Table A-3 shows the District's eight largest functions - instructional programs, instructional student support, administrative, operation and maintenance of plant, pupil transportation, student activities, community services, food service as well as each program's net cost (total cost less revenues generated by the activities). This table also shows the net costs offset by the other unrestricted grants, subsides and contributions to show the remaining financial needs supported by local taxes, net cost of services, and other miscellaneous revenues. This table also shows a comparative analysis of fiscal year 2023-2024 to 2022-2023:

Table A-3
Fiscal Year ended June 30, 2024
Governmental Activities

	Total Cost of Services		Net Cost of Services	
Functions/Programs	**2024**	**2023**	**2024**	**2023**
Instruction	$ 32,374,840	$ 30,790,857	$ 25,585,060	$ 23,330,526
Instructional student support	5,118,705	4,500,977	4,427,730	3,791,479
Administrative	4,127,764	3,534,843	3,654,643	3,065,013
Operation and maintenance	5,516,577	5,088,850	4,116,595	3,567,671
Pupil transportation	2,712,225	2,390,702	1,724,930	1,600,171
Student activities	1,073,124	1,033,582	594,429	587,636
Community services	18,152	18,055	18,152	17,864
Interest on long-term debt	315,818	376,816	312,654	143,311
Total governmental activities	**$ 51,257,205**	**$ 47,734,682**	**40,434,193**	**36,103,671**
Less:				
Unrestricted grants, subsidies			8,613,035	8,063,914
Total needs from local taxes and other revenues			**$ 31,821,158**	**$ 28,039,757**

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

Table A-4
Fiscal Year ended June 30, 2024
Business-type Activities

	Total Cost of Services		Net Cost of Services	
Functions/Programs	**2024**	**2023**	**2024**	**2023**
Food Services	**$ 1,183,350**	**$ 1,041,426**	**$ (308,807)**	**$ (306,662)**

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

THE DISTRICT FUNDS

On June 30, 2024, the District governmental funds reported major changes as follows:

General Fund:

The General Fund reported a total fund balance of $2,226,959 which is a decrease of $1,017,564. The District has nonspendable fund balance of $37,003 related to prepaid expenditures, and an assigned fund balance of $257,584 to balance the budget for the 2024-2025 school year, bringing the unreserved, undesignated fund balance to $1,932,372. The actual expenditures and other financing uses were $1,025,322 or 2.0% over budget. The overages were incurred due to programs required as a result of federal funds awards from the COVID pandemic as well as additional costs for special education and cyber charter school tuition, as well as increased transportation needs due to state mandates. The District has implemented a plan to review these areas of expense on a regular basis to mitigate any potential overages. Additionally, the District is working on a plan to bring the unassigned fund balance back to the required policy limitation of 5%. District revenues and other financing sources were $305,373 or .60% over budget.

Capital Projects Fund:

The District has built a Capital Projects Fund for future and existing capital needs. In preparation for a number of additional capital improvements, the District has created a long-range facilities plan with funding through the securing of additional General Obligation Note Funds. During the course of the 2023-2024 school year, the District continued the implementation of the planned projects, resulting in the use of $1,741,157 of capital projects funds. The District will continue to move forward with the long-range facilities plan and annually evaluate options for increasing the capital projects fund. The Capital Projects Fund reported a total fund balance of $4,250,594 following the issuance of the additional General Obligation Note funds.

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. A statement showing the District's original and final budget amounts compared with amounts actually paid and received is provided.

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CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

On June 30, 2024, the District had $59,672,570 invested in a broad range of capital assets, including land, buildings, furniture, equipment, and vehicles. This amount represents a net decrease (including additions, deletions and depreciation) of $977,540 or 1.6% from last year. The table below includes right-to-use lease assets.

Table A-5
Capital Assets

	Governmental Activities		Business-Type		Total	
	2024	**2023**	**2024**	**2023**	**2024**	**2023**
Land & Land Improvements	$ 6,555,020	$ 6,689,744	$ -	$ -	$ 6,555,020	$ 6,689,744
Buildings	51,230,673	51,177,791	-	-	51,230,673	51,177,791
Furniture, Equipment, and Vehicles	850,032	921,380	176,950	170,453	1,026,982	1,091,833
Right-to-use Lease Equipment	352,031	506,039	-	-	352,031	506,039
Construction in Progress	507,864	1,184,703	-	-	507,864	1,184,703
Totals	**$ 59,495,620**	**$ 60,479,657**	**$ 176,950**	**$ 170,453**	**$59,672,570**	**$60,650,110**

More detailed information regarding the District's capital assets is included in Note 8 in the notes to the basic financial statements.

DEBT ADMINISTRATION

As of July 1, 2023, the District had total outstanding bond principal of $13,315,000. The District entered into an additional General Obligation Note to currently refund existing debt while adding some additional resources for planned capital improvements. This resulted in ending outstanding debt as of June 30, 2024 of $15,530,000.

Table A-6
Outstanding Debt

	2024	**2023**
General Obligation Bonds:		
Series of 2021A	$ 2,780,000	$ 9,165,000
Series of 2021B	2,475,000	4,150,000
General Obligation Notes:		
Series of 2024	10,275,000	-
TOTAL	**$ 15,530,000**	**$ 13,315,000**

Other obligations include accrued vacation, sick, and severance pay for specific employees of the District, leases, pension, and other postemployment benefit liabilities. More detailed information about our long-term liabilities is included in Note 9 in the notes to the basic financial statements.

Fleetwood Area School District

ADMINISTRATION OFFICE • 801 N. Richmond Street, Fleetwood, PA 19522-1031
Phone: 610-944-8111 • FAX: 610-944-6842 • E-mail: horth@fleetwoodasd.k12.pa.us

Heidi A. Orth
Business Manager

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's general obligation bond rating is a Standard & Poor's AA- stable rating. The AA- stable rating is based upon the additional security for bonds provided by the Commonwealth of Pennsylvania Act 150 School District Intercept Program. The Act provides for undistributed state aid to be diverted to bond holders in the event of default.

The revenue budget for the 2024-2025 fiscal year is $51,611,193 or $536,583 more than the original budget for 2023-2024. This represents a 1.1% increase in budgeted revenues. The revenue increase can be attributed a .5 mill tax increase, however the District continues to experience a reduction in federal funding following the COVID pandemic. The District's tax rate for the 24-25 fiscal year is 34.61 mills.

The expenditure budget for the 2024-2025 year is $51,868,777; $496,552 more than the original budget for 2023-2024, or a 1.0% increase. The increase is due to higher salary and benefits costs based on contractual obligations as well as special education mandated costs, charter school enrollments, and increased requirements for transportation.

The comparison of revenue and expenditure categories is as follows:

Table A-7
BUDGETED REVENUES

	2024-2025	2023-2024
Local	63.73%	63.56%
State	35.43%	34,27%
Federal	0.84%	2.17%

BUDGETED EXPENDITURES

	2024-2025	2023-2024
Instruction	63.29%	61.36%
Support Services	30.99%	29.84%
Other	5.72%	8.80%

The unassigned fund balance in the general fund fell below the District's minimum fund balance policy as of June 30, 2024. District management is actively addressing the unassigned fund balance level using several approaches to restore the minimum fund balance policy requirements. The District will continue to monitor the results from the 2024-2025 fiscal year and make any additional changes as deemed necessary as well as take into consideration the unassigned fund balance level when developing the 2025-26 fiscal year budget.

Fleetwood Area School District

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Heidi A. Orth
Business Manager

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact the Business Manager at Fleetwood Area School District, 801 N. Richmond Street, Fleetwood, PA 19522, 610.944.8111.

FLEETWOOD AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and investments	$ 10,504,411	$ 621,272	$ 11,125,683
Internal balances	22,828	(22,828)	-
Taxes receivable, net	699,660	-	699,660
Intergovernmental receivables	2,290,780	10,138	2,300,918
Other receivables	83,130	-	83,130
Lease receivable	138,004	-	138,004
Inventories	-	26,553	26,553
Prepaid expenses	37,003	-	37,003
Capital assets:			
Capital assets not being depreciated	2,576,709	-	2,576,709
Capital assets, net of accumulated depreciation	56,566,880	176,950	56,743,830
Right-to-use assets, net of accumulated amortization	352,031	-	352,031
TOTAL ASSETS	73,271,436	812,085	74,083,521
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on bond refunding	187,704	-	187,704
Deferred outflows of resources for pension	12,659,490	139,496	12,798,986
Deferred outflows of resources for other postemployment benefits	1,003,290	24,489	1,027,779
TOTAL DEFERRED OUTFLOWS OF RESOURCES	13,850,484	163,985	14,014,469
LIABILITIES			
Accounts payable	855,898	10,659	866,557
Due to fiscal agent	1,964,248	-	1,964,248
Accrued interest	55,060	-	55,060
Payroll accruals and withholdings	3,593,447	-	3,593,447
Unearned revenues	10,258	4,357	14,615
Other current liabilities	-	10,587	10,587
Noncurrent liabilities, due within one year	2,119,005	1,365	2,120,370
Noncurrent liabilities:			
Bonds and notes payable, net	14,537,443	-	14,537,443
Leases payable	114,396	-	114,396
Long-term portion of compensated absences	1,008,538	-	1,008,538
Net pension liability	62,607,656	696,344	63,304,000
Net other postemployment benefit liabilities	5,214,991	57,722	5,272,713
Real estate tax settlement payable	478,145	-	478,145
TOTAL LIABILITIES	92,559,085	781,034	93,340,119
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows of resources for lease revenue	129,601	-	129,601
Deferred inflows of resources for pension	1,607,125	188,064	1,795,189
Deferred inflows of resources for other postemployment benefits	1,858,859	25,267	1,884,126
TOTAL DEFERRED INFLOWS OF RESOURCES	3,595,585	213,331	3,808,916
NET POSITION			
Net investment in capital assets	46,359,881	176,950	46,536,831
Restricted for capital projects	820,554	-	820,554
Restricted for purpose by donor	203,377	-	203,377
Unrestricted (deficit)	(56,416,562)	(195,245)	(56,611,807)
TOTAL NET POSITION (DEFICIT)	$ (9,032,750)	$ (18,295)	$ (9,051,045)

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenue: Charges for Services	Program Revenue: Operating Grants and Contributions	Program Revenue: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business-Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities							
Instruction	$ 32,374,840	$ -	$ 6,789,780	$ -	$ (25,585,060)	$ -	$ (25,585,060)
Instructional student support	5,118,705	15,820	675,155	-	(4,427,730)	-	(4,427,730)
Administrative and financial support services	4,127,764	-	473,121	-	(3,654,643)	-	(3,654,643)
Operation and maintenance of plant services	5,516,577	142,821	1,257,161	-	(4,116,595)	-	(4,116,595)
Pupil transportation	2,712,225	-	987,295	-	(1,724,930)	-	(1,724,930)
Student activities	1,073,124	112,239	366,456	-	(594,429)	-	(594,429)
Community services	18,152	-	-	-	(18,152)	-	(18,152)
Interest on long-term debt	315,818	-	-	3,164	(312,654)	-	(312,654)
Total Governmental Activities	51,257,205	270,880	10,548,968	3,164	(40,434,193)	-	(40,434,193)
Business-Type Activities							
Food services	1,183,350	450,897	1,041,260	-	-	308,807	308,807
Total Primary Government	$ 52,440,555	$ 721,777	$ 11,590,228	$ 3,164	(40,434,193)	308,807	(40,125,386)
General Revenues							
Taxes:							
Property taxes					27,675,023	-	27,675,023
Earned income tax					2,916,978	-	2,916,978
Transfer, local services, and public utility realty taxes					425,035	-	425,035
Grants, subsidies, and contributions not restricted for a specific program					8,613,035	-	8,613,035
Investment earnings					682,887	93	682,980
Miscellaneous income					24,055	-	24,055
Total General Revenues					40,337,013	93	40,337,106
Change in Net Position					(97,180)	308,900	211,720
Net Position (Deficit) - Beginning of year					(8,935,570)	(327,195)	(9,262,765)
Net Position (Deficit) - End of year					$ (9,032,750)	$ (18,295)	$ (9,051,045)

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

June 30, 2024

	General	Capital Projects	Special Revenue (Nonmajor)	Total Governmental Funds
ASSETS				
Cash and investments	$ 5,210,119	$ 5,074,169	$ 220,123	$ 10,504,411
Interfund receivable	640,615	-	10,830	651,445
Taxes receivable	706,662	-	-	706,662
Intergovernmental receivables	2,290,780	-	-	2,290,780
Other receivables	83,130	-	-	83,130
Prepaid expenditures	37,003	-	-	37,003
Lease receivable	138,004	-	-	138,004
TOTAL ASSETS	$ 9,106,313	$ 5,074,169	$ 230,953	$ 14,411,435
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Interfund payable	$ -	$ 602,176	$ 26,441	$ 628,617
Accounts payable	633,364	221,399	1,135	855,898
Due to fiscal agent	1,964,248	-	-	1,964,248
Current portion of compensated absences	198,321	-	-	198,321
Payroll accruals and withholdings	3,593,447	-	-	3,593,447
Unearned revenues	10,258	-	-	10,258
TOTAL LIABILITIES	6,399,638	823,575	27,576	7,250,789
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	350,115	-	-	350,115
Deferred inflows of resources for lease revenue	129,601	-	-	129,601
TOTAL DEFERRED INFLOWS OF RESOURCES	479,716	-	-	479,716
FUND BALANCES				
Nonspendable	37,003	-	-	37,003
Restricted	-	4,250,594	203,377	4,453,971
Assigned	257,584	-	-	257,584
Unassigned	1,932,372	-	-	1,932,372
TOTAL FUND BALANCES	2,226,959	4,250,594	203,377	6,680,930
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 9,106,313	$ 5,074,169	$ 230,953	$ 14,411,435

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION

June 30, 2024

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

TOTAL FUND BALANCES OF GOVERNMENTAL FUNDS		$ 6,680,930
Capital assets and right-to-use 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 $102,423,956 and the accumulated depreciation/amortization is $42,928,336.		59,495,620
Property and other taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and, therefore, are reported as unavailable revenue in the funds adjusted for allowance for doubtful accounts.		343,113
Long-term liabilities, including bonds and notes payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Bonds and notes payable	$ (15,530,000)	
Accrued interest	(55,060)	
Deferred charge on bond refunding	187,704	
Unamortized bond and note premiums	(722,443)	
Leases payable	(320,080)	
Long-term portion of compensated absences	(1,008,538)	
Real estate tax settlement payable	(478,145)	(17,926,562)
The net pension liability and related deferred outflows and inflows of resources for pensions are not reflected on the fund financial statements.		(51,555,291)
The net other postemployment benefit liabilities and related deferred outflows and inflows of resources for other postemployment benefits are not reflected on the fund financial statements.		(6,070,560)
TOTAL NET POSITION (DEFICIT) - GOVERNMENTAL ACTIVITIES		$ (9,032,750)

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

	General	Capital Projects	Special Revenue (Nonmajor)	Total Governmental Funds
REVENUES				
Local sources	$ 32,980,772	$ 82,468	$ 282,088	$ 33,345,328
State sources	16,871,804	-	-	16,871,804
Federal sources	1,410,025	-	-	1,410,025
TOTAL REVENUES	51,262,601	82,468	282,088	51,627,157
EXPENDITURES				
Current:				
Instructional services	32,676,241	-	-	32,676,241
Support services	15,405,665	619,282	-	16,024,947
Operation of noninstructional services	793,727	-	277,692	1,071,419
Capital outlay	-	1,099,243	-	1,099,243
Debt service:				
Principal	2,551,770	-	-	2,551,770
Interest	184,599	22,632	-	207,231
TOTAL EXPENDITURES	51,612,002	1,741,157	277,692	53,630,851
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(349,401)	(1,658,689)	4,396	(2,003,694)
OTHER FINANCING SOURCES (USES)				
General obligation notes issuance proceeds	-	10,275,000	-	10,275,000
General obligation notes premium	-	741,455	-	741,455
Payment to escrow agent on refunding notes	-	(5,785,000)	-	(5,785,000)
Lease issuance proceeds	117,382	-	-	117,382
Transfers in	-	785,545	-	785,545
Transfers out	(785,545)	-	-	(785,545)
TOTAL OTHER FINANCING SOURCES (USES)	(668,163)	6,017,000	-	5,348,837
NET CHANGES IN FUND BALANCES	(1,017,564)	4,358,311	4,396	3,345,143
FUND BALANCES - BEGINNING OF YEAR	3,244,523	(107,717)	198,981	3,335,787
FUND BALANCES - END OF YEAR	$ 2,226,959	$ 4,250,594	$ 203,377	$ 6,680,930

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2024

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

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		$ 3,345,143
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 and amortization expense.		
Capital outlays	$ 1,554,346	
Less: depreciation and amortization expense	(2,538,383)	(984,037)
Because some property taxes will not be collected for several months after the District's year end, they are not considered as "available" revenues in the governmental funds.		11,013
Issuance of long-term debt (e.g., bonds, notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds.		
Issuance of refunding notes - principal	(10,275,000)	
Issuance of refunding notes - premium	(741,455)	
Payment to escrow agent on refunding notes	5,785,000	
Repayment of bonds and notes principal	2,275,000	
Issuance of leases	(117,382)	
Repayment of lease principal	276,770	
Amortization of note premium	19,012	
Amortization of deferred charge on bond refunding	(97,932)	(2,875,987)
Interest expense incurred 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.		(29,667)
Some expenses reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in governmental funds. The difference in the amount incurred and amount paid of these activities is:		
Compensated absences	(126,483)	
Net pension liability and related deferred outflows and inflows	964,753	
Net OPEB liability and related deferred outflows and inflows	76,230	
Real estate tax settlement payable	(478,145)	436,355
CHANGE IN NET POSITION (DEFICIT) OF GOVERNMENTAL ACTIVITIES		$ (97,180)

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

STATEMENT OF NET POSITION
PROPRIETARY FUND

June 30, 2024

	Enterprise Fund Food Service
ASSETS	
CURRENT ASSETS	
Cash and investments	$ 621,272
Intergovernmental receivables	10,138
Inventories	26,553
TOTAL CURRENT ASSETS	657,963
NONCURRENT ASSETS	
Furniture and equipment, net	176,950
TOTAL ASSETS	834,913
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources for pension	139,496
Deferred outflows of resources for other postemployment benefits	24,489
TOTAL DEFERRED OUTFLOWS OF RESOURCES	163,985
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	10,659
Interfund payable	22,828
Compensated absences	1,365
Unearned revenues	4,357
Other current liabilities	10,587
TOTAL CURRENT LIABILITIES	49,796
NONCURRENT LIABILITIES	
Net pension liability	696,344
Net other postemployment benefit liabilities	57,722
TOTAL LIABILITIES	803,862
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources for pension	188,064
Deferred inflows of resources for other postemployment benefits	25,267
TOTAL DEFERRED INFLOWS OF RESOURCES	213,331
NET POSITION	
Investment in capital assets	176,950
Unrestricted (deficit)	(195,245)
TOTAL NET POSITION (DEFICIT)	$ (18,295)

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENSES, AND CHANGE IN NET POSITION - PROPRIETARY FUND

For the Year Ended June 30, 2024

	Enterprise Fund Food Service
OPERATING REVENUES	
Food service revenue	$ 450,897
OPERATING EXPENSES	
Salaries	313,723
Employee benefits	207,740
Pension and OPEB valuation adjustments	(127,040)
Supplies	728,501
Depreciation	6,601
Other operating expenses	53,825
TOTAL OPERATING EXPENSES	1,183,350
OPERATING LOSS	(732,453)
NONOPERATING REVENUES	
Earnings on investments	93
State sources	258,722
Federal sources	782,538
TOTAL NONOPERATING REVENUES	1,041,353
CHANGE IN NET POSITION	308,900
NET POSITION (DEFICIT) - BEGINNING OF YEAR	(327,195)
NET POSITION (DEFICIT) - END OF YEAR	$ (18,295)

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

For the Year Ended June 30, 2024

	Enterprise Fund Food Service
CASH FLOWS FROM OPERATING ACTIVITIES	
Received from users	$ 457,674
Payments to employees for services	(496,009)
Payments to suppliers for goods and services	(679,877)
NET CASH USED FOR OPERATING ACTIVITIES	(718,212)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State sources	260,291
Federal sources	699,329
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	959,620
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(13,098)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on investments	93
NET INCREASE IN CASH AND CASH EQUIVALENTS	228,403
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	392,869
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 621,272

See accompanying notes.

FLEETWOOD AREA SCHOOL DISTRICT

STATEMENT OF CASH FLOWS - CONTINUED
PROPRIETARY FUND

For the Year Ended June 30, 2024

	Enterprise Fund Food Service
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating loss	$ (732,453)
Adjustments to reconcile operating loss to net cash used for operating activities:	
Depreciation	6,601
Donated commodities used	88,484
Changes in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
Inventories	2,532
Interfund balances	51,137
Deferred outflows of resources for pension	(10,806)
Deferred outflows of resources for other postemployment benefits	3,832
Accounts payable	9,410
Compensated absences	(2,080)
Unearned revenues	2,023
Other current liabilities	(16,826)
Net pension liability	(30,825)
Net other postemployment benefit liabilities	(1,815)
Deferred inflows of resources for pension	(82,880)
Deferred inflows of resources for other postemployment benefits	(4,546)
Total adjustments	14,241
NET CASH USED FOR OPERATING ACTIVITIES	$ (718,212)
NONCASH NONCAPITAL FINANCING ACTIVITIES	
During the year, the District used $88,484 of commodities from the U.S. Department of Agriculture	$ 88,484

See accompanying notes.

Fleetwood Area School District ("School District" or the "District") is located in Berks County, Pennsylvania. The District's tax base consists of the Townships of Maidencreek and Richmond, and the Borough of Fleetwood. Fleetwood 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 6 and 21 years, who may attend.

In order to establish, enlarge, equip, furnish, operate, and maintain any school herein provided, or to pay any school indebtedness which the School District is required to pay, or to pay an 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fleetwood Area School District have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting principles are as follows:

A. Reporting Entity

As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the District and its component units.

The District used guidance contained in generally accepted accounting principles to evaluate the possible inclusion of related entities (authorities, boards, councils, fiduciary activities, etc.) within its reporting entity. Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and legally separate entities for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment that the inclusion of a legally separate entity that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that legally separate entity should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that the exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

A. Reporting Entity - continued

Based on the foregoing criteria, the reporting entity has been defined to include all criteria for which the District is financially accountable or for which there is another significant relationship. Specific information on the nature of the various potential component units and a description of how the aforementioned criteria have been considered in determining whether or not to include or exclude such units in the District's financial statements is provided in the following paragraph.

Blended Component Unit
Some component units, despite being legally separate from the primary government (School District), are so intertwined with the primary government that they are, in substance, the same as the primary government and are reported as part of the primary government. The component unit reported in this way is the Fleetwood Area School District Foundation. The Foundation raises funds to enhance the programs and athletic facilities of the School District.

Governments commonly enter into special arrangements with each other to provide or obtain needed services. A common type of such an arrangement is a joint venture. In addition to joint ventures, governments also enter into contracts to plan for and address certain activities for their mutual benefits; i.e., a jointly governed organization. The District has one of each of these relationships:

Joint Venture: The District is a participating member of the Berks Career & Technology Center. See Note 12 for details of involvement and financial information of the joint venture.

Jointly Governed Organizations: The District is a participating member of the Berks County Intermediate Unit (BCIU). The BCIU 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 BCIU's annual operating budget.

The BCIU is a self-sustaining organization that provides services for fees to participating districts. As such, the District has no ongoing financial interest or responsibility in the BCIU. The BCIU contracts with participating districts to supply special education services, computer services, and to act as a conduit for certain federal programs.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Basis of Presentation - Government-Wide Financial Statements

Government-wide financial statements (i.e., the statement of net position and the statement of activities) display information about the reporting entity, except for its fiduciary activities. All fiduciary activities are reported only in the fund financial statements. The government-wide statements include separate columns for the governmental and business-type activities of the primary government, as well as any discretely presented component units. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities which rely, to a significant extent, on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function to the District are offset by the program revenues related to that function. Direct expenses are those that are directly related to and clearly identified with a function. Program revenues include 1) charges to customers or others who purchase, use, or directly benefit from services or goods provided by a given function, or 2) grants and contributions that are restricted to meet the operational or capital requirements of a function. Taxes and other items properly not included in program revenues are reported as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are the contributions made to any component unit from the District's governmental funds and transfers between governmental funds and business-type and fiduciary funds. Elimination of these contributions would distort the direct costs and program revenues reported for the various functions concerned.

C. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. Fiduciary funds are reported by fund type. The District currently does not have any fiduciary funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

The District Reports the Following Major Governmental Funds:

***General Fund*:** This fund is established to account for resources devoted to financing the general services that the District performs. Intergovernmental revenues and other sources of revenue used to finance the fundamental operations of the District are included in this fund. The fund is charged with all costs of operating the District for which a separate fund has not been established.

Capital Projects Fund: This fund is established to account for financial resources to be used for the acquisition or construction of major capital equipment and facilities (other than those financed by proprietary funds).

The District Reports the Following Nonmajor Governmental Funds:

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 District's special revenue funds are the following:

***Education Foundation Fund*:** This fund is established to account for financial resources to be used to benefit both the academic and athletic programs of the District.

Student Activity Fund: This fund is established to account for financial resources to be used for various student activity and athletic clubs.

Scholarship Fund: This fund is established to account for financial resources to be used for various scholarship accounts.

The District has the Following Major Enterprise Fund:

Food Service Fund: The food service fund is authorized under Section 504 of the Public School Code of 1949 to account for all revenues, food purchases, and costs and expenses for the food service program. The food service fund is the District's only major enterprise fund where the intent of the governing body is that the costs of providing food services are covered by user charges and subsidies received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

C. Basis of Presentation - Fund Financial Statements - continued

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as interfund receivables and payables. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements, these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial* resources or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary financial statements are reported using the *economic resources measurement focus*, and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service fund are charges to customers for sales and services provided. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and state subsidies are considered non-operating revenues as no exchange transaction occurs.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers tax revenues to be available if they are collected within 60 days of the end of the current fiscal period. Property taxes and interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenue of the current fiscal period. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. If time eligibility requirements are not met, deferred inflows of resources would be recorded. All other revenue items are considered to be measurable and available only when cash is received by the government.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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 110 days before the primary election, 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Budgetary Process - continued

Accelerated Budget Process Option

Under this option, a preliminary budget must be adopted 90 days prior to the primary election. Under this option, the preliminary budget must be available for public inspection at least 20 days prior to the budget adoption. The board shall give public notice of its intent to adopt the preliminary budget at least 10 days prior to the adoption.

If the primary budget exceeds the increase authorized by the Index, an application for an exception may be filed with the Pennsylvania Department of Education and made available for public inspection. The board may opt to forego applying for an exception by submitting a referendum question seeking voter approval for a tax increase, in accordance with Act 1.

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

Board Resolution Option

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

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

F. Financial Position

1. Cash and Cash Equivalents

For purposes of the statement of cash flows, the proprietary fund type considers all highly-liquid investments with a maturity of three months or less when purchased to be cash equivalents.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

2. Investments

Investments are valued at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*, except for investments in external investment pools, which are valued at amortized costs if required criteria are met as outlined in Governmental Accounting Standards Board Statement No. 79, *Certain External Investment Pools and Pool Participants*.

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 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.

3. Interfund Transactions

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the year are referred to as "interfund receivables/payables." Any residual balances outstanding between the governmental and business-type activities are reported in the government-wide financial statements as "internal balances."

4. Inventories and Prepaid Items

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.

Inventories of the governmental funds, consisting principally of textbooks and instructional supplies, are not valued since it is the policy of the District to charge these items to expense upon acquisition.

Inventories of the enterprise fund consisting of food and paper supplies are carried at cost, using the first-in, first-out method. Federal donated commodities are valued at their fair market value as determined by the U.S. Department of Agriculture at the date of donation. The inventories on-hand at June 30, 2024, consist of the following:

Purchased food and supplies	$ 23,431
Donated commodities	3,122
	$ 26,553

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

5. Capital Assets, Depreciation, and Amortization

The District's capital assets with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. Proprietary capital assets are also reported in their respective financial statements. The reported value excludes normal maintenance and repairs which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or extend its useful life beyond the original estimate. Donated capital assets are recorded at their acquisition value at the date of donation. Right-to-use lease assets are reported when a qualifying lease liability is incurred.

The District generally capitalizes assets with costs of $4,000 or more as purchase and construction outlays occur. Management has elected to include certain homogeneous asset categories with individual assets less than $4,000 as composite groups for financial reporting purposes. Assets purchased or constructed with long-term debt may be capitalized regardless of the threshold established. The costs of normal maintenance and repairs that do not add to the asset value or materially extend useful lives are not capitalized. Construction in progress is stated at cost and consists primarily of costs incurred on construction projects. No provision for depreciation is made on construction in progress until the assets are complete and placed into service. Capital assets, including those of component units, are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives for depreciable and amortizable assets are as follows:

Assets	Years
Buildings and building improvements	20 - 50
Site improvements	15 - 20
Furniture and equipment	5 - 20
Right-to-use lease assets	4 - 5

6. Valuation of Long-Lived Assets

Long-lived assets to be held and used are required to be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. In general, any long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell. The District periodically evaluates the recoverability of its long-lived assets, including real estate and improvements and deferred costs, using objective methodologies. Such methodologies include evaluations based on cash flows generated by the underlying assets or other determinants of fair value. None of the District's long-lived assets were considered to be impaired as of June 30, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

7. Leases

Lessor

Fleetwood Area School District is a lessor for a lease of a school building. 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, Fleetwood Area School 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.

- Fleetwood Area School District uses its estimated incremental borrowing rate as the discount rate for the lease.

- 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.

Lessee

Fleetwood Area School District is a lessee for noncancellable leases of equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

7. Leases - continued

Lessee - continued

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

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

- The lease term includes the noncancellable period of the lease. Also included within the lease term are any qualifying lease renewals or early termination options that the District is reasonably certain to exercise or not exercise. 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 capital assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

8. Unearned Revenues

Revenues that are received but not earned are reported as unearned revenues in the government-wide, governmental, and proprietary fund financial statements. Unearned revenues arise when resources are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed from the respective financial statements and revenue is recognized.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

9. Compensated Absences

District policies permit employees to accumulate earned but unused vacation, personal, and sick days, as well as earned severance pay for years of service, based on employment agreements. Payments for severance, vacation, sick pay, and personal leave are expensed as paid in the governmental fund statements. Accumulated severance, vacation, personal, and sick leave that is expected to be liquidated with expendable available financial resources and that has matured is reported as an expenditure and a fund liability in the governmental fund that will pay it. Accumulated severance, vacation, personal, or sick leave that is not expected to be liquidated with expendable available financial resources and that has not matured is reported as a long-term liability in the proprietary funds and the government-wide financial statements and is expensed as incurred.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental or business-type activity columns in the statement of net position. This same treatment also applies to proprietary fund financial statements. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Other bond issuance costs are expensed at the time the debt is issued.

In the fund financial statements, governmental fund types recognized bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued and original issue discounts or premiums are reported as other financing sources and uses. Issuance costs and underwriter's discount, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

11. Pension

The District contributes to the Public School Employees Retirement System (PSERS), a cost-sharing multiple-employer defined benefit pension plan. The District accounts for the plan under the provisions of GASB Statement No. 68, which establishes standards for the measurement, recognition, and display of pension expense and related liabilities, deferred outflows and deferred inflows of resources related to pension, certain required supplementary information, and note disclosures.

For the purpose of measuring net pension liability, deferred outflows of resources, and deferred inflows of resources related to pension and pension expense, information about the fiduciary net position of the 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 refund of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

12. Other Postemployment Benefits (OPEB)

The District's other postemployment benefit plans are accounted for under the provisions of GASB Statement No. 75, which establishes standards for the measurement, recognition, and display of other postemployment benefit expense and related liabilities, deferred outflows and deferred inflows of resources related to other postemployment benefits, certain required supplementary information, and note disclosures. The District provides OPEB under the following two plans:

PSERS 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 PSERS plan 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.

District OPEB Plan

The District sponsors a single-employer defined benefit OPEB plan. For purposes of measuring the total 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 OPEB plan and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plan. For this purpose, the plan recognizes benefit payments when due and payable in accordance with the benefit terms. The District OPEB plan is unfunded.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expenses) until then. The District has three items that qualify for reporting in this category:

A *deferred charge on bond refunding* results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Deferred outflows of resources for pension relates to the District's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions made to the pension plan subsequent to the measurement date and prior to the District's year end. The contributions will be recognized as a reduction in net pension liability in the following year.

Deferred outflows of resources for other postemployment benefits relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from the changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the net other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred outflow. Also included are contributions or benefit payments made subsequent to the measurement date and prior to the District's year end. These payments will be recognized as a reduction to the net other postemployment benefit liability in the following year.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

13. Deferred Outflows/Inflows of Resources - continued

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four types of items that qualify for reporting in this category.

Unavailable revenue arises only under a modified accrual basis of accounting and is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from one source - property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Deferred inflows of resources for lease revenue relate to a lessor agreement the District has for use of a building by a third party. The deferred inflows of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

Deferred inflows of resources for pension relates to the District's net pension liability and pension expense and arises from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the pension plan, or changes in the internal allocation of the net pension liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

Deferred inflows of resources for other postemployment benefits relate to the District's liability for postemployment benefits other than pensions and related expenses and arise from changes in assumptions, actual versus expected results, changes in benefits, variances in expected versus actual investment earnings, changes in the employer's proportion, differences between employer contributions and the proportionate share of total contributions reported by the plan, or changes in the internal allocation of the other postemployment benefit liability between governmental and business-type activities or funds. These amounts are deferred and amortized over either a closed 5-year period or the average remaining service life of all employees depending on what gave rise to the deferred inflow.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

14. Net Position and Flow Assumptions

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. Net investment in the capital assets component of net position is comprised of capital assets, net of accumulated depreciation/amortization, 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. If there are unspent related debt proceeds at year end, the portion of debt attributed to the unspent bond proceeds is not included in the calculation of 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 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.

15. Fund Balance Policies and Flow Assumptions

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The nonspendable fund balance classification represents assets in nonspendable form and includes items such as prepaid expenditures and inventory.

The restricted fund balance classification represents funds that are limited in use due to constraints for a specific purpose through restrictions by external parties, grant agreements, or enabling legislation.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The board of directors is the highest level of decision-making authority for the government that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

F. Financial Position - continued

15. Fund Balance Policies and Flow Assumptions - continued

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The board of directors may assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or review a commitment.

The District's unassigned fund balance of the General Fund should not be less than 5% of the following year's budgeted expenditures. In any fiscal year where the school district is unable to maintain this minimum reservation of fund balance, the school district shall not budget any amount of unassigned fund balance for the purpose of balancing the general fund budget until this level is achieved.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. The District's policy is to decide at the time an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned, or unassigned fund balance. The decision will be at the discretion of the superintendent or designee.

G. 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.

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Net Position of Individual Funds

Deficit Net Position - Proprietary Fund (Food Service Fund)
For the year ended June 30, 2024, the accounting under GASB No. 68, *Accounting and Financial Reporting for Pensions,* GASB No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date,* and GASB No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, created the following deficiency in net position as of June 30, 2024:

	Food Service Fund
Net position before effects of GASB statements noted below	$ 785,117
Cumulative effect of GASB statement Nos. 68 and 71	(744,912)
Cumulative effect of GASB statement No. 75	(58,500)
Ending net position (deficit)	$ (18,295)

The District will fund this deficiency in future years through contributions to the Pennsylvania Public School Employees' Retirement Plan (PSERS) at a rate required by the PSERS.

C. Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2024, the general fund had excess expenditures over appropriations of $655,947. The excess expenditures were covered by excess revenues, other financing sources, the budgetary reserve, and existing fund balance.

D. Minimum Unassigned Fund Balance

The District has established a policy that the unassigned fund balance of the General Fund should not be less than 5% of the following year's budgeted expenditures. For the year ended June 30, 2024 that District's unassigned fund balance was 3.7% of the following year's budgeted expenditures. The District shall not budget any amount of unassigned fund balance for the purpose of balancing the general fund budget until the minimum unassigned fund balance level is achieved.

NOTE 3 - CASH AND INVESTMENTS

Under Section 440.1 of the Public School Code of 1949, as amended, the District is permitted to invest funds in the following types of investments:

> Obligations of (a) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (b) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (c) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.
>
> Deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law, therefore, shall be pledged by the depository.

Pennsylvania Act 10 of 2016 became effective May 25, 2016, and expanded the permitted investment types to include commercial paper, bankers' acceptances, negotiable certificates of deposit, and insured bank deposit reciprocals as long as certain safeguards related to credit quality and maturity are met.

The deposit and investment policy of the District adheres to state statutes. There were no deposits or investment transactions during the year that were in violation of either the state statutes or the policy of the District.

The breakdown of total cash and investments at June 30, 2024, is as follows:

Demand deposits	$ 6,044,383
Pooled cash and investments	5,081,300
	$ 11,125,683

Deposits

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. At June 30, 2024, the carrying amount of the District's deposits was $6,044,383 and the bank balance was $7,124,623. Of the bank balance, $750,815 was covered by federal depository insurance and $6,373,808 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the Pennsylvania General Assembly.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Pooled Cash and Investments

As of June 30, 2024, the District had the following pooled cash and investments:

	Maturities	Fair Value	Carrying Value
PA School District Liquid Asset Fund (PSDLAF):			
MAX account balance (PSD Max)		$ 533,754	$ 533,754
Full flex pool	< 1 Year	4,547,546	4,547,546
Total pooled cash and investments			$ 5,081,300

Certain external investments held by the District, based on portfolio maturity, quality, diversification, and liquidity measures, qualify for measurement at amortized cost at both the pool and participating government level consistent with GASB Statement No. 79. The District measures those investments, which include $5,081,300 (PSDLAF), at amortized cost. All investments in external investment pools that are not registered with the Securities and Exchange Commission are subject to oversight by the Commonwealth of Pennsylvania.

A portion of the District's deposits are in the Pennsylvania School District Liquid Asset Fund. PSDLAF acts like a money market mutual fund in that the objective is to maintain a stable net asset value of $1 per share, is rated by a nationally recognized statistical rating organization, and is subject to an independent annual audit.

The PSDMAX fund invests in U.S. treasury securities, U.S. government securities, its agencies and instrumentalities, and repurchase agreements, collateralized by such securities and contracted with highly-rated counterparties. Weighted average portfolio maturity for the fund is expected to be kept at or below 60 days. PSDMAX does not have limitations or restrictions on withdrawals.

The PSDLAF Full Flex Pool and certificates of deposit, as part of the Fixed-Term Series at PSDLAF, are fixed-term investments collateralized in accordance with Act 72 and invests in assets listed above as permitted under Section 440.1 of the Public School Code of 1949. The Fixed-Term Series are fixed-term investment vehicles with maturities depending on the maturity date of each particular Fixed-Term Series. All investments in a Fixed-Term Series; however, participants in the full flex pool may remove funds without early withdrawal penalty. Whether a Fixed-Term Series has only one Settlor or more than one Settlor participating in it; each certificate of deposit in which the monies in such Fixed-Term Series are invested is registered in the name of that particular Fixed-Term Series.

As of June 30, 2024, the entire PSDLAF book balance of $5,081,300 is considered to be a cash equivalent for presentation on the government-wide and fund financial statements.

NOTE 3 - CASH AND INVESTMENTS - CONTINUED

Interest Rate Risk
The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. As of June 30, 2024, the District has no investments subject to interest rate risk.

Credit Risk
The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2024, the District's investments were rated as:

Investment	Standard & Poor's
PA School District Liquid Asset Fund	AAAm

Concentration of Credit Risk
The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2024, the District has no investments subject to concentration of credit risk.

Custodial Credit Risk
For an investment, custodial credit is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral security that are in the possession of an outside party. The District has no investments subject to custodial credit risk.

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE

The District has three independently elected tax collectors who are responsible for the collection of taxes. Assessed values are established by the County Board of Assessment. All taxable real property was assessed at $877,370,000. In accordance with Act 1 of 2006, the District received $1,412,535 in property tax reduction funds for the 2023/2024 fiscal year. The District's tax rate for the year ended June 30, 2024, was 34.11 mills ($34.11 per $1,000 of assessed valuation) as levied by the board of school directors. The schedule for real estate taxes levied for each fiscal year is as follows:

July 1	Levy date
July 1 - August 31	2% discount period
September 1 - October 31	Face payment period
November 1 - January 14	10% penalty period
January 15	Lien date - All taxes unpaid become delinquent and are turned over to the County Tax Claims Bureau for collection.

NOTE 4 - TAXES RECEIVABLE AND UNAVAILABLE REVENUE - CONTINUED

The District, in accordance with generally accepted accounting principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by 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 reported as unavailable revenue under deferred inflows of resources in the fund financial statements.

The balances at June 30, 2024, are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Unavailable Revenue
Real estate property tax	$ 451,506	$ 7,002	$ 444,504	$ 101,391	$ 350,115
Other taxes - interims, earned income, real estate transfer	255,156	-	255,156	255,156	-
	$ 706,662	$ 7,002	$ 699,660	$ 356,547	$ 350,115

NOTE 5 - INTERGOVERNMENTAL RECEIVABLES

The following schedule represents intergovernmental receivables at June 30, 2024:

Name of Government Unit	General Fund	Enterprise Food Service
Commonwealth of Pennsylvania:		
Social Security - Pennsylvania Department of Education (PDE)	$ 287,935	$ -
Retirement - PDE	1,309,964	-
National School Lunch and Breakfast Program - PDE	-	3,002
Transportation subsidy - PDE	222,290	-
Rental Subsidy - PDE	1,732	-
Mental Health Grant - Pennsylvania Commission on Crime and Delinquency	153,442	-
Federal Subsidies:		
Supporting Effective Instruction State Grant - PDE	11,410	-
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds - PCCD	128,776	-
COVID-19 - Education Stabilization Fund - PDE	14,427	-
National School Lunch and Breakfast Program - PDE	-	7,136
Special Education Grants to States - Berks County Intermediate Unit	149,267	-
Berks County Intermediate Unit - Other	11,537	-
	$ 2,290,780	$ 10,138

NOTE 6 - LEASE RECEIVABLE/DEFERRED INFLOWS OF RESOURCES

The District leases building space to an entity for District owned property. This lease is payable monthly and accrues interest at 4.0%. The outstanding lease matures August 1, 2025. The District has recorded a lease receivable from this agreement as of June 30, 2024 of $138,004, as well as a related deferred inflow of resources of $129,601. For the year ended June 30, 2024, the District recognized building lease revenue of $111,087 and lease interest revenue of $7,548.

Future minimum lease payments to be received for the years ending June 30 are as follows:

	Principal	Interest	Total
2025	$ 117,796	$ 3,387	$ 121,183
2026	20,208	101	20,309
	$ 138,004	$ 3,488	$ 141,492

NOTE 7 - INTERFUND RECEIVABLES/PAYABLES AND TRANSFERS

Interfund Receivables/Payables

The following schedule represents the interfund receivables/payables at June 30, 2024:

Fund:	Interfund Receivables	Interfund Payables
General Fund	$ 640,615	$ -
Capital Projects Fund	-	602,176
Nonmajor Governmental Funds	10,830	26,441
Enterprise Fund - Food Service	-	22,828
	$ 651,445	$ 651,445

Interfund receivables and payables exist as a result of a time lag between dates when payments between funds are made. All will be paid within one year.

Interfund Transfers

The District made the following interfund operating transfers during the fiscal year ended June 30, 2024:

Fund:	Transfers In	Transfers Out
General Fund	$ -	$ 785,545
Capital Projects Fund	785,545	-
	$ 785,545	$ 785,545

Interfund transfers from general fund are made to fund current and future capital projects.

NOTE 8 - CHANGES IN CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024, were as follows:

	Beginning Balance	Increase	Reclassify Decrease	Ending Balance
Governmental Activities				
Capital assets not being depreciated:				
Land	$ 2,068,845	$ -	$ -	$ 2,068,845
Construction in progress	1,184,703	507,864	(1,184,703)	507,864
Total assets not being depreciated	3,253,548	507,864	(1,184,703)	2,576,709
Capital assets being depreciated:				
Buildings and building improvements	85,027,911	824,147	1,184,703	87,036,761
Site improvements	7,273,747	-	-	7,273,747
Furniture and equipment	4,532,726	62,005	-	4,594,731
Total assets being depreciated	96,834,384	886,152	1,184,703	98,905,239
Less accumulated depreciation for:				
Buildings and building improvements	33,850,120	1,955,968	-	35,806,088
Site improvements	2,652,848	134,724	-	2,787,572
Furniture and equipment	3,611,346	133,353	-	3,744,699
Total accumulated depreciation	40,114,314	2,224,045	-	42,338,359
Total capital assets being depreciated, net	56,720,070	(1,337,893)	1,184,703	56,566,880
Right-to-use lease assets being amortized:				
Furniture and equipment	1,030,429	160,330	(248,751)	942,008
Less accumulated amortization for:				
Furniture and equipment	524,390	314,338	(248,751)	589,977
Total right-to-use lease assets being amortized, net	506,039	(154,008)	-	352,031
GOVERNMENTAL ACTIVITIES, CAPITAL ASSETS, NET	$ 60,479,657	$ (984,037)	$ -	$ 59,495,620
Business-Type Activities				
Capital assets being depreciated:				
Furniture and equipment	$ 910,825	$ 13,098	$ -	$ 923,923
Less accumulated depreciation for furniture and equipment	740,372	6,601	-	746,973
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET	$ 170,453	$ 6,497	$ -	$ 176,950

NOTE 8 - CHANGES IN CAPITAL ASSETS - CONTINUED

Depreciation and amortization expense was charged to functions/programs of the governmental activities of the primary government as follows:

Instruction	$ 338,302
Instructional student support	390,503
Operation and maintenance of plant services	1,761,717
Pupil transportation	10,590
Student activities	37,271
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE - GOVERNMENTAL ACTIVITIES	$ 2,538,383

NOTE 9 - LONG-TERM LIABILITIES

The District issues general obligation bonds and notes to provide resources for major capital improvements. The bonds and notes are direct obligations issued on a pledge of the full faith and credit of the District as well as their general taxing authority. The District's general obligation notes are direct borrowings.

General obligation bonds and notes outstanding are as follows at June 30, 2024:

General Obligation Bonds, Series A of 2021: The General Obligation Bonds, Series A of 2021, aggregate principal of $10,680,000, were issued on March 3, 2021, for the purpose of advance refunding of the School District's outstanding General Obligation Bonds, Series of 2018 A and to pay debt issuance costs. The bonds mature from June 1, 2021 to June 1, 2026. Interest rate is 1.05%. The refunding resulted in a net cash flow loss of $111,432 and a present value cash flow loss of $85,045.	$ 2,780,000
General Obligation Bonds, Series B of 2021: The General Obligation Bonds, Series B of 2021, aggregate principal of $4,165,000, were issued on March 3, 2021, for the purpose of refunding of the School District's outstanding General Obligation Bonds, Series of 2013 and to pay debt issuance costs. The bonds mature from June 1, 2021 to June 1, 2027. Interest rate is 1.00%. The refunding resulted in a net cash flow loss of $175,296 and a present value cash flow savings of $20,007.	2,475,000
General Obligation Notes, Series of 2024: The General Obligation Note, Series of 2024, aggregate principal of $10,275,000, were issued on April 17, 2024, for the purpose of current refunding of the School District's outstanding General Obligation Bonds, Series B of 2021 and Series A of 2021, to fund capital projects, and to pay note issuance costs. The notes mature from June 1, 2025 to June 1, 2032. Interest rate rates from 3.00% to 5.00%.	10,275,000
Total Bonds and Notes Payable	$ 15,530,000

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

The future annual payments required to amortize all bonds and notes outstanding for the years ending June 30 are as follows:

	General Obligation Bonds		Total	Total
	Series A of 2021	Series B of 2021	Principal - Bonds	Interest - Bonds
2025	$ 1,700,000	$ 5,000	$ 1,705,000	$ 53,940
2026	1,080,000	585,000	1,665,000	36,040
2027	-	1,885,000	1,885,000	18,850
	$ 2,780,000	$ 2,475,000	$ 5,255,000	$ 108,830

	General Obligation Notes			
	Series 2024			
	Principal	Interest	Total Principal	Total Interest
2025	$ 10,000	$ 474,550	$ 1,715,000	$ 528,490
2026	10,000	474,250	1,675,000	510,290
2027	10,000	473,950	1,895,000	492,800
2028	2,025,000	473,650	2,025,000	473,650
2029	2,125,000	372,400	2,125,000	372,400
2030-2032	6,095,000	481,150	6,095,000	481,150
	$ 10,275,000	$ 2,749,950	$ 15,530,000	$ 2,858,780

Events of Default

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

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Leases

The District has entered into lease agreements for various technology equipment including copiers and computers. The leases have various termination dates through October 2027. These leases include either monthly or annual payments of principal and interest at rates ranging from 2.99% to 9.02%.

Future lease maturities as of June 30 are as follows:

	Principal	Interest	Total
2025	$ 205,684	$ 12,998	$ 218,682
2026	73,425	4,893	78,318
2027	40,971	1,977	42,948
	$ 320,080	$ 19,868	$ 339,948

Subsequent Lease Commitments

Subsequent to year end, the District entered into two 48-month lease agreements for computer equipment which commenced July 2024 with annual payments totaling $135,970 and $180,576, respectively.

NOTE 9 - LONG-TERM LIABILITIES - CONTINUED

Long-term liability balances and activity for the year ended June 30, 2024, are as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities					
Bonds payable	$ 13,315,000	$ -	$ (8,060,000)	$ 5,255,000	$ 1,705,000
Notes payable	-	10,275,000	-	10,275,000	10,000
Note premiums	-	741,455	(19,012)	722,443	-
Total bonds and notes payable	13,315,000	11,016,455	(8,079,012)	16,252,443	1,715,000
Leases payable	479,468	117,382	(276,770)	320,080	205,684
Compensated absences	997,490	442,097	(232,728)	1,206,859	198,321
Net pension liability	61,959,831	7,912,757	(7,264,932)	62,607,656	-
Net other postemployment benefit liabilities	5,073,603	400,509	(259,121)	5,214,991	-
Real estate tax settlement payable	-	478,145	-	478,145	-
Total governmental long-term liabilities	$ 81,825,392	$ 20,367,345	$ (16,112,563)	$ 86,080,174	$ 2,119,005
Business-Type Activities					
Compensated absences	$ 3,445	$ -	$ (2,080)	$ 1,365	$ 1,365
Net pension liability	727,169	49,891	(80,716)	696,344	-
Net other postemployment benefit liabilities	59,537	2,677	(4,492)	57,722	-
Total business-type long-term liabilities	$ 790,151	$ 52,568	$ (87,288)	$ 755,431	$ 1,365

Total interest expense paid during the year was $207,231. Payments on bonds and notes payable are made by the general fund. The lease liabilities will be liquidated by the general fund. The compensated absences liabilities will be liquidated by the general and food service funds. The net pension and PSERS OPEB Plan portion of the OPEB liability will be liquidated through future contributions to PSERS at the statutory rates; contributions will be made from the general and food service funds. The District OPEB Plan portion of the OPEB liability will be liquidated through future payments from the general and food service funds. The real estate tax settlement payable will be liquidated by the general fund through a real estate tax credit over a ten-year period from 2025 to 2034.

NOTE 10 - EMPLOYEE RETIREMENT PLANS

Employee Defined Benefit Pension Plan

General Information About the Pension Plan

Plan Description

PSERS (the System) is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania under Title 24, Part IV of the Pennsylvania General Assembly. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

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

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

Benefits are generally equal to 1.0% 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 5 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 10 years of service.

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Benefits Provided - continued

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% 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

The contribution policy is set by state statute and requires contributions by active members, employers, and the Commonwealth of Pennsylvania. The contribution rates based on qualified member compensation for virtually all members is presented below:

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

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

General Information About the Pension Plan - continued

Contributions - continued:

Shared Risk Program Summary				
Membership Class	**Defined Benefit (DB) Base Rate**	**Shared Risk Increment**	**Minimum**	**Maximum**
T-E	7.50%	+/- 0.50%	5.50%	9.50%
T-F	10.30%	+/- 0.50%	8.30%	12.50%
T-G	5.50%	+/- 0.75%	2.50%	8.50%
T-H	4.50%	+/- 0.75%	1.50%	7.50%

Employer Contributions:

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $7,359,206 for the year ended June 30, 2024. In addition, the District's contribution to the defined contribution plan was $60,048 for the year ended June 30, 2024.

The District is also required to contribute a percentage of covered payroll to PSERS for healthcare insurance premium assistance. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and OPEB. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net pension liability and related pension expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2024, for pension and OPEB benefits was $3,995,304.

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

At June 30, 2024, the District reported a liability of $63,304,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the District's proportion was 0.1423% which was an increase of 0.0013% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized a pension expense of $6,269,942. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 14,000	$ 867,000
Net difference between projected and actual investment earnings	1,791,000	-
Changes in assumptions	945,000	-
Changes in proportion - plan level	2,460,000	758,000
Changes in proportion - internal	170,189	170,189
Difference between employer contributions and proportionate share of total contributions	59,591	-
Contributions made subsequent to the measurement date	7,359,206	-
	$ 12,798,986	$ 1,795,189

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

The $7,359,206 reported as deferred outflows of resources related to pensions resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ending June 30:

2025	$ 1,079,127
2026	(36,319)
2027	2,026,461
2028	575,322
	$ 3,644,591

Actuarial Assumptions

The total pension liability at June 30, 2023, was determined by rolling forward the System's total pension liability at June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial valuation date - June 30, 2022.
- 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 actuarial assumptions used in the June 30, 2023 valuation were based on the results of an actuarial experience study that was performed for the five-year period ending June 30, 2020.

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Actuarial Assumptions - continued

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 PSERS pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the PSERS 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.

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 is:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	5.2%
Private equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/ MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	(10.5%)	1.2%
	100.0%	

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

Employee Defined Benefit Pension Plan - continued

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 82,060,000	$ 63,304,000	$ 47,480,000

Pension Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2024, the District had an accrued balance due to PSERS, including contributions related to pension and OPEB of $2,420,254. This amount represents the District's contractually obligated contributions for wages earned in April 2024 through June 2024.

NOTE 10 - EMPLOYEE RETIREMENT PLANS - CONTINUED

403(b) Tax Shelter Plan

The District has established a 403(b) tax shelter plan permitting the establishment of accounts for school employees to voluntarily set aside monies to supplement their retirement income. All school employees are eligible to participate. The District does not contribute to the Plan.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS

Employee Defined Benefit Other Postemployment Benefit Plans

The District has other postemployment benefits (OPEB) under 2 different plans: (1) a cost-sharing, multiple employer, employee defined benefit other postemployment benefits plan administered through PSERS (PSERS OPEB Plan) and (2) a single employer defined benefit healthcare plan (District OPEB Plan). The District's aggregate net OPEB liability and deferred outflows and inflows of resources related to OPEB at June 30, 2024 are as follows:

Plan	Net OPEB Liability	Deferred Outflows of Resources	Deferred Inflows of Resources
PSERS OPEB Plan	$ 2,567,000	$ 544,335	$ 611,000
District OPEB Plan	2,705,713	483,444	1,273,126
Total	$ 5,272,713	$ 1,027,779	$ 1,884,126

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan

General Information About the PSERS OPEB Plan

Health Insurance Premium Assistance Program

PSERS (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, 2023, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 or more years of service and retired after reaching superannuation age.

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

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

Pension Plan Description

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

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

General Information About the PSERS OPEB Plan - continued

Benefits Provided

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

Contributions

The contribution policy is set by state statute. A portion of each employer's contribution is set aside for premium assistance. The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 0.64% 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 $142,335 for the year ended June 30, 2024.

The District is also required to contribute a percentage of covered payroll to PSERS for pension benefits. Under the current legislation, the Commonwealth of Pennsylvania reimburses the District for no less than one-half of the employer contributions made, including contributions related to pension and healthcare. This arrangement does not meet the criteria of a special funding situation in accordance with GASB Standards. Therefore, the net PSERS OPEB Plan liability and related expense represents 100% of the District's share of these amounts. The total reimbursement recognized by the District for the year ended June 30, 2024, for pension and OPEB benefits was $3,995,304.

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB

At June 30, 2024, the District reported a liability of $2,567,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, 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, 2022 to June 30, 2023. 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, 2024, the District's proportion was 0.1419%, which was an increase of 0.0013% from its proportion measured as of June 30, 2023.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

For the year ended June 30, 2024, the District recognized OPEB expense of $71,571. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 17,000	$ 25,000
Changes in assumptions	222,000	486,000
Net difference between projected and actual investment earnings	6,000	-
Changes in proportion	157,000	100,000
Contributions made subsequent to the measurement date	142,335	-
	$ 544,335	$ 611,000

The $142,335 reported as deferred outflows of resources related to OPEB resulting from District contributions made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2025	$ (32,000)
2026	(54,000)
2027	(58,000)
2028	(65,000)
2029	-
Total	$ (209,000)

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions

The total OPEB liability as of June 30, 2023, was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial valuation date - June 30, 2022.
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre-age 65 at 50%
  - Eligible retirees will elect to participate Post-age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumptions for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Actuarial Assumptions - continued

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 PSERS Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

The PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023 is:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.2%

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%. Under the plan's funding policy, contributions are structured for short-term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13% which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes 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, 2023, 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, 2023, 92,677 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2023, 522 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 District's proportionate share of the net OPEB liability for the June 30, 2023 measurement date, calculated using current Healthcare cost trends as well as what the District's proportionate share of the net OPEB liability would be if the health cost trends were one-percentage point lower or one-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,567,000	$ 2,567,000	$ 2,567,000

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

PSERS OPEB Plan - continued

PSERS OPEB Liability, Expense, and Deferred Outflows and Inflows of Resources Related to OPEB - continued

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.13%) or one-percentage point higher (5.13%) than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	$ 2,903,000	$ 2,567,000	$ 2,287,000

OPEB Plan Fiduciary Net Position

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

Payables Related to the Plan

At June 30, 2024, the District had an accrued balance due to PSERS of $2,420,254, including balances related to pension and OPEB. This amount represents the District's contractually obligated contributions for wages earned in April 2024 through June 2024.

District OPEB Plan

General Information About the District OPEB Plan

Plan Description

Fleetwood Area School District administers a single-employer defined benefit healthcare plan (the OPEB Plan). The District OPEB Plan provides medical, prescription drug, and dental insurance for eligible retirees through the District's health insurance plan, which covers both active and retired members until the member reaches Medicare age. Benefit provisions are established through negotiation with the District and the unions representing the District's employees. The OPEB Plan does not issue a publicly available financial report and no assets are accumulated in a trust that meets the criteria in Governmental Accounting Standards Board Statement No. 75 to pay related benefits.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided

The District classifies employees in the following categories: Administrators, Teachers, Support Staff, All Employees. Contribution requirements are negotiated between the District and union representatives. Below is a summary of the postemployment benefits provided to each of these groups:

I. Administrators

ELIGIBILITY	*COVERAGE AND PREMIUM SHARING*	*DURATION*
Retired before July 1, 2022 N/A Already retired	Act 110/43	The member and spouse may both continue benefits until Medicare eligibility. Upon death of active member, the spouse may continue coverage until Medicare eligibility by paying the full premiums.
Retired on or after July 1, 2022 PSERS Retirement	Coverage: Medical and prescription drug Premium Sharing: for members with at least 10 years of District service, the District will pay 30% of the medical and prescription drug premium for the member and spouse for period of three years after which the member and spouse can continue coverage by paying the full premium determined for the purpose of COBRA. Members who do not meet the requirements for the subsidy may continue coverage by paying the full premium determined for the purpose of COBRA. Dependents: Family Included	The member and spouse may both continue benefits until Medicare eligibility. Upon death of active member, the spouse may continue coverage until Medicare eligibility by paying the full premiums.

II. Teachers

PSERS Retirement	Act 110/43	Same as I

III. Support Staff

PSERS Retirement	Act 110/43	Same as I

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Benefits Provided - continued

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

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

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

PSERS Retirement:

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

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

General Information About the District OPEB Plan - continued

Employees Covered by Benefit Terms

At July 1, 2022, the date of the most recent actuary valuation, the following employees were covered by the benefit terms:

Active participants	281
Vested former participants	14
Retired participants	12
Total	307

OPEB Liability

Actuarial Assumptions and Other Inputs

The total OPEB liability as of July 1, 2023, was determined by rolling forward the District's total OPEB liability as of July 1, 2022 to July 1, 2023, using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

- Actuarial cost method - Entry Age Normal.
- Salary increases - 2.50% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75% to 0%.
- Discount rate - 4.13% - based on the Standard & Poor's Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.
- Mortality rates - PubT-2010 headcount-weighted mortality table including rates for contingent survivors for teachers. PubG-2010 headcount-weighted mortality table including rates for contingent survivors for all other employees.
- Healthcare cost trend rates - 7.0% in 2023 with a 0.5% decrease until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Participation rates - 80% of Administrators, 60% of teachers and 25% of the support staff are assumed to elect coverage upon retirement. No spouses are assumed to elect coverage upon the death of an active employee. 50% of vested former members are assumed to elect coverage at 62.

The actuarial assumptions were selected using input from the District based on actual experience.

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2023	$ 2,545,140
Changes for the year:	
Service cost	116,472
Interest	105,796
Changes in assumptions	41,347
Benefit payments	(103,042)
Net changes	160,573
Balance at June 30, 2024	$ 2,705,713

Changes of assumptions or other inputs reflect the following changes: (1) the discount rate changed from 4.06% to 4.13%, and (2) the healthcare cost trend assumptions were updated.

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is one-percentage point lower (3.13%) or one-percentage point higher (5.13%) than the current discount rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
OPEB Plan - Total OPEB liability	$ 2,904,208	$ 2,705,713	$ 2,516,571

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

Changes in the Total OPEB Liability - continued

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

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

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
OPEB Plan - Total OPEB Liability	$ 2,412,859	$ 2,705,713	$ 3,044,964

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

For the year ended June 30, 2024, the District recognized OPEB expense of $116,727. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 99,349	$ 463,279
Changes of assumptions	259,373	809,847
Benefit payments made subsequent to the measurement date	124,722	-
	$ 483,444	$ 1,273,126

NOTE 11 - OTHER POSTEMPLOYMENT BENEFIT PLANS - CONTINUED

District OPEB Plan - continued

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

The $124,722 reported as deferred outflows of resources related to OPEB liabilities resulting from benefit payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows for the years ending June 30:

2025	$ (105,541)
2026	(105,541)
2027	(105,541)
2028	(105,541)
2029	(105,541)
Thereafter	(386,699)
Total	$ (914,404)

NOTE 12 - JOINT VENTURE

The District is a participating member of the Berks Career & Technology Center. The Berks Career & Technology Center is controlled and governed by a joint board, which is composed of representative school board members of the participating schools. Direct oversight of Berks Career & Technology Center operations is the responsibility of the joint board. The District's share of annual operating and capital costs for Berks Career & Technology Center fluctuates based on the percentage of enrollment. The District's share for the 2023/2024 year was $1,049,440.

Summary financial information as of June 30, 2023 (the most recent information available) is as follows:

Berks Career & Technology Center (Governmental Activities)	
Total assets and deferred outflows of resources	$ 33,997,081
Total liabilities and deferred inflows of resources	29,608,358
Total net position	$ 4,388,723

Separate financial statements of the Berks Career & Technology Center have been prepared and are available.

NOTE 13 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs except for workers' compensation, for which the District retains risk of loss. For insured programs, there were no significant reductions in insurance coverages of the 2023/2024 year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

NOTE 14 - CONTINGENT LIABILITIES AND COMMITMENTS

The District receives federal, state, and local funding through a number of programs. Payments made by these sources under contractual agreements are provisional and subject to redetermination based on filing reports and audits of those reports. Final settlements due from or to these sources are recorded in the year in which the related services are performed. Any adjustments resulting from subsequent examinations are recognized in the year in which the results of such examinations become known. District officials do not expect any significant adjustments as a result of these examinations.

The District has entered into an agreement for the transportation of students which is in place through June 30, 2027. The contractor provides all equipment, fuel, and labor necessary. The cost for the transportation services is determined based on a yearly base service cost, which is reconciled prior to June 30th each year.

At June 30, 2024, the District has entered into contracts related to building improvement projects. The contracts awarded and commitments outstanding are as follows:

	Contract Amount	Commitment Remaining
Performance-based energy saving project, Phase 6	$ 782,467	$ 608,560
Computer server and technical upgrades	700,896	366,939
	$ 1,483,363	$ 975,499

The District plans to use existing resources in the general and capital project funds to satisfy the remaining commitments.

NOTE 15 - FUND BALANCE

Details of the District's governmental fund balance reporting and policy can be found in Note 1, *Summary of Significant Accounting Policies.* Fund balance classifications for the year ended June 30, 2024, are as follows:

General Fund
The general fund has nonspendable funds of $37,003 related to prepaid expenditures, assigned fund balance of $257,584 for subsequent year's budget appropriation, and unassigned fund balance of $1,932,372.

Capital Projects Fund
The capital projects fund has restricted funds of $4,250,594 comprised of $4,213,391 of unspent bond funds and $37,203 of surplus of money transferred from the general fund for the acquisition or construction of capital facilities and qualifying capital assets as authorized by Municipal Code P.L. 145 Act of April 30, 1943.

Nonmajor Funds
The nonmajor funds have restricted funds of $203,377, consisting of $14,046 held by the Education Foundation, $159,396 for student activities, and $29,935 for scholarships.

NOTE 16 - NEW ACCOUNTING PRONOUNCEMENTS

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

- Statement No. 101, *Compensated Absences* - The primary 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. The requirements of this statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter.

- Statement No. 102, *Certain Risk Disclosures* - The primary objective of this statement is to provide users of government financial statements with essential information about risks related to government's vulnerabilities due to certain concentrations or constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter.

- Statement No. 103, *Financial Reporting Model Improvements* - The primary objective of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

- Statement No. 104, *Disclosure of Certain Capital Assets* - The primary objective of this statement is to provide users of government financial statements with essential information about certain types of capital assets. The requirements of this statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter.

The District has not yet completed the analysis necessary to determine the actual financial statement impact of these new pronouncements.

REQUIRED SUPPLEMENTARY INFORMATION

FLEETWOOD AREA SCHOOL DISTRICT

BUDGETARY COMPARISON SCHEDULE FOR THE GENERAL FUND

For the Year Ended June 30, 2024

	BUDGET		ACTUAL	VARIANCE
	Original	Final	(GAAP Basis)	Final to Actual
REVENUES				
Local sources	$ 32,461,075	$ 32,461,075	$ 32,980,772	$ 519,697
State sources	17,503,382	17,503,382	16,871,804	(631,578)
Federal sources	1,110,153	1,110,153	1,410,025	299,872
TOTAL REVENUES	51,074,610	51,074,610	51,262,601	187,991
EXPENDITURES				
INSTRUCTIONAL SERVICES				
Regular programs - elementary/secondary	20,926,869	20,926,935	21,247,543	(320,608)
Special programs - elementary/secondary	8,485,127	8,485,127	9,360,869	(875,742)
Vocational education	2,110,342	2,110,113	2,047,157	62,956
Other instructional programs - elementary/secondary	-	-	17,959	(17,959)
Nonpublic school programs	-	-	2,713	(2,713)
TOTAL INSTRUCTIONAL SERVICES	31,522,338	31,522,175	32,676,241	(1,154,066)
SUPPORT SERVICES				
Students	1,837,730	1,837,730	1,777,970	59,760
Instructional staff	2,705,842	2,706,005	2,364,157	341,848
Administration	2,588,938	2,588,938	2,634,019	(45,081)
Pupil health	644,010	644,010	684,022	(40,012)
Business	497,604	497,604	528,999	(31,395)
Operation and maintenance of plant	3,828,727	3,828,727	3,911,221	(82,494)
Student transportation	2,464,188	2,464,188	2,704,695	(240,507)
Central	732,295	732,295	765,902	(33,607)
Other	31,000	31,000	34,680	(3,680)
TOTAL SUPPORT SERVICES	15,330,334	15,330,497	15,405,665	(75,168)
OPERATION OF NONINSTRUCTIONAL SERVICES				
Student activities	753,150	753,150	793,093	(39,943)
Community services	7,500	7,500	634	6,866
TOTAL OPERATION OF NONINSTRUCTIONAL SERVICES	760,650	760,650	793,727	(33,077)
DEBT SERVICE PAYMENTS	3,342,733	3,342,733	2,736,369	606,364
TOTAL EXPENDITURES	50,956,055	50,956,055	51,612,002	(655,947)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	118,555	118,555	(349,401)	(467,956)
OTHER FINANCING SOURCES (USES)				
Lease issuance proceeds	-	-	117,382	117,382
Transfers out	(196,170)	(196,170)	(785,545)	(589,375)
Budgetary reserve	(220,000)	(220,000)	-	220,000
TOTAL OTHER FINANCING SOURCES (USES)	(416,170)	(416,170)	(668,163)	(251,993)
REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	$ (297,615)	$ (297,615)	(1,017,564)	$ (719,949)
FUND BALANCE - BEGINNING OF YEAR			3,244,523	
FUND BALANCE - END OF YEAR			$ 2,226,959	

FLEETWOOD AREA SCHOOL DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2024

BUDGETARY DATA

The budget for the general fund is adopted on the modified accrual basis of accounting which is consistent with generally accepted accounting principles.

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 2023/2024 budget transfers.

Excess of Expenditures Over Appropriations in Individual Funds

For the year ended June 30, 2024, the general fund had excess expenditures over appropriations of $655,947. The excess expenditures were covered by excess revenues, other financing sources, the budgetary reserve, and existing fund balance.

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, 2024. 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.

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS - PENSION PLAN

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the collective net pension liability	0.1423%	0.1410%	0.1322%	0.1385%	0.1393%	0.1416%	0.1381%	0.1437%	0.1441%	0.1442%
District's proportionate share of the collective net pension liability	$ 63,304,000	$ 62,687,000	$ 54,277,000	$ 68,196,000	$ 65,168,000	$ 67,975,000	$ 68,205,000	$ 71,213,000	$ 62,417,000	$ 57,076,000
District's covered payroll	$ 21,738,110	$ 20,678,781	$ 18,683,129	$ 19,369,988	$ 19,204,274	$ 19,075,105	$ 18,383,335	$ 18,609,844	$ 18,544,656	$ 18,403,024
District's proportionate share of the net pension liability as a percentage of its covered payroll	291.21%	303.15%	290.51%	352.07%	339.34%	356.35%	371.02%	382.66%	336.58%	310.14%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The District's covered payroll noted above is as of the measurement date of the net pension liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms

With the passage of Act 5 on June 12, 2017, class T-E & T-F members are now permitted to elect a lump sum payment of member contributions upon retirement.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2021

- The discount rate decreased from 7.25% to 7.00%. The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total Pension Liability beginning June 30, 2016

- The investment rate of return was adjusted from 7.50% to 7.25%. The inflation assumption was decreased from 3.00% to 2.75%.
- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - PENSION PLAN

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 7,359,206	$ 7,345,648	$ 7,040,047	$ 6,633,733	$ 6,467,719	$ 6,271,847	$ 6,067,055	$ 5,437,652	$ 4,661,668	$ 3,818,970
Contributions in relation to the contractually required contribution	7,359,206	7,345,648	7,040,047	6,633,733	6,467,719	6,271,847	6,067,055	5,437,652	4,661,668	3,818,970
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 21,734,549	$ 21,738,110	$ 20,678,781	$ 18,683,129	$ 19,369,988	$ 19,204,274	$ 19,075,105	$ 18,383,335	$ 18,609,844	$ 18,544,656
Contributions as a percentage of covered payroll	33.86%	33.79%	34.04%	35.51%	33.39%	32.66%	31.81%	29.58%	25.05%	20.59%

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY AND RELATED RATIOS - PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017
District's proportion of the collective net PSERS OPEB liability	0.1419%	0.1406%	0.1318%	0.1380%	0.1393%	0.1416%	0.1381%	0.1437%
District's proportionate share of the collective net PSERS OPEB liability	$ 2,567,000	$ 2,588,000	$ 3,124,000	$ 2,982,000	$ 2,963,000	$ 2,952,000	$ 2,814,000	$ 3,095,000
District's covered payroll	$ 21,738,110	$ 20,678,781	$ 18,683,129	$ 19,369,988	$ 19,204,274	$ 19,075,105	$ 18,383,335	$ 18,609,844
District's proportionate share of the net PSERS OPEB liability as a percentage of its covered payroll	11.81%	12.52%	16.72%	15.39%	15.43%	15.48%	15.31%	16.63%
Plan fiduciary net position as a percentage of the total PSERS OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

The District's covered payroll noted above is as of the measurement date of the net PSERS OPEB liability, which is one year prior to the fiscal year end.

NOTES TO SCHEDULE

Changes in benefit terms
None.

Changes in assumptions used in measurement of the Total OPEB Liability beginning June 30, 2021

- The inflation assumption was decreased from 2.75% to 2.50%. Payroll growth assumption decreased from 3.50% to 3.25%.
- Salary growth changed from an effective average of 5.00%, which was comprised of inflation of 2.75%, real wage growth and for merit or seniority increases of 2.25%, to an 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 modified from the RP-2014 Mortality Tables for Males and Females to a blended table based on 50% PubT-2010 Employee (Total Teacher dataset) and 50% PubG-2010 (Total General Employees data), adjusted to reflect PSERS' experience and projected using a modified version MP-2020.
- For disabled annuitants the rates were modified from the RP-2014 Mortality Tables for Males and Females to Pub-2010 Disability Mortality Non-Safety Headcount Weighted table, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020.

Changes in assumptions used in measurement of the Total OPEB liability beginning June 30, 2016

- Salary growth changed from an effective average of 5.50%, which was comprised of inflation of 3.00%, real wage growth and for merit or seniority increases of 2.50%, to an effective average of 5.00%, comprised of inflation of 2.75% and 2.25% for real wage growth and for merit or seniority increases.
- Mortality rates were modified from the RP-2000 Combined Healthy Annuitant Tables (male and female) with age set back 3 years for both males and females to 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. For disabled annuitants the RP-2000 Combined Disabled Tables (male and female) with age set back 7 years for males and 3 years for females to 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.

For each year presented, the discount rate is updated using the S&P 20-year Municipal Bond Rate.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF DISTRICT CONTRIBUTIONS - PSERS OPEB PLAN

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 142,335	$ 160,571	$ 165,696	$ 162,330	$ 162,856	$ 159,684	$ 158,653	$ 154,563	$ 156,632	$ 167,662
Contributions in relation to the contractually required contribution	142,335	160,571	165,696	162,330	162,856	159,684	158,653	154,563	156,632	167,662
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 21,734,549	$ 21,738,110	$ 20,678,781	$ 18,683,129	$ 19,369,988	$ 19,204,274	$ 19,075,105	$ 18,383,335	$ 18,609,844	$ 18,544,656
Contributions as a percentage of covered payroll	0.65%	0.74%	0.80%	0.87%	0.84%	0.83%	0.83%	0.84%	0.84%	0.90%

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS -
DISTRICT OPEB PLAN

LAST TEN FISCAL YEARS

	2024	2023	2022	2021	2020	2019	2018
Total OPEB liability:							
Service cost	$ 116,472	$ 221,895	$ 220,435	$ 180,329	$ 177,740	$ 220,092	$ 204,801
Interest	105,796	79,094	62,753	102,982	88,960	93,070	67,417
Changes of benefit terms	-	50,077	-	-	-	(7,912)	-
Difference between expected and actual experience	-	(396,788)	-	(207,955)	-	198,703	-
Changes in assumptions	41,347	(618,248)	(101,895)	288,606	(87,820)	(352,707)	63,662
Benefit payments	(103,042)	(82,905)	(93,071)	(97,725)	(106,564)	(86,023)	(84,176)
Net change in total OPEB liability	160,573	(746,875)	88,222	266,237	72,316	65,223	251,704
Total OPEB liability, beginning	2,545,140	3,292,015	3,203,793	2,937,556	2,865,240	2,800,017	2,548,313
Total OPEB liability, ending	$ 2,705,713	$ 2,545,140	$ 3,292,015	$ 3,203,793	$ 2,937,556	$ 2,865,240	$ 2,800,017
Covered Employee Payroll	$ 17,753,925	$ 17,753,925	$ 19,195,454	$ 19,195,454	$ 18,015,996	$ 18,015,996	$ 18,067,066
Total OPEB liability as a Percentage of Covered Employee Payroll	15.24%	14.34%	17.15%	16.69%	16.31%	15.90%	15.50%

NOTES TO SCHEDULE

Changes of Benefit Terms
None

Changes of Assumptions
Significant changes in assumptions for the July 1, 2023 measurement date are as follows:

- The discount rate changed from 4.06% to 4.13%.
- The healthcare cost trend assumption was updated.

Significant changes in assumptions for prior measurement dates are as follows:

- The discount rate was updated each year based on the S&P Municipal Bond 20-Year High Grade Index.
- The healthcare cost trend assumption was updated each year.
- For the July 1, 2020 measurement date, the marriage assumption was lowered from 30% to 25%.
- For the July 1, 2018 measurement date the participation rate decreased from 70% to 60% for teachers.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, information for only those years available is shown.

SUPPLEMENTARY INFORMATION

FLEETWOOD AREA SCHOOL DISTRICT

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS

June 30, 2024

	Education Foundation	Student Activities	Scholarships	Totals
ASSETS				
Cash and investments	$ 14,046	$ 165,312	$ 40,765	$ 220,123
Interfund receivable	-	10,830	-	10,830
TOTAL ASSETS	$ 14,046	$ 176,142	$ 40,765	$ 230,953
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Interfund payable	$ -	$ 15,611	$ 10,830	$ 26,441
Accounts payable	-	1,135	-	1,135
TOTAL LIABILITIES	-	16,746	10,830	27,576
FUND BALANCES				
Restricted	14,046	159,396	29,935	203,377
TOTAL LIABILITIES AND FUND BALANCES	$ 14,046	$ 176,142	$ 40,765	$ 230,953

FLEETWOOD AREA SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended June 30, 2024

	Education Foundation	Student Activities	Scholarships	Totals
REVENUE				
Local sources	$ 699	$ 276,815	$ 4,574	$ 282,088
EXPENDITURES				
Current:				
Operation of noninstructional services	3,500	260,174	14,018	277,692
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(2,801)	16,641	(9,444)	4,396
FUND BALANCES - BEGINNING OF YEAR	16,847	142,755	39,379	198,981
FUND BALANCES - END OF YEAR	$ 14,046	$ 159,396	$ 29,935	$ 203,377

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Federal Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Receipts for Year	Accrued or (Unearned) Revenue at July 1, 2023	Revenue Recognized/ Expenditures	Accrued or (Unearned) Revenue at June 30, 2024	Passed-Through to Subrecipients
U.S. DEPARTMENT OF EDUCATION										
Passed through Pennsylvania Department of Education:										
Title I - Grants to Local Educational Agencies	I	84.010	013-23-0147	08/23/22-09/30/23	$ 361,924	$ 6,364	$ 6,364	$ -	$ -	$ -
Title I - Grants to Local Educational Agencies	I	84.010	013-24-0147	08/24/23-09/30/24	334,177	337,458	-	331,857	(5,601)	-
Subtotal - ALN 84.010						343,822	6,364	331,857	(5,601)	-
Supporting Effective Instruction State Grant	I	84.367	020-23-0147	08/23/22-09/30/23	60,869	1,917	1,917	-	-	-
Supporting Effective Instruction State Grant	I	84.367	020-24-0147	08/24/23-09/30/24	53,751	42,341	-	53,751	11,410	-
Subtotal - ALN 84.367						44,258	1,917	53,751	11,410	-
English Language Acquisition State Grants	I	84.365	010-23-0147	08/23/22-09/30/23	18,220	12,083	7,818	4,265	-	2,440
English Language Acquisition State Grants	I	84.365	010-24-0147	08/24/23-09/30/24	15,327	7,664	-	6,006	(1,658)	2,410
Subtotal - ALN 84.365						19,747	7,818	10,271	(1,658)	4,850
Student Support and Academic Enrichment Program	I	84.424	144-23-0147	08/23/22-09/30/23	28,815	1,365	1,365	-	-	
Student Support and Academic Enrichment Program	I	84.424	144-24-0147	08/24/23-09/30/24	28,333	28,333	-	28,333	-	-
Subtotal - ALN 84.424						29,698	1,365	28,333	-	-
Education Stabilization Fund										
COVID-19 - American Rescue Plan Elementary & Secondary School Emergency Relief	I	84.425U	223-21-0147	03/13/20-09/30/24	2,709,106	1,083,643	253,276	830,367	-	-
COVID-19 - American Rescue Plan Elementary & Secondary School Emergency Relief Learning Loss Set Aside	I	84.425U	225-21-0147	03/13/20-09/30/24	150,399	-	(12,243)	12,243	-	-
COVID-19 - American Rescue Plan Elementary & Secondary School Emergency Relief Homeless Children & Youth	I	84.425W	181-21-2149	07/01/21-09/30/24	28,854	-	-	14,427	14,427	-
Total Education Stabilization Fund						1,083,643	241,033	857,037	14,427	-
Special Education Cluster (IDEA)										
Passed through the Berks County Intermediate Unit:										
Special Education - Preschool Grants	I	84.173	N/A	07/01/23-06/30/24	7,111	7,111	-	7,111	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/22-09/30/23	416,230	135,535	135,535	-	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/23-09/30/24	443,367	294,100	-	443,367	149,267	-
Passed through the Lancaster- Lebanon Intermediate Unit:										
Special Education - Grants to States	I	84.027	N/A	07/01/22-09/30/23	50,000	49,874	49,874	-	-	-
Special Education - Grants to States	I	84.027	N/A	07/01/23-09/30/24	20,000	20,000	-	20,000	-	-
Subtotal - ALN 84.027						499,509	185,409	463,367	149,267	-
Total Special Education Cluster (IDEA)						506,620	185,409	470,478	149,267	-
TOTAL U.S. DEPARTMENT OF EDUCATION						2,027,788	443,906	1,751,727	167,845	4,850

See notes to the schedule of expenditures of federal awards.

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2024

Grantor/Program Title	Source Code	Assistance Listing Number (ALN)	Federal Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Receipts for Year	Accrued or (Unearned) Revenue at July 1, 2023	Revenue Recognized/ Expenditures	Accrued or (Unearned) Revenue at June 30, 2024	Passed-Through to Subrecipients
U.S. DEPARTMENT OF HOMELAND SECURITY										
Passed through the Pennsylvania Emergency Management Agency										
COVID-19 - Public Assistance Grants	I	97.036	N/A	07/01/22-06/30/23	16,938	16,938	16,938	-	-	-
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY						16,938	16,938	-	-	-
U.S. DEPARTMENT OF THE TREASURY										
Passed through the Pennsylvania Commission on Crime and Delinquency										
COVID-19 - Cornavirus State and Local Fiscal Recovery Funds	I	21.027	2023-CN-01 41396	01/1/24-12/31/25	-	-	-	128,776	128,776	-
TOTAL U.S. DEPARTMENT OF THE TREASURY						-	-	128,776	128,776	-
U.S. DEPARTMENT OF AGRICULTURE										
Child Nutrition Cluster										
Passed through Pennsylvania Department of Education:										
School Breakfast Program	I	10.553	N/A	07/01/22-06/30/23	N/A	4,566	4,566	-	-	-
School Breakfast Program	I	10.553	N/A	07/01/23-06/30/24	N/A	178,653	-	181,616	2,963	-
Subtotal - ALN 10.553						183,219	4,566	181,616	2,963	-
National School Lunch Program	I	10.555	N/A	07/01/22-06/30/23	N/A	7,845	7,845	-	-	-
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	450,963	-	455,136	4,173	-
National School Lunch Program (Supply Chain Assistance)	I	10.555	N/A	07/01/23-06/30/24	N/A	56,649	-	56,649	-	-
Passed through Pennsylvania Department of Agriculture:										
National School Lunch Program	I	10.555	N/A	07/01/23-06/30/24	N/A	90,507	(1,099)	88,484	(3,122)	-
Subtotal - ALN 10.555						605,964	6,746	600,269	1,051	-
Total Child Nutrition Cluster						789,183	11,312	781,885	4,014	-
Passed through Pennsylvania Department of Education:										
COVID-19 - Pandemic EBT Administrative Costs	I	10.649	N/A	07/01/23-06/30/24	N/A	653	-	653	-	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						789,836	11,312	782,538	4,014	-
TOTAL FEDERAL AWARDS						$ 2,834,562	$ 472,156	$ 2,663,041	$ 300,635	$ 4,850

Source Codes: I = Indirect Source of Funding

See notes to the schedule of expenditures of federal awards.

FLEETWOOD AREA SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Fleetwood Area School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Fleetwood Area School District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Fleetwood Area School District.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to the reimbursement. Negative amounts shown on the Schedule represent adjustment or credits made in the normal course of business amounts reported as expenditures in prior years.

NOTE 3 - DE MINIMIS RATE FOR INDIRECT COSTS

The District did not elect to use the De Minimis rate for indirect costs.

NOTE 4 - FOOD COMMODITIES

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2024, the District has $3,122 of food commodity inventory.

Herbein
CPAs + Advisors

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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*

To the Board of School Directors
Fleetwood Area School District
Fleetwood, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Fleetwood Area School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Fleetwood Area School District's basic financial statements, and have issued our report thereon dated November 19, 2024.

Report on Internal Control Over Financial Reporting

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

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fleetwood 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 financial statements. 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.

Herbein + Company, Inc.

Reading, Pennsylvania
November 19, 2024

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

To the Board of School Directors
Fleetwood Area School District
Fleetwood, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fleetwood Area School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Fleetwood Area School District's major federal programs for the year ended June 30, 2024. Fleetwood 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, Fleetwood 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, 2024.

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 Fleetwood 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 Fleetwood 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 Fleetwood 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 Fleetwood 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 Fleetwood 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 Fleetwood 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 Fleetwood 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 Fleetwood 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.

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Report on Internal Control over Compliance

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

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

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

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

Herbein + Company, Inc.

Reading, Pennsylvania
November 19, 2024

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	____ yes	X no	
Significant deficiency(ies) identified not considered to be material weaknesses?	____ yes	X none reported	
Noncompliance material to financial statements noted?	____ yes	X no	

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	____ yes	X no	
Significant deficiency(ies) identified not considered to be material weaknesses?	____ yes	X none reported	
Type of auditor's report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	____ yes	X no	

Identification of major program(s):

Assistance Listing Number(s)	Name of Federal Program or Cluster
	Child Nutrition Cluster
10.553	School Breakfast Program
10.555	National School Lunch Program

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? X yes ____ no

FLEETWOOD AREA SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section II - Financial Statement Findings

There were no financial statements findings reported.

Section III - Federal Awards Findings and Questioned Costs

There were no federal awards findings or questioned costs reported.

FLEETWOOD AREA SCHOOL DISTRICT
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STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section II - Financial Statement Findings

There were no financial statement findings reported for the year ended June 30, 2023.

Section III - Federal Awards Findings and Questioned Costs

2023-001 REPORTING - SIGNIFICANT DEFICIENCY

Federal Program
U.S. Department of Education - passed through Pennsylvania Department of Education
ALN 84.425D - COVID-19 - Elementary Secondary School Emergency Relief Fund, contract #200-21-0147
ALN 84.425U - COVID-19 - American Rescue Plan Elementary & Secondary School Emergency Relief, contract #223-21-0147 and #225-21-0147

Criteria
The U.S. Department of Education ("USDE") requires all local education entities receiving Elementary and Secondary School Emergency Relief ("ESSER") funds to report on the use of the funds annually. The District was required to submit the ESSER Funding Status Report for the 2021-2022 school year to the Pennsylvania Department of Education ("PDE").

Condition
The District completed and submitted the report to PDE, however, there was incorrect data for the amounts expended included in the report.

Cause
The process for completion and review of the financial information reported did not include verification of the expenditures to the information in the general ledger and what was reported on the Schedule of Expenditures of Federal Awards for the year ended June 30, 2022.

Effect
Incorrect financial information included in the 2021-2022 report received by PDE who subsequently submitted the information to USDE.

Questioned Costs
None.

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STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2024

Section III - Federal Awards Findings and Questioned Costs - continued

2023-001 REPORTING - SIGNIFICANT DEFICIENCY - continued

Context
Total expenditures reported under ESSER II were $949,657 while actual expenditures were $988,564. Additionally, no expenditures were reported under ARP ESSER reserve awards and ARP ESSER mandatory subgrants while actual expenditures were $89,016 and $324,872, respectively.

Repeat Finding
No.

Recommendation
We recommend the District review their process for obtaining the financial information included in the annual ESSER Funding Status Report and to have involvement from the business office for the review and approval of the financial information being reported before submission. General ledger reports from the financial software should be utilized with totals agreeing to what is reported on the Schedule of Expenditures of Federal Awards.

Current Status of Corrective Action Plan
This finding has been corrected by management. No similar findings were noted in the 2024 audit.