

**REPORT ON
BETHLEHEM AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2024**

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

	<u>PAGE (S)</u>
Introductory Section	
Transmittal Letter	1
Report Distribution List.....	2
Financial Section	
Independent Auditor's Report	3 - 5
Management's Discussion and Analysis	6 - 16
Basic Financial Statements	
District-wide Financial Statements:	
Statement of Net Position.....	17
Statement of Activities	18
Fund Financial Statements:	
Balance Sheet - Governmental Funds	19
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	20
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds.....	21
Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities.....	22
Statement of Fund Net Position - Proprietary Funds.....	23
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	24
Statement of Cash Flows - Proprietary Funds	25 - 26
Statement of Fiduciary Net Position - Fiduciary Funds	27
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	28

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS (continued)

	<u>PAGE (S)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	29
Notes to Basic Financial Statements.....	30 - 88
 Required Supplemental Information	
Schedule of the District's Proportionate Share of Net Pension Liability.....	89
Schedule of the District's Contributions - Pension Plan.....	90
Schedule of Changes in the District's Defined Contribution Pension Liability.....	91
Schedule of the District's Proportionate Share of Net Defined Contribution Pension Liability.....	92
Schedule of the District's Proportionate Share of Net OPEB Liability - Multiple Employer OPEB Plan	93
Schedule of the District's Contributions - Multiple Employer OPEB Plan.....	94
Schedule of the District's Proportionate Share of Net OPEB Liability - Single Employer OPEB Plan.....	95
Notes to Required Supplemental Information	96 - 98
 Supplemental Information	
Combining Balance Sheet - All Capital Project Funds.....	99
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Capital Project Funds	100
Schedule on Tax Collectors' Receipts - General Fund.....	101
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual	102 - 106
Capital Reserve Fund - Statement of Revenues and Expenditures.....	107
Special Revenue (Authority General Fund) - Statement of Revenues and Expenditures	108

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS (continued)

	<u>PAGE (S)</u>
Capital Project Fund - Statement of Revenues and Expenditures	108
Food Service Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position	109
Day Care Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position	110
Self-Insurance Fund - Statement of Changes in Fiduciary Net Position	111
Self-Insurance Fund - Statement of Fiduciary Net Position.....	111
Activity Fund - Statement of Changes in Fiduciary Net Position.....	112
Activity Fund - Statement of Fiduciary Net Position.....	112
Private-Purpose Trust Fund - Statement of Changes in Fiduciary Net Position	113
Private-Purpose Trust Fund - Statement of Fiduciary Net Position	113
General Long-Term Debt:	
Schedule on General Obligation Bonds - Series A of 2015.....	114
Schedule on General Obligation Notes - Series B of 2015.....	114
Schedule on General Obligation Notes - Series C of 2015.....	115
Schedule on General Obligation Bonds - Series A of 2016.....	115
Schedule on General Obligation Bonds - Series B of 2016.....	115
Schedule on General Obligation Bonds - Series of 2021	116
Schedule on Guaranteed Revenue Bonds - Series A of 2021	116
Schedule on Guaranteed Revenue Bonds - Series B of 2021	117
Schedule on Guaranteed Revenue Bonds - Series C of 2021	117

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS (continued)

	<u>PAGE (S)</u>
Single Audit Section	
Schedule of Expenditures of Federal Awards	118 - 119
Notes to the Schedule of Expenditures of Federal Awards.....	120 - 121
Independent Auditor's Report Under Government Auditing Standards	122 - 123
Independent Auditor's Report Under Uniform Guidance.....	124 - 126
Schedule of Findings and Questioned Costs	127 - 128
Schedule of Prior Year Findings	129

INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have performed the Single Audit of the Bethlehem Area School District for the fiscal year ended June 30, 2024, and have enclosed the Single Audit reporting package.

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

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

Respectfully submitted,

Gorman & Associates, P.C.

December 20, 2024

REPORT DISTRIBUTION LIST

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

ONE COPY TO:
(Electronically Submitted)

FEDERAL AUDIT CLEARINGHOUSE
GENERAL SERVICES ADMINISTRATION

ONE COPY TO:
(Electronically Submitted)

COMMONWEALTH OF PENNSYLVANIA
OFFICE OF THE BUDGET/BUREAU OF AUDITS

ONE COPY TO:

U.S. DEPARTMENT OF EDUCATION
400 MARYLAND AVENUE, SW
WASHINGTON, D.C. 20202

ONE COPY TO:

COLONIAL INTERMEDIATE UNIT
6 DANFORTH DRIVE
EASTON, PA 18045

FINANCIAL SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Area School District, as of June 30, 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 the Bethlehem Area School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-16, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 89-98, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

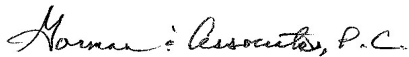
Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2024, on our consideration of the Bethlehem Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bethlehem Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bethlehem Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
December 4, 2024

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2024**

The discussion and analysis of Bethlehem 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 financial statements and notes to enhance their understanding of the District's financial performance.

The Management Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34 Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments issued June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

MISSION STATEMENT AND PURPOSE

- Mission - The Bethlehem Area School District in partnership with the home and community is committed to providing a safe and supportive environment in which each student will attain the knowledge, skills, and attitudes necessary to become a productive citizen and self-directed, lifelong learner in our technologically demanding and culturally diverse society.
- Purpose - Eliminate race and family income as predictors of school success by guaranteeing equitable access to opportunities for personalized learning and growth.

FINANCIAL HIGHLIGHTS

- * The district-wide total net position increased by \$43,030,036 to a balance of (\$196,636,133).
- * The governmental net position has increased by \$10,859,562 to a balance of \$92,527,327.
- * The business type net position has increased by \$1,799,915 to a balance of (\$2,232,297).
- * The fiduciary type net position has decreased by \$4,462,457 to a balance of \$19,430,418.
- * The District's Unassigned General Fund Balances have increased by \$2,503,242 to a balance of \$17,002,730 or 4.8% of current year expenditures.

In total, this yielded a net General Fund surplus of 1.31% or \$4,466,647 for the year ended June 30, 2024. Together with the beginning fund balance of \$67,885,219, the BASD ended the fiscal year with a total general fund balance of \$72,351,866. This fund balance is reduced by \$1,090,747 in non-spendable assets; \$136,624 restricted; \$44,000,000 committed to the Capital Reserve fund for future capital improvements; \$4,000,000 assigned to mitigate future increases in the state pension rate; and \$6,486,933 assigned for appropriations in the 2024-25 budget. The resulting undesignated fund balance on June 30, 2024 is \$16,637,562 or 4.9% of current year expenditures.

USING THE ANNUAL FINANCIAL REPORT

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

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

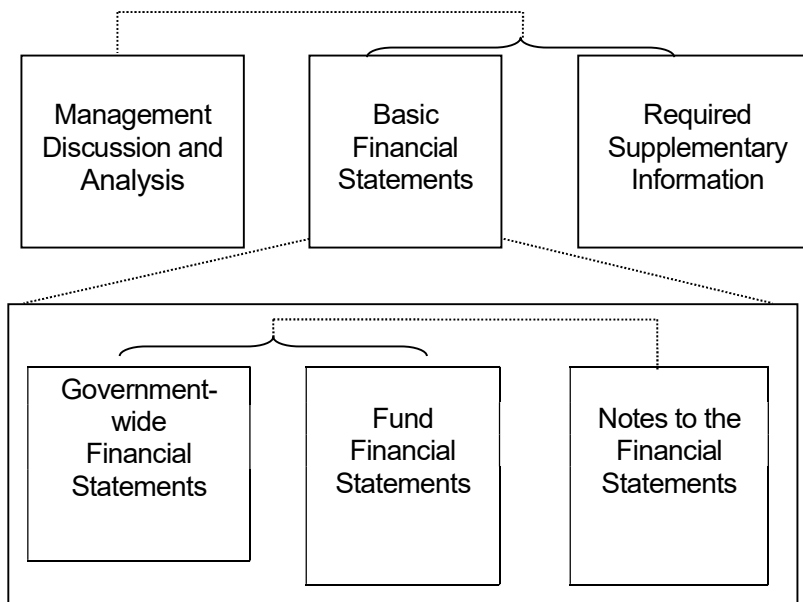
The first two statements are government-wide financial statements 1) the Statement of Net Position and 2) the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

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

The financial statements also include notes that explain some of the information in the financial statements.

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 Bethlehem Area School District's Financial Report**



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

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

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

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

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 District's assets, deferred outflows of 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 the net position has changed. Net Position, the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, are one way to measure the District's financial health or position.

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position is (\$196,636,133) at June 30, 2024. This reflects an increase in net position of \$43,030,036 from the previous fiscal year. Table A-1 summarizes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District.

**Table A-1
Changes in Net Position (In Millions)
Fiscal Years Ended June 30, 2023 and 2024**

	<u>2024</u>			<u>2023</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
Current assets	\$ 138.4	\$ 8.5	\$ 146.7	\$ 133.3	\$ 7.1	\$ 140.4
Non-Current assets	265.9	0.6	266.5	256.8	0.3	257.1
Deferred Outflow of Resources	91.9	1.6	93.5	85.5	1.5	87.0
Total Assets & Deferred Outflow of Resources	\$ 496.2	\$ 10.7	\$ 506.7	\$ 475.6	\$ 8.9	\$ 484.5
Current and other liabilities	\$ 56.2	\$ 0.4	\$ 56.4	\$ 60.8	\$ 0.4	\$ 61.2
Long-term liabilities	598.4	12.2	610.6	607.5	12.2	619.7
Deferred Inflow of Resources	36.0	0.3	36.3	42.9	0.3	43.2
Total Liabilities & Deferred Inflow of Resources	690.6	12.9	703.3	711.2	12.9	724.1
Net Position						
Net Investment in Capital Assets	\$ -	\$ 0.6	\$ 0.6	\$ -	\$ 0.3	\$ 0.3
Unrestricted	(194.4)	(2.8)	(197.2)	(235.6)	(4.3)	(239.9)
Total Net Position	\$ (194.4)	\$ (2.2)	\$ (196.6)	\$ (235.6)	\$ (4.0)	\$ (239.6)
Total Liabilities, Deferred Inflow of Resources, & Net Position	\$ 496.2	\$ 10.7	\$ 506.7	\$ 475.6	\$ 8.9	\$ 484.5

Most of the District's net position is invested in capital assets (buildings, land, and equipment) totaling \$266,493,055. The remaining unrestricted net portion is a combination of restricted and unrestricted amounts. The restricted capital projects balance of \$20,164,333 is set aside to fund capital projects as planned by the District. The unrestricted net position reflects a negative balance of (\$294,984,540).

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 Commonwealth of Pennsylvania, and the local taxes assessed to community taxpayers.

Additional information is provided in the notes to the financial statements.

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

Table A-2 takes the information from that Statement and rearranges it slightly, so that you can compare the District's total revenues for the 2022-2023 and 2023-2024 fiscal years.

**Table A-2
Changes in Net Position (In Thousands)
Fiscal Year Ended June 30, 2023 and 2024**

	<u>2024</u>			<u>2023</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
<u>REVENUES</u>						
<i>Program revenues</i>						
Charges for services	\$ 481	\$ 3,119	\$ 3,600	\$ 499	\$ 3,261	\$ 3,760
Operating grants and contributions	54,162	8,602	62,764	57,761	8,084	65,845
Capital grants and contributions	9,772	-	9,772	16,344	-	16,344
<i>General revenues</i>						
Property taxes	187,087	-	187,087	186,531	-	186,531
Other taxes	33,516	-	33,516	31,838	-	31,838
Grants, subsidies and contributions, unrestricted	58,195	-	58,195	52,709	-	52,709
Other	10,502	-	10,502	7,248	-	7,248
TOTAL REVENUES	\$ 353,715	\$ 11,721	\$ 365,436	\$ 352,930	\$ 11,345	\$ 364,275
	-----	-----	-----	-----	-----	-----
<u>EXPENSES</u>						
Instruction	\$ 202,846	\$ -	\$ 202,846	\$ 197,266	\$ -	\$ 197,266
Instructional student support	27,094	-	27,094	26,387	-	26,387
Administrative and financial support	26,311	-	26,311	25,176	-	25,176
Operation and maintenance of plant	21,155	-	21,155	20,671	-	20,671
Pupil transportation	12,477	-	12,477	12,452	-	12,452
Student activities	4,159	-	4,159	3,717	-	3,717
Community services	351	-	351	349	-	349
Scholarships and Awards	-	-	-	-	-	-
Interest on long-term debt	8,368	-	8,368	8,559	-	8,559
Unallocated depreciation expense	9,724	-	9,724	9,546	-	9,546
Day Care	-	1,884	1,884	-	1,862	1,862
Food Services	-	8,037	8,037	-	7,452	7,452
TOTAL EXPENSES	312,485	9,921	322,406	304,123	9,314	313,437
	-----	-----	-----	-----	-----	-----
Increase (decrease) in net position	\$ 41,230	\$ 1,800	\$ 43,030	\$ 48,807	\$ 2,031	\$ 50,838

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

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

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

**Table A-3
Governmental Activities (In Thousands)
Fiscal Year Ended June 30, 2023 and 2024**

Functions/Programs	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 202,846	\$ 162,697	\$ 197,266	\$ 155,862
Instructional student support	27,094	22,567	26,387	18,286
Administrative	26,311	23,432	25,176	21,445
Operation and maintenance	21,155	10,908	20,671	4,557
Pupil transportation	12,477	8,337	12,452	9,330
Student activities	4,159	3,583	3,717	3,139
Community services	351	147	349	250
Interest on long-term debt	8,368	6,676	8,559	7,103
Unallocated depreciation expense	9,724	9,723	9,546	9,546
Total governmental activities	\$ 312,485	\$ 248,070	\$ 304,123	\$ 229,518
Less:				
Unrestricted grants, subsidies		58,195		52,709
Total needs from local taxes and other revenues		\$ (189,875)		\$ (176,809)

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

**Table A-4
Business-Type Activities
Fiscal Year Ended June 30, 2024 and 2023**

Functions/Programs	2024		2023	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Services	\$ 8,036,946	\$ 1,488,655	\$ 7,451,512	\$ 1,683,797
Child Care	1,884,369	(16,848)	1,862,105	182,216
Less:				
Investment earnings & other misc.		328,108		164,815
Total business-type activities		\$ 1,799,915		\$ 2,030,828

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

THE DISTRICT FUNDS

At June 30, 2024, District governmental funds reported a combined fund balance of \$92,526,704, an increase of \$10,858,939 from the previous year.

The schedule below indicates the fund balances and the total change in fund balances as of and between June 30, 2023 and 2024.

	Fund Balance June 30, 2024	Fund Balance June 30, 2023	Increase (Decrease)
General Fund - Unassigned	16,637,562	14,054,183	2,583,379
General Fund - Assigned	10,486,933	11,011,217	(524,284)
General Fund - Committed	44,000,000	42,000,000	2,000,000
General Fund - (Nonspendable and Restricted)	1,227,371	819,819	407,552
Capital Fund - (Restricted)	20,174,838	13,782,546	6,392,292
Total	92,526,704	81,667,765	10,858,939

General fund revenues and other sources exceeded expenditures and other uses by \$4,466,647 which resulted in an ending total General Fund balance of \$72,351,866

With the implementation of GASB Statement #54, Capital Reserve Fund balances (authorized under Commonwealth of Pennsylvania statutes) are reported as part of the Capital Projects balances.

The District utilizes a Capital Reserve Fund to actively prepare for unexpected and ongoing planned capital improvement projects each year. In order to fund projects without the need for additional borrowing issues, the district has established this fund and makes budgeted transfers, as well as transfers from available in the General Fund at year end. Capital Projects Funds, including both the Capital Reserve and Capital Projects Fund, had an increase of \$6,392,915 resulting in a Capital Project fund balance of \$20,174,838.

General Fund Budget

The School District's budget is prepared according to Pennsylvania law and is based on the modified accrual basis of accounting. The most significant budgeted fund is the General Fund.

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year. These types of adjustments are not prohibited by state law. The District's original and final budget amounts compared with amounts actually paid and received is provided on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Budget and Actual-General Fund.

The General Fund overall operating revenues of \$344,266,472 were \$12,001,396 greater than originally budgeted. Local revenues were \$10,501,169 higher than budgeted due to higher than anticipated interest rates and better than anticipated tax revenue revenues. State revenues were \$1,087,916 higher than budgeted due the one time increase of \$1,000,000 in the District's Ready to Learn Block Grant Allocation.

Total expenditures of \$341,741,520 (excluding budgetary reserve) were \$4,885,227 higher than originally budgeted. This is due to a one time transfer of \$10,000,000 to the Capital Reserve fund to fund the construction of the new Fountain Hill Elementary School and other planned capital projects.

The budgetary reserve includes amounts that may be transferred into expenditure accounts for planned expenditures upon approval of the Board of School Directors. These amounts will be appropriated into

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

expenditure categories only when the expenditure is necessary for the operation of the District. Any budget reserve amount not appropriated during the year will become part of the unassigned accumulated fund balance and available for future years' budgeting, assuming some restrictions. While there was a significant transfer of \$10,000,000 to the capital reserve account, the District utilized the higher than anticipated local revenue. The budgeted budgetary reserve amount of \$2,500,000 was not needed, as there were no significant and unexpected expenditures during the year. While the District does prepare a budget with a reserve each year for unexpected emergencies, this expenditure is dependent upon actual experience during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2024, the District had \$265,931,495 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase of \$9,151,838, or 1.4% from the previous year. This is primarily due to the HVAC Improvements at various Elementary Schools.

**Table A-5
Governmental Activities
Capital Assets – Net of Depreciation
Fiscal Year Ended June 30, 2024 and 2023**

	<u>2024</u>	<u>2023</u>
Land	\$ 75,410	\$ 75,410
Site Improvements	15,091,645	14,668,567
Buildings	398,624,721	398,545,367
Building Improvements	6,713,758	-
Furniture & Equipment	76,894,724	71,783,195
Intangible right-to-use equipment	1,897,679	1,007,726
Construction in Progress	<u>30,877,390</u>	<u>24,222,633</u>
Total Capital Assets	530,175,327	510,304,921
Less Accumulated Depreciation	<u>(264,243,832)</u>	<u>(253,523,241)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>\$ 265,931,495</u>	<u>\$ 256,781,680</u>

DEBT ADMINISTRATION

As of July 1, 2023, the District had total outstanding debt of \$216,875,000. During the year, the District issued \$0 in additional debt, but retired and repaid \$14,290,000 resulting in ending outstanding debt as of June 30, 2024 of \$202,585,000.

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

**Table A-6
Outstanding Debt**

	<u>2024</u>	<u>2023</u>
General Obligation Notes/Bonds:		
- Bonds, Series of 2021	\$ 23,575,000	\$ 25,910,000
- Bonds, Series A of 2021	30,210,000	30,285,000
- Bonds, Series B of 2021	37,790,000	39,330,000
- Notes, Series C of 2021	30,255,000	30,280,000
- Bonds, Series of 2019	-	1,960,000
- Bonds, Series B of 2016	19,700,000	19,700,000
- Bonds, Series A of 2016	20,260,000	27,350,000
- Notes, Series C of 2015	7,070,000	8,335,000
- Notes, Series B of 2015	3,725,000	3,725,000
- Bonds, Series A of 2015	30,000,000	30,000,000
TOTAL	<u>\$ 202,585,000</u>	<u>\$ 216,875,000</u>

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Capital Improvement Plan

Since 1991, the school district has renovated or replaced most of its 22 schools and other properties. The school district continues to annually fund and complete capital improvement projects that are designed to maintain all existing structures. The district plans on renovating the locker room at both Liberty and Freedom High Schools, upgrading the field turf and installing bleachers at Freedom High School, renovating the Freedom Auditorium, replacing the sidewalk at Liberty, upgrading the Lights at the BASD Stadium, as well as the ongoing projects to repair and/or replace the boilers, pump, and controls during the 2024-2025 school year.

Future Budgets

The revenue budget for the 2024-25 fiscal year of \$353,274,258 is \$13,348,161 higher than the original 2023-24, fiscal year budget, representing a 4.1% increase in budget revenues.

With the passage of Act 1, the District was required to pass a preliminary budget in January to authorize increasing taxes above an allowed index or pass a resolution stating that we would not exceed the index. For the 2024-25 budget, this adjusted index was 6.4%. The District adopted the Resolution to not exceed the Act 1 index and is therefore precluded from filing any exception requests. The 2024-25 final adopted budget was supported by a 3% tax increase outside of any multi-county rebalancing. The annual operating budget for the 2024-2025 year is \$353,274,258 and is supported by a 1.79 mil increase for Northampton County and a 0.33 mil increase for Lehigh County. The focus continues to be balancing the educational needs with the financial and economic realities. We continue to work to responsibly implement much needed academic programs with the focus of sustainability and improved outcomes.

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

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

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

BUDGETED REVENUES

	2024-2025	2023-2024
Local	64.9%	66.9%
State	31.1%	28.1%
Federal	2.1%	4.3%
Other	1.9%	0.7%

BUDGETED EXPENDITURES

	2024-2025	2023-2024
Instruction	62.5%	60.1%
Support Services	28.1%	27.3%
Non-Instruction/Community	1.2%	0.4%
Fund Transfers	0.0%	0.0%
Debt	8.2%	12.2%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

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

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

Bethlehem Area School District
Statement of Net Position
As of June 30, 2024

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 88,204,570	\$ 7,755,894	\$ 95,960,464
Investments	25,472,500	-	25,472,500
Receivables, net	8,407,354	-	8,407,354
Internal Balances	21,687	219,907	- (1)
Due From Other Governments	13,736,066	157,877	13,893,943
Lease Receivable	490,630	-	490,630
Other Receivables, net	954,990	323,145	1,278,135
Inventories	175,650	1,318	176,968
Prepaid Expenses	915,097	-	915,097
Other Current Assets	29,139	-	29,139
Total Current Assets	138,407,683	8,458,141	146,624,230
Non-Current Assets:			
Land	75,410	-	75,410
Site Improvements (net of depreciation)	4,517,160	-	4,517,160
Building and Bldg. Improvements (net of depreciation)	218,604,857	-	218,604,857
Furniture and Equipment (net of depreciation)	10,334,343	561,560	10,895,903
Intangible Right To Use Equipment (net of amortization)	1,522,335	-	1,522,335
Construction in Progress	30,877,390	-	30,877,390
Total Non-Current Assets	265,931,495	561,560	266,493,055
TOTAL ASSETS	404,339,178.00	9,019,701.00	413,117,285
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Bond Refundings, net	12,134,105	-	12,134,105
Deferred Cost on Refundings - Derivatives	10,551,434	-	10,551,434
Deferred Outflows of Resources - Related to Pensions	61,406,495	1,644,534	63,051,029
Deferred Outflows of Resources - Related to OPEB	7,827,727	38,937	7,866,664
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 496,258,939	\$ 10,703,172	\$ 506,720,517
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 218,947	\$ 22,647	\$ - (1)
Due to other governments	2,289,025	-	2,289,025
Accounts Payable	6,187,617	273,860	6,461,477
Current Portion of Long-Term Obligations	16,872,117	-	16,872,117
Accrued Salaries and Benefits	15,485,484	13,643	15,499,127
Payroll Deductions and Withholdings	12,598,673	15,784	12,614,457
Prepayments	702,935	1,379	704,314
Other Current Liabilities	1,860,198	116,920	1,977,118
Total Current Liabilities	56,214,996	444,233	56,417,635
Non-Current Liabilities:			
Bonds and Notes Payable	192,106,466	-	192,106,466
Derivative Financial Instrument Liability	3,137,752	-	3,137,752
Lease Obligations	1,141,500	-	1,141,500
Long-Term Portion of Compensated Absences	4,957,638	190,637	5,148,275
Net OPEB Liability - Single Employer Plan	46,728,982	44,831	46,773,813
Net OPEB Liability - Multiple Employer Plan	13,966,879	417,805	14,384,684
Net Defined Benefit Pension Liability	335,711,772	11,493,984	347,205,756
Net Defined Contribution Pension Liability	657,180	-	657,180
TOTAL LIABILITIES	654,623,165	12,591,490	666,973,061
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow of Resources - Related to Derivatives	19,601,632	-	19,601,632
Deferred Inflows of Resources - Related to Pensions	5,540,495	186,968	5,727,463
Deferred Inflows of Resources - Related to OPEB	10,406,853	157,011	10,563,864
Deferred Inflows of Resources - Related to Leases	490,630	-	490,630
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	690,662,775	12,935,469	703,356,650
NET POSITION			
Net Investment in Capital Assets	80,416,371	561,560	80,977,931
Restricted For:			
Capital Projects	20,164,333	-	20,164,333
Unrestricted (deficit)	(294,984,540)	(2,793,857)	(297,778,397)
TOTAL NET POSITION	(194,403,836)	(2,232,297)	(196,636,133)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 496,258,939	\$ 10,703,172	\$ 506,720,517

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

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

Bethlehem Area School District
Statement of Activities
For the Year Ended June 30, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 202,845,741	\$ 324,158	\$ 39,824,593	\$ -	\$ (162,696,990)	\$ -	\$ (162,696,990)
Instructional Student Support	27,093,830	-	4,526,959	-	(22,566,871)	-	(22,566,871)
Admin. & Fin'l Support Services	26,310,733	-	2,878,740	-	(23,431,993)	-	(23,431,993)
Oper. & Maint. of Plant Svcs.	21,154,883	-	2,179,503	8,067,693	(10,907,687)	-	(10,907,687)
Pupil Transportation	12,477,323	-	4,128,735	12,004	(8,336,584)	-	(8,336,584)
Student activities	4,159,123	156,733	420,109	-	(3,582,281)	-	(3,582,281)
Community Services	350,198	500	202,344	-	(147,354)	-	(147,354)
Scholarships and Awards	250	-	-	-	(250)	-	(250)
Interest on Long-Term Debt	8,368,221	-	-	1,692,196	(6,676,025)	-	(6,676,025)
Unallocated Depreciation Expense	9,723,532	-	-	-	(9,723,532)	-	(9,723,532)
TOTAL GOVERNMENTAL ACTIVITIES	312,483,834	481,391	54,160,983	9,771,893	(248,069,567)	-	(248,069,567)
BUSINESS-TYPE ACTIVITIES:							
Food Services	8,036,946	1,463,401	8,062,200	-	-	1,488,655	1,488,655
Day Care	1,884,369	1,656,885	205,123	-	-	(22,361)	(22,361)
TOTAL PRIMARY GOVERNMENT	\$ 322,405,149	\$ 3,601,677	\$ 62,428,306	\$ 9,771,893	\$ (248,069,567)	\$ 1,466,294	\$ (246,603,273)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 187,089,344	\$ -	\$ 187,089,344
Taxes levied for specific purposes					33,516,115	-	33,516,115
Grants, subsidies, & contributions not restricted					58,195,340	-	58,195,340
Investment Earnings					8,968,594	328,108	9,296,702
Miscellaneous Income					1,407,133	5,513	1,412,646
Special item - Gain (Loss) on sale of capital assets					123,162	-	123,162
Extraordinary Items					-	-	-
Transfers					-	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					289,299,688	333,621	289,633,309
CHANGES IN NET POSITION					41,230,121	1,799,915	43,030,036
NET POSITION - BEGINNING					(235,633,957)	(4,032,212)	(239,666,169)
NET POSITION - ENDING					\$ (194,403,836)	\$ (2,232,297)	\$ (196,636,133)

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

**Bethlehem Area School District
Balance Sheet
Governmental Funds
As of June 30, 2024**

	GENERAL	CAPITAL PROJECT FUNDS	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 64,888,682	\$ 23,315,265	\$ 623	\$ 88,204,570
Investments	25,472,500	-	-	25,472,500
Taxes Receivable, net	8,407,354	-	-	8,407,354
Due from Other Funds	1,467,541	-	-	1,467,541
Due from Primary Government	-	-	303,859	303,859
Due from Other Governments	13,736,066	-	-	13,736,066
Lease Receivable	490,630	-	-	490,630
Other Receivables	912,908	-	-	912,908
Inventories	175,650	-	-	175,650
Prepaid Expenditures	915,097	-	-	915,097
Other Current Assets	29,139	-	-	29,139
TOTAL ASSETS	116,495,567	23,315,265	304,482	140,115,314
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 116,495,567	\$ 23,315,265	\$ 304,482	\$ 140,115,314
<u>LIABILITIES</u>				
Due to Other Funds	\$ 2,456,268	\$ 1,403,772	\$ -	\$ 3,860,040
Due to Other Governments	2,289,025	-	-	2,289,025
Due to Component Unit	303,859	-	-	303,859
Accounts Payable	2,722,787	1,227,509	-	3,950,296
Current Portion of Long-Term Debt	326,244	-	-	326,244
Accrued Salaries and Benefits	15,485,484	-	-	15,485,484
Payroll Deductions and Withholdings	12,598,673	-	-	12,598,673
Unearned Revenue	-	509,146	-	509,146
Prepayments	193,789	-	-	193,789
Other Current Liabilities	-	-	303,859	303,859
TOTAL LIABILITIES	36,376,129	3,140,427	303,859	39,820,415
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Unearned/Unavailable Property Taxes and Leases	7,767,572	-	-	7,767,572
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	44,143,701	3,140,427	303,859	47,587,987
<u>FUND BALANCES:</u>				
Nonspendable Fund Balance	1,090,747	-	-	1,090,747
Restricted Fund Balance	136,624	20,174,838	-	20,311,462
Committed Fund Balance	44,000,000	-	-	44,000,000
Assigned Fund Balance	10,486,933	-	623	10,487,556
Unassigned Fund Balance	16,637,562	-	-	16,637,562
TOTAL FUND BALANCES	72,351,866	20,174,838	623	92,527,327
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 116,495,567	\$ 23,315,265	\$ 304,482	\$ 140,115,314

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

**Bethlehem Area School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2024**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	92,527,327
---	----	------------

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

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$530,175,327 and the accumulated depreciation is \$264,243,832.		265,931,495
---	--	-------------

This amount represents the deferred outflows, net of deferred inflows, created from derivative hedging transactions, including derivative instrument assets, deferred gains on derivative refundings, and deferred costs on refundings.		(9,050,198)
---	--	-------------

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		7,276,942
--	--	-----------

This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. This amount was previously reported as a contra to Bonds Payable under long-term debt; however GASB Statement No. 65 changed the classification of this item to deferred outflows of resources.		12,134,105
--	--	------------

This represents the deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability.		53,286,874
--	--	------------

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		(616,510,381)
---	--	---------------

TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u>(194,403,836)</u>
---	-----------	-----------------------------

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

Bethlehem Area School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

	<u>GENERAL</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES				
Local Sources	\$ 232,505,735	\$ 1,034,563	\$ 5,589,582	\$ 239,129,880
State Sources	104,169,505	-	-	104,169,505
Federal Sources	<u>7,591,232</u>	<u>7,952,222</u>	<u>-</u>	<u>15,543,454</u>
TOTAL REVENUES	<u>344,266,472</u> -----	<u>8,986,785</u> -----	<u>5,589,582</u> -----	<u>358,842,839</u> -----
EXPENDITURES				
Instruction	210,698,212	-	-	210,698,212
Support Services	92,201,457	4,061	-	92,205,518
Operation of Non-Instructional Services	4,608,542	-	-	4,608,542
Capital Outlay	155,013	12,589,809	-	12,744,822
Debt Service	<u>24,078,296</u>	<u>-</u>	<u>5,589,582</u>	<u>29,667,878</u>
TOTAL EXPENDITURES	<u>331,741,520</u>	<u>12,593,870</u>	<u>5,589,582</u>	<u>349,924,972</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>12,524,952</u>	<u>(3,607,085)</u>	<u>-</u>	<u>8,917,867</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Leases	1,818,533	-	-	1,818,533
Sale/Compensation for Fixed Assets	123,162	-	-	123,162
Transfers In		10,000,000		10,000,000
Transfers Out	<u>(10,000,000)</u>	<u>-</u>	<u>-</u>	<u>(10,000,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>(8,058,305)</u>	<u>10,000,000</u>	<u>-</u>	<u>1,941,695</u>
SPECIAL/EXTRAORDINARY ITEMS				
Extraordinary Items - Insurance Recoveries	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	4,466,647	6,392,915	-	10,859,562
FUND BALANCES - BEGINNING	<u>67,885,219</u>	<u>13,781,923</u>	<u>623</u>	<u>81,667,765</u>
FUND BALANCES - ENDING	<u>\$ 72,351,866</u>	<u>\$ 20,174,838</u>	<u>\$ 623</u>	<u>\$ 92,527,327</u>

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

Bethlehem Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes In Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS **\$ 10,859,562**

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

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

Depreciation expense	\$ 12,265,244	
less - capital outlays	<u>21,516,680</u>	9,251,436

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

-

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

337,536

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

13,041,488

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

792,733

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

2,668,586

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

(1,818,533)

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

6,097,313

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 41,230,121**

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

Bethlehem Area School District
Statement of Fund Net Position - Proprietary Funds
As of June 30, 2024

	FOOD SERVICE	DAY CARE FUND	TOTAL
<u>ASSETS</u>			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 7,013,943	\$ 741,951	\$ 7,755,894
Due from Other Funds	167,812	53,095	220,907
Due From Other Governments	157,877	-	157,877
Other Receivables (net)	299,236	22,909	322,145
Inventories	1,318	-	1,318
Prepaid expenses	-	-	-
TOTAL CURRENT ASSETS	7,640,186	817,955	8,458,141
NON-CURRENT ASSETS:			
Machinery & Equipment (net)	561,560	-	561,560
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	561,560	-	561,560
TOTAL ASSETS	8,201,746	817,955	9,019,701
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Outflows of Resources - Related to Pensions	1,147,108	497,426	1,644,534
Deferred Outflows of Resources - Related to OPEB	23,825	15,205	39,030
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 9,372,679	\$ 1,330,586	\$ 10,703,265
<u>LIABILITIES</u>			
CURRENT LIABILITIES:			
Due to Other Funds	\$ 20,674	\$ 48,878	\$ 69,552
Accounts Payable	225,974	981	226,955
Accrued Salaries and Benefits	13,643	-	13,643
Payroll Deductions and Withholdings	4,519	11,265	15,784
Other Current Liabilities	116,920	-	116,920
Prepayments	1,318	61	1,379
TOTAL CURRENT LIABILITIES	383,048	61,185	444,233
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	87,414	103,223	190,637
Net Defined Benefit Pension Liability	6,860,327	4,633,657	11,493,984
Net OPEB Liability - Single Employer Plan	10,388	34,443	44,831
Net OPEB Liability - Multiple Employer Plan	248,891	168,914	417,805
TOTAL NON-CURRENT LIABILITIES	7,207,020	4,940,237	12,147,257
TOTAL LIABILITIES	7,590,068	5,001,422	12,591,490
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Inflows of Resources - Related to Pensions	118,456	68,512	186,968
Deferred Inflows of Resources - Related to OPEB	120,507	36,597	157,104
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	7,829,031	5,106,531	12,935,562
<u>FUND NET POSITION</u>			
Net Investment in Capital Assets	561,560	-	561,560
Unrestricted	982,088	(3,775,945)	(2,793,857)
TOTAL FUND NET POSITION	1,543,648	(3,775,945)	(2,232,297)
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND NET POSITION	\$ 9,372,679	\$ 1,330,586	\$ 10,703,265

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

Bethlehem Area School District
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds
For the Year Ended June 30, 2024

	FOOD SERVICE	DAY CARE FUND	TOTAL
OPERATING REVENUES:			
Food Service Revenue	\$ 1,456,401	\$ -	\$ 1,456,401
Charges for Services	-	1,332,490	1,332,490
Other Operating Revenues	-	329,908	329,908
TOTAL OPERATING REVENUES	<u>1,456,401</u>	<u>1,662,398</u>	<u>3,118,799</u>
	-----	-----	-----
OPERATING EXPENSES:			
Salaries	2,174,075	995,316	3,169,391
Employee Benefits	1,298,964	862,840	2,161,804
Purchased Professional and Technical Services	-	110	110
Purchased Property Service	49,537	-	49,537
Other Purchased Services	3,702,128	1,289	3,703,417
Supplies	727,153	15,829	742,982
Depreciation	80,053	-	80,053
Dues and Fees	5,036	6,142	11,178
Claims and Judgments	-	830	830
Other Operating Expenses	-	2,013	2,013
TOTAL OPERATING EXPENSES	<u>8,036,946</u>	<u>1,884,369</u>	<u>9,921,315</u>
OPERATING INCOME (LOSS)	<u>(6,580,545)</u>	<u>(221,971)</u>	<u>(6,802,516)</u>
	-----	-----	-----
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	295,361	32,747	328,108
State Sources	1,103,348	205,123	1,308,471
Federal Sources	6,965,852	-	6,965,852
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>8,364,561</u>	<u>237,870</u>	<u>8,602,431</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	<u>1,784,016</u>	<u>15,899</u>	<u>1,799,915</u>
Transfers in (out)	-	-	-
CHANGES IN FUND NET POSITION	<u>1,784,016</u>	<u>15,899</u>	<u>1,799,915</u>
FUND NET POSITION - BEGINNING	<u>(240,368)</u>	<u>(3,791,844)</u>	<u>(4,032,212)</u>
FUND NET POSITION - ENDING	<u>\$ 1,543,648</u>	<u>\$ (3,775,945)</u>	<u>\$ (2,232,297)</u>

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

Bethlehem Area School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2024

	FOOD SERVICE	DAY CARE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 1,375,223	\$ 1,492,398	\$ 2,867,621
Cash Received from Other Operating Revenue	-	323,131	323,131
Cash Payments to Employees for Services	(3,166,965)	(1,944,503)	(5,111,468)
Cash Payments to Suppliers for Goods and Services	(3,794,710)	(25,689)	(3,820,399)
Cash Payments to Other Operating Expenses	<u>(5,036)</u>	<u>(6,142)</u>	<u>(11,178)</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>(5,591,488)</u>	<u>(160,805)</u>	<u>(5,752,293)</u>
	-----	-----	-----
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	1,105,422	205,123	1,310,545
Federal Sources	<u>6,361,120</u>	<u>-</u>	<u>6,361,120</u>
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	<u>7,466,542</u>	<u>205,123</u>	<u>7,671,665</u>
	-----	-----	-----
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Equipment	<u>(334,050)</u>	<u>-</u>	<u>(334,050)</u>
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(334,050)</u>	<u>-</u>	<u>(334,050)</u>
	-----	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	<u>295,361</u>	<u>32,747</u>	<u>328,108</u>
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	<u>295,361</u>	<u>32,747</u>	<u>328,108</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,836,365	77,065	1,913,430
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>5,177,578</u>	<u>664,886</u>	<u>5,842,464</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 7,013,943</u></u>	<u><u>\$ 741,951</u></u>	<u><u>\$ 7,755,894</u></u>

Bethlehem Area School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2024

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

	FOOD SERVICE	DAY CARE FUND	TOTAL
OPERATING INCOME (LOSS)	\$ (6,580,545)	\$ (221,971)	\$ (6,802,516)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	80,053	-	80,053
Donated Commodities Used	644,676	-	644,676
CHANGE IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	(81,178)	3,926	(77,252)
(Increase) Decrease in Advances to Other Funds	403,465	150,035	553,500
(Increase) Decrease in Inventories	1,542	-	1,542
(Increase) Decrease in Prepaid Expenses	34,034	-	34,034
(Increase) Decrease in Deferred Outflows of Resources - Change in Proportion to NPL	56,849	26,240	83,089
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(23,305)	(10,142)	(33,447)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	81,226	36,606	117,832
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(263,314)	(39,438)	(302,752)
Increase (Decrease) in Accounts Payable	32,298	(4,713)	27,585
Increase (Decrease) in Accrued Salaries and Benefits	(11,234)	(33,779)	(45,013)
Increase (Decrease) in Advances from Other Funds	(556)	(1,796)	(2,352)
Increase (Decrease) in Net Defined Benefit Pension Liability	518	240	758
Increase (Decrease) in Net OPEB Liability - Single Employer Plan	(28,491)	(9,411)	(37,902)
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	(3,794)	(1,751)	(5,545)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Invest. Earnings	-	(82,101)	(82,101)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	1,836	472	2,308
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	58,284	26,717	85,001
Increase (Decrease) in Other Current Liabilities	6,148	61	6,209
TOTAL ADJUSTMENTS	<u>989,057</u>	<u>61,166</u>	<u>1,050,223</u>
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u>\$ (5,591,488)</u>	<u>\$ (160,805)</u>	<u>\$ (5,752,293)</u>

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

**Bethlehem Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2024**

	PRIVATE- PURPOSE TRUST	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	CUSTODIAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 197,798	\$ 19,508,496	\$ 590,996
Investments	600	-	-
Due from Other Funds	-	2,284,228	-
Other Receivables	-	1,163,438	5,412
Prepaid Expenses	-	-	-
TOTAL ASSETS	<u>198,398</u>	<u>22,956,162</u>	<u>596,408</u>
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 198,398</u>	<u>\$ 22,956,162</u>	<u>\$ 596,408</u>
LIABILITIES			
Accounts Payable	\$ 14,125	\$ 4,257,359	\$ 5,984
Due to Other Funds	-	40,047	3,035
Other Current Liabilities	-	-	-
TOTAL LIABILITIES	<u>14,125</u>	<u>4,297,406</u>	<u>9,019</u>
DEFERRED INFLOWS OF RESOURCES	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>14,125</u>	<u>4,297,406</u>	<u>9,019</u>
NET POSITION			
Restricted for			
Pool Participants	-	18,658,756	-
Individuals, Organizations, and Other Governments	<u>184,273</u>	<u>-</u>	<u>587,389</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	<u>\$ 198,398</u>	<u>\$ 22,956,162</u>	<u>\$ 596,408</u>

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

Bethlehem Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2024

	PRIVATE- PURPOSE TRUST FUND	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS			
Contributions - Members	\$ -	\$ 1,576,050	\$ 234,692
Contributions - Employer	-	31,559,673	-
Contributions - Gifts and Bequests	104,401	-	102,406
Special Events	-	-	256,430
Other Income	-	1,094,305	55
INVESTMENT EARNINGS:			
Interest and Dividends	10,533	1,037,776	34,756
Net Increase (decrease) in Fair Value of Investments	-	-	-
Less Investment Expense	-	-	-
TOTAL ADDITIONS	<u>114,934</u>	<u>35,267,804</u>	<u>628,339</u>
	-----	-----	-----
DEDUCTIONS			
Administrative Expense	-	1,861,393	5,926
Insurance Payments for Members	-	37,793,296	-
Benefits Paid to Participants or Beneficiaries	116,326	5,283	-
Payments for Student Club Activities	-	-	691,310
Other	-	-	-
TOTAL DEDUCTIONS	<u>116,326</u>	<u>39,659,972</u>	<u>697,236</u>
CHANGES IN NET POSITION	(1,392)	(4,392,168)	(68,897)
NET POSITION - BEGINNING OF YEAR	<u>185,665</u>	<u>23,050,924</u>	<u>656,286</u>
NET POSITION - END OF YEAR	<u>\$ 184,273</u>	<u>\$ 18,658,756</u>	<u>\$ 587,389</u>

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

Bethlehem Area School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
General Fund
For the Year Ended June 30, 2024

	BUDGET AMOUNTS		ACTUAL	VARIANCE WITH
	ORIGINAL	FINAL	(GAAP BASIS)	FINAL BUDGET
				POSITIVE
				(NEGATIVE)
REVENUES				
Local Sources	\$ 222,004,565	\$ 222,004,565	\$ 232,505,735	\$ 10,501,170
State Sources	103,081,589	103,081,589	104,169,505	1,087,916
Federal Sources	7,178,922	7,178,922	7,591,232	412,310
TOTAL REVENUES	332,265,076	332,265,076	344,266,472	12,001,396
EXPENDITURES				
Regular Instruction	148,902,548	143,848,116	143,773,788	74,328
Special Programs	51,508,433	54,212,992	52,773,444	1,439,548
Vocational Programs	6,943,128	6,943,128	6,943,128	-
Other Instructional Programs	1,914,580	3,259,227	3,088,600	170,627
Nonpublic School Programs	243,671	256,884	213,732	43,152
Adult Education Programs	2,595,394	2,597,265	2,597,122	143
Community College Sponsorship	70,000	32,281	13,324	18,957
Pre-Kindergarten	1,257,333	1,313,004	1,295,074	17,930
Pupil Personnel Services	13,586,098	14,314,212	14,104,748	209,464
Instructional Staff Services	10,845,989	10,839,849	10,293,334	546,515
Administrative Services	14,995,795	16,057,537	15,665,539	391,998
Pupil Health	3,527,048	3,592,115	3,372,967	219,148
Business Services	2,739,462	2,771,176	2,341,903	429,273
Operation & Maintenance of Plant Services	23,191,462	22,518,580	22,443,508	75,072
Student Transportation Services	15,263,744	14,384,617	14,177,660	206,957
Central Support Services	11,084,757	10,224,768	9,657,691	567,077
Other Support Services	145,950	145,950	144,107	1,843
Student Activities	4,432,025	4,438,667	4,257,284	181,383
Community Services	288,667	351,008	351,008	-
Scholarships and Awards	-	250	250	-
Facilities, Acquisition and Construction	35,100	512,948	155,013	357,935
Debt Service	23,285,109	24,384,184	24,078,296	305,888
TOTAL EXPENDITURES	336,856,293	336,998,758	331,741,520	5,257,238
Excess (Deficiency) of Revenues Over Expenditures	(4,591,217)	(4,733,682)	12,524,952	17,258,634
OTHER FINANCING SOURCES (USES)				
Proceeds From Leases	-	-	1,818,533	1,818,533
Sale/Compensation for Fixed Assets	80,000	80,000	123,162	43,162
Fund Transfers Out	-	-	(10,000,000)	(10,000,000)
Budgetary Reserve	(2,500,000)	(2,357,535)	-	2,357,535
TOTAL OTHER FINANCING SOURCES (USES)	(2,420,000)	(2,277,535)	(8,058,305)	(5,780,770)
Special Items	-	-	-	-
Extraordinary Items - Insurance Recoveries	-	-	-	-
NET CHANGE IN FUND BALANCES	(7,011,217)	(7,011,217)	4,466,647	11,477,864
FUND BALANCE - JULY 1, 2023	\$ 52,308,953	\$ 52,308,953	\$ 67,885,219	\$ 15,576,266
FUND BALANCE - JUNE 30, 2024	\$ 45,297,736	\$ 45,297,736	\$ 72,351,866	\$ 27,054,130

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Note 1 - Description of the School District and Reporting Entity

School District

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

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

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

Board of School Directors

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

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

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

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

Administration

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Reporting Entity

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

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

Component Units

Bethlehem Area School District Authority

The Bethlehem Area School District Authority is created under the Pennsylvania Municipality Authorities Act of 1945, as amended, by the School Districts, and is empowered under the Act to acquire, hold, construct, improve, maintain, operate, and lease school buildings and other school projects acquired, constructed or improved for public school purposes. The Authority, at the request of the Bethlehem Area School District, has undertaken reconstruction, modifying, and improving the financing of school buildings and facilities. As such, this component unit's transactions during the 2023-24 fiscal year are blended into the School District's basic financial statements.

Bethlehem Area School District Employee Benefit Trust

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

Joint Ventures

Bethlehem Area Vocational Technical School

The School District is a participating member of the Bethlehem Area Vocational Technical School (BAVTS). The BAVTS is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the BAVTS's annual operating budget. Each participating district pays a pro-rata share of the BAVTS's operating costs based on the number of students attending the BAVTS for each District. The District's share of the BAVTS's operating costs for 2023-24 was \$6,943,128.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

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

Northampton Community College

The District is a participating member of the Northampton Community College (NCC). The NCC is run by a Board of Trustees elected by the participating member districts' boards of directors. No participating district appoints a majority of the Board of Trustees. A vote of two-thirds of all member districts shall be required for approval of the NCC's annual operating budget. The amount of the annual operating costs of the NCC shall be apportioned among the member districts on the basis of the number of full-time equivalent students enrolled in NCC and residing in the respective geographical areas of each of the member districts. The District's share of NCC's operating costs for 2023-24 was \$2,595,393.

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

Jointly Governed Organizations

Colonial Intermediate Unit

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

Note 2 - Summary of Significant Accounting Policies

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Governmental Funds

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

General Fund

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Special Revenue Funds

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

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

Capital Project Funds

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

Capital Project Fund

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

Capital Reserve Fund

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

Debt Service Fund

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

The district currently does not have any Debt Service Fund(s).

Proprietary Funds

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Enterprise Funds

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

Food Service Fund

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

Day Care Fund

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

Fiduciary Funds

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

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

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

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

C. Measurement Focus

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

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

D. Basis of Accounting

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

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

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

E. Budgetary Process

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

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

Accelerated Budget Process Option

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

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

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.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Board Resolution Option

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2023-24 budget transfers.

F. Use of Estimates

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

G. Changes in Accounting Principles

During the 2023-24 fiscal year the School District implemented the following new generally accepted accounting principle:

GASB Statement No. 100 (Accounting Changes and Error Corrections). This statement was implemented to improve the clarity in the accounting for changes in estimates, principles, and the correction of errors in the financial statements.

H. Pensions

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

I. Other Postemployment Benefits

Multiple Employer Cost Sharing OPEB Plan

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Single Employer OPEB Plan

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

J. Assets, Liabilities, and Net Position

Cash and Cash Equivalents

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

Investments

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

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

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

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

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

Receivables and Payables

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

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2024, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

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

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. As of June 30, 2024, the inventory shown in the governmental activities column of the government-wide statement of net position is \$175,650 and \$1,318, is shown as inventory in the business-type activities column of the government-wide statement of net position.

Inventory type items in governmental funds utilize the consumption method, that is, they are charged to expenditures when purchased. There was a physical inventory of \$175,650, taken as of June 30, 2024; therefore, there is a nonspendable fund balance in the General Fund.

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

Inventories on hand at June 30, 2024, consist of:

Purchased Food	\$	-
Donated Commodities		1,318
Purchased Supplies		-
Total	\$	<u>1,318</u>

Prepaid Expenses

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

Capital Assets

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

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

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

Compensated Absences

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

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

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

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

Leases

Lessee:

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

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

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

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

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

Lessor:

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

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

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

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

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

SBITAs (Subscription Based Information Technology Arrangements)

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

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Other Long-Term Obligations

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

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

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

Reclassification

Certain amounts have been reclassified to conform to the June 30, 2024, presentation of government-wide financial statements on the accrual basis of accounting versus the governmental fund financial statements reported on the modified accrual basis of accounting.

Net Position

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

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

Fund Balance Categories

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

Nonspendable Fund Balance

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Restricted Fund Balance

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

Committed Fund Balance

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

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Contributions of Capital

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

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

A. Explanation of Certain Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position.

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

The details of the \$616,510,381 differences are:

Bonds/Notes payable	\$ 202,585,000
Less: Issuance discount (to be amortized as interest expense)	(113,852)
Add: Issuance premium (to be amortized as a contra to interest expense)	5,795,318
Derivative Instrument Liability	3,137,752
Lease Purchase Obligations	1,527,373
Accrued interest payable	1,556,339
Net Defined Benefit Pension Liability	335,711,772
Net Defined Contribution Pension Liability	657,180
Net OPEB Liability - Single Employer Plan	46,728,982
Net OPEB Liability - Multiple Employer Plan	13,966,879
Compensated absences	4,957,638
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net assets - governmental activities"	<u><u>\$ 616,510,381</u></u>

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

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 186,751,808	\$ 337,536	\$ -	\$ -	\$ 187,089,344
Taxes Levied for Specific Purposes	33,516,115	-	-	-	33,516,115
Interest and Investment Earnings	14,558,176	-	-	(5,589,582)	8,968,594
Miscellaneous	871,627	-	123,162	-	994,789
Contributions and Donations	535,506	-	-	-	535,506
Charges for Services	481,391	-	-	-	481,391
Grants, Subsidies & Contributions Not Restricted	58,037,933	-	-	-	58,037,933
INTERMEDIATE SOURCES:					
Operating Grants and Contributions	104,100	-	-	-	104,100
STATE SOURCES:					
Operating & Capital Grants and Contributions	46,131,572	-	-	-	46,131,572
FEDERAL SOURCES:					
Operating & Capital Grants and Contributions	17,854,611	-	-	-	17,854,611
SPECIAL AND EXTRAORDINARY SOURCES:					
Proceeds from Leases	1,818,533	-	-	(1,818,533)	-
Extraordinary Item - Insurance Recoveries	-	-	-	-	-
Gain or (Loss) on Disposal of Assets	123,162	-	(123,162)	-	-
TOTAL REVENUES	360,784,534	337,536	-	(7,408,115)	353,713,955
EXPENDITURES/EXPENSES					
Instruction	210,698,212	(4,502,444)	(3,350,027)	-	202,845,741
Instructional Student Support	27,771,049	(678,664)	1,445	-	27,093,830
Admin. & Fin'l Support Services	27,813,300	(808,528)	(694,039)	-	26,310,733
Oper. & Maint. Of Plant Svcs.	22,443,508	(569,065)	(719,560)	-	21,154,883
Pupil Transportation	14,177,660	(232,327)	(1,468,010)	-	12,477,323
Student Activities	4,257,284	(98,209)	48	-	4,159,123
Community Services	351,008	(810)	-	-	350,198
Scholarships & Awards	250	-	-	-	250
Capital Outlay	12,744,823	-	(12,744,823)	-	-
Debt Service	29,667,878	-	-	(21,299,657)	8,368,221
Depreciation - Unallocated	-	-	9,723,532	-	9,723,532
TOTAL EXPENDITURES/EXPENSES	349,924,972	(6,890,047)	(9,251,434)	(21,299,657)	312,483,834
NET CHANGE FOR THE YEAR	\$ 10,859,562	\$ 7,227,583	\$ 9,251,434	\$ 13,891,542	\$ 41,230,121

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Net Position of Individual Funds

Governmental activities had a deficit net position of \$194,403,836. The business-type actuaries' daycare fund reported a negative net position of \$3,775,945, while total business-type activities had a net position of have a deficit net position of \$2,232,297.

C. Excess of Expenditures Over Appropriations in Individual Funds

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

D. Budgetary Compliance

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2024, \$623 of the District's bank balance of \$1,223 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	-
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the District's name		623
TOTAL	\$	623

Reconciliation to Financial Statements

Uncollateralized Amount above	\$	623
Plus: Insured Amount		600
Less: Outstanding Checks		-
Carrying Amount - Cash Balances		1,223
Plus: Petty Cash		-
Deposit in Pooled Investments Considered Cash Equivalents		116,257,131
Less: Certificates of Deposit considered Investments by School Code		(600)
TOTAL CASH PER FINANCIAL STATEMENTS	\$	116,257,754

Investments

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

1. United States Treasury Bills;
2. Short-term obligations of the United States Government or its agencies or instrumentalities;
3. Deposits in savings accounts or time deposits or share accounts of institutions insured by the F.D.I.C; and,
4. Obligations of the United States of America or any of its agencies or instrumentalities, the Commonwealth of Pennsylvania or any of its agencies or instrumentalities or any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities.
5. Obligations, participations or other instruments of any Federal Agency, instrumentality or United States government sponsored enterprise, including those issued or fully guaranteed as the principal and interest by Federal agencies, instrumentalities or United States government sponsored enterprises, if the debt obligations are rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
6. Repurchase agreements with respect to United States Treasury bills or obligations, participations or other instruments of or guaranteed by the United States or any Federal agency, instrumentality or United States government sponsored enterprise.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

7. Negotiable certificates of deposit or other evidences of deposit, with a remaining maturity of three years or less, issued by a nationally or State-chartered bank, a Federal or State savings and loan association or a State-licensed branch of a foreign bank. For obligations with a maturity of one year or less, the debt obligations of the issuing institution or its parent must be rated in the top short-term rating category by at least two nationally recognized statistical ratings organizations. For obligations with a maturity in excess of one year, the senior debt obligations of the issuing institution or its parent must be rated at least "A" or its equivalent by at least two nationally recognized statistical ratings organizations.
8. Bills of exchange or time drafts drawn on and accepted by a commercial bank, otherwise known as bankers' acceptances, if the bankers' acceptances do not exceed 180 days maturity and the accepting bank is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
9. Commercial paper issued by corporations or other business entities organized in accordance with Federal or State law, with a maturity not to exceed 270 days, if the paper is rated in the top short-term category by at least two nationally recognized statistical ratings organizations.
10. Shares of an investment company registered under the Investment Company Act of 1940, whose shares are registered under the Securities Act of 1933 and, if all of the following conditions are met:
 - The investments of the company are the authorized investments listed above.
 - The investment company is managed in accordance with 17 CFR 270.2a-7 (related to money market funds).
 - The investment company is rated in the highest category by a nationally recognized rating agency.
11. Savings or demand deposits placed in accordance with the following conditions:
 - The money is initially deposited and invested through a federally insured institution having a place of business in this Commonwealth, which is selected by the public corporation or municipal authority.
 - The selected institution arranges for the redeposit of the money in savings or demand deposits in one or more financial institutions insured by the Federal Deposit Insurance Corporation, for the account of the public corporation or municipal authority.
 - The full amount of principal and any accrued interest of each such deposit is insured by the Federal Deposit Insurance Corporation.
 - On the same date that the money is redeposited pursuant to above, the selected institution receives an amount of deposits from customers of other financial institutions equal to or greater than the amount of money initially invested through the selected institution by the public corporation or municipal authority.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

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

<i>Investment</i>	<i>Maturities</i>	<i>Fair Value</i>
PSDLAF/PSDMAX		\$ 53,447,131
PLGIT Class		62,810,000
PLGIT CD Program		25,472,500
Lafayette Ambassador Bank -CD		600
TOTAL		\$ 141,730,231

Interest Rate Risk

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

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings. Of the General Fund investments, 28.19% were invested in PLGIT Term Investments. Of the Governmental Activities investments, 22.41% were invested in PLGIT Term Investments. Of the entity wide investments, 17.97 were invested in PLGIT Term Investments.

Concentration of Credit Risk

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

Reconciliation to Financial Statements

Total Investments Above	\$ 141,730,231
Less: Deposits in Investment Pool Considered Cash Equivalents	(116,257,131)
Total Investments Per Financial Statements	\$ 25,473,100

Fair Value Reporting

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

The District did not have any recurring fair value investments at June 30, 2024. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$4,486,594,200. In accordance with Act I of 2006, the District receives \$5,996,998 in property tax reduction funds for the 2023-24 fiscal year. The tax rate for the Northampton and Lehigh Counties were \$5.82 and \$1.841, respectively per \$100 of assessed valuation or 58.20 mills and 18.41 mills, respectively.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

The property tax calendar is:

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

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

Receivables

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

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	FOOD SERVICE FUND	DAY CARE FUND	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:						
Interest	\$ 443,864	\$ -	\$ -	\$ -	\$ -	\$ 443,864
Taxes	8,407,354	-	-	-	-	8,407,354
Accounts	469,044	-	299,236	22,909	1,168,850	1,960,039
Leases	490,630	-	-	-	-	-
Intergovernmental	13,736,066	-	157,877	-	-	13,893,943
GROSS RECEIVABLES	23,546,958	-	457,113	22,909	1,168,850	24,705,200
Less: Allowance for Uncollectibles	-	-	-	-	-	-
NET RECEIVABLES	\$ 23,546,958	\$ -	\$ 457,113	\$ 22,909	\$ 1,168,850	\$ 24,705,200

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

	UNAVAILABLE	UNEARNED
Delinquent Property Taxes - General Fund	\$ 7,276,942	\$ -
Leases - General Fund	-	490,630
TOTAL	\$ 7,276,942	\$ 490,630

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

Capital Assets

Capital asset balances and activity for the year ending June 30, 2024, were:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 75,410	\$ -	\$ -	\$ 75,410
Construction in Progress	24,222,633	14,169,308	(7,514,551)	30,877,390
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED/AMORTIZED	24,298,043	14,169,308	(7,514,551)	30,952,800
Capital Assets being depreciated/amortized:				
Site Improvements	14,668,568	423,077	-	15,091,645
Buildings and Improvements	398,545,367	6,793,112	-	405,338,479
Furniture and Equipment	71,783,195	5,913,317	(801,788)	76,894,724
Intangible right-to-use equipment	1,007,726	1,818,533	(928,580)	1,897,679
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	486,004,856	14,948,039	(1,730,368)	499,222,527
Less accumulated depreciation/amortization for:				
Site Improvements	(10,270,220)	(304,265)	-	(10,574,485)
Buildings and Improvements	(177,173,489)	(9,560,133)	-	(186,733,622)
Furniture and Equipment	(65,332,805)	(2,029,364)	801,788	(66,560,381)
Intangible right-to-use equipment	(746,728)	(371,480)	742,864	(375,344)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	(253,523,242)	(12,265,242)	1,544,652	(264,243,832)
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	232,481,614	2,682,797	(185,716)	234,978,695
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	\$ 256,779,657	\$ 16,852,105	\$ (7,700,267)	\$ 265,931,495
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 2,340,023	\$ 334,050	\$ -	\$ 2,674,073
Less accumulated depreciation	(2,032,460)	(80,053)	-	(2,112,513)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 307,563	\$ 253,997	\$ -	\$ 561,560

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

Instruction	\$ 1,190,497
Instructional Student Support	1,446
Admin. & Fin'l Support Services	270,137
Oper. & Maint. of Plant Svcs.	449,265
Pupil Transportation	551,071
Student activities	79,294
Depreciation - unallocated	9,723,532
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	\$ 12,265,242

During the year, the District's governmental activities sold capital assets totaling \$801,788 (with accumulated depreciation of \$801,788) for \$123,162, resulting in a gain on sale of \$123,162. The business-type activities did not dispose of any capital assets during the year.

Commitments

Encumbrances

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

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

Long-Term Construction Commitments

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

	CONTRACT AMOUNT	EXPENDED TO 6/30/24	OUTSTANDING COMMITMENTS
<u>Calypso ES HVAC Replacement</u>			
Wind Gap Electric Inc	\$ 806,000	\$ 735,976	\$ 70,024
<u>Governor Wolf ES HVAC Replacement</u>			
Wind Gap Electric Inc	1,005,000	944,185	60,815
<u>Miller Heights ES HVAC</u>			
Wind Gap Electrical	1,091,700	1,000,226	91,474
Trefz Mechanical	4,745,000	4,663,717	81,283
<u>Hanover HVAC</u>			
Trefz Mechanical	3,262,000	3,143,250	118,750
Ace Electric	721,800	522,504	199,296
<u>James Buchanan HVAC</u>			
Trefz Mechanical	3,565,553	3,469,279	96,274
Ace Electric	721,820	517,692	204,128
<u>Freedom HS Roof Repairs</u>			
JLK Contracting	275,100	256,896	18,204
C&D Waterproofing Corp	2,183,220	1,813,871	369,349
<u>Liberty HS Roof Repairs</u>			
JLK Contracting	176,210	170,924	5,286
<u>New Fountain Hill ES</u>			
Alloy5 LLC - Fixed Fee Services	2,185,000	576,892	1,608,108
Earth Engineering Inc	200,000	6,050	193,950
D'Huy Engineering	1,700,000	317,422	1,382,578
Arthur A Swallow Associates LLC	14,000	10,850	3,150
<u>EV Charging Stations</u>			
Hobbs & Company Inc.	192,650	168,298	24,352
<u>Freedom HS Boiler Replacement</u>			
Trefz Mechanical, Inc.	1,090,000	618,811	471,189
<u>Liberty HS Boiler & Pump Replacement (KCC)</u>			
ASL Refrigeration Inc	293,650	126,488	167,162
<u>Liberty HS Bathroom Door Installation</u>			
Walter Brucker & Co., Inc.	140,000	2,160	137,840
<u>Liberty HS Sidewalk Replacement</u>			
T. Schiefer Contractors	86,700	-	86,700
<u>Hot Water Heater Replacement (ASL Refrigeration)</u>			
Klein Center Boiler & Pump Replacement	293,650	126,488	167,162
Freedom HS Hot Water Heater Replacement	182,600	122,873	59,727
Liberty HS Field House Domestic Hot Water Heater Replacement	373,350	214,007	159,343
<u>Freedom HS Synthetic Turf Replacement</u>			
AstroTurf Corporation	500,000	-	500,000
<u>BASD Stadium Light Improvements</u>			
Albarell Electric	319,822	-	319,822
GRAND TOTAL	\$ 26,124,825	\$ 19,528,859	\$ 6,595,966

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Lease Receivables

Liberty HS Natatorium

Effective July 1, 2021, The District entered into a 48-month lease as Lessor for the use of Liberty High School Natatorium. An initial lease receivable was recorded in the amount of \$39,667. The District will receive annual fixed payments of \$10,000. The lease has an interest rate of 0.56%. The District recognized \$9,889 in lease revenue and \$111 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the District's receivable for lease payments was \$9,944. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$9,944.

The future lease payments as of June 30, 2024, were as follows:

FISCAL YEAR	PRINCIPAL
2024-25	\$ 9,944
Totals	\$ 9,944

Donegan Fowler Family Center

Effective August 1, 2021, the District entered into a 36-month lease as Lessor for the use of the Donegan Fowler Family Center. An initial lease receivable was recorded in the amount of \$79,021. The District will receive annual fixed payments of \$10,000. The lease has an interest rate of 0.411%. The District recognized \$27,588 in lease revenue and \$71 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the District's receivable for lease payments was \$2,313. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$2,313.

The future lease payments as of June 30, 2024 were as follows:

FISCAL YEAR	PRINCIPAL
2024-25	\$ 2,313
Totals	\$ 2,313

Spark Building

Effective July 1, 2023, the District entered into a 48-month lease as lessor for the use of the SPARK building. An initial lease receivable was recorded in the amount of \$614,574. The District will receive monthly fixed payments of \$13,060. The lease has an interest rate of 4.1%. The payments will increase each year by the amount of the PDE Act 1 Index, which was 4.1% for the 2023-24 fiscal year. The District recognized \$136,200 in lease revenue and \$20,518 in interest revenue during the current fiscal year related to this lease. As of June 30, 2024, the District's receivable for lease payments was \$478,373. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2024, the balance of the deferred inflow of resources was \$478,373.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

The future lease payments as of June 30, 2024, were as follows:

FISCAL YEAR	PRINCIPAL
2024-25	\$ 146,258
2025-26	159,185
2026-27	172,931
Totals	\$ 478,374

Short-Term Debt

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

Interfund Receivables and Payables

The following interfund receivables and payables were in existence on June 30, 2024:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 1,467,541	\$ 2,456,268
Enterprise (Food Service) Fund	167,812	20,674
Enterprise (Day Care) Fund	53,095	48,878
Capital Project Fund	-	-
Capital Reserve Fund	-	1,403,772
Special Revenue (BASD Authority General Fd) Fund	-	-
Self - Insurance Trust Fund (Blended Component Unit)	2,284,227	40,047
Private Purpose Trust Funds	-	-
Custodial (Activity) Fund	-	3,036
TOTAL	\$ 3,972,675	\$ 3,972,675

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

	TRANSFER IN	TRANSFER OUT
General Fund	\$ -	\$ 10,000,000
Capital Projects (Capital Reserve) Fund	10,000,000	-
Self - Insurance Trust Fund (Blended Component Unit)	-	-
Enterprise (Food Service) Fund	-	-
TOTAL	\$ 10,000,000	\$ 10,000,000

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

Long-Term Liabilities

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

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
General Obligation Debt:					
<i>Bonds and Notes Payable:</i>					
Bonds	\$ 212,508,690	\$ 7,116	\$ 15,005,494	\$ 197,510,312	\$ 14,880,000
Notes	12,015,331	5,823	1,265,000	10,756,154	1,280,000
Total general obligation debt	224,524,021	12,939	16,270,494	208,266,466	16,160,000
<i>Lease Obligations</i>	199,928	1,818,533	491,088	1,527,373	385,873
Other Liabilities:					
<i>Vested Employee Benefits:</i>					
Vacation Pay	1,489,663	298,507	-	1,788,170	155,062
Sick Pay	4,804,110	-	1,308,398	3,495,712	171,182
Net Defined Contribution Pension Obligation	500,442	156,738	-	657,180	-
Net Defined Benefit Pension Liability	335,641,647	70,125	-	335,711,772	-
Net OPEB Liability - Single Employer Plan	36,753,037	9,975,945	-	46,728,982	-
Net OPEB Liability - Multiple Employer Plan	14,190,042	-	223,163	13,966,879	-
Derivative Financial Instruments	4,425,797	-	1,288,045	3,137,752	-
Total Other Liabilities	398,004,666	12,319,848	3,310,694	407,013,820	712,117
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	\$ 622,528,687	\$ 12,332,787	\$ 19,581,188	\$ 615,280,286	\$ 16,872,117
BUSINESS TYPE ACTIVITIES					
Other Liabilities:					
<i>Vested Employee Benefits:</i>					
Vacation Pay	\$ 32,190	\$ 28,914	\$ -	\$ 61,104	\$ -
Sick Pay	170,202	-	40,669	129,533	-
Net Defined Benefit Pension Liability	11,493,226	758	-	11,493,984	-
Net OPEB Liability - Single Employer Plan	82,733	-	37,902	44,831	-
Net OPEB Liability - Multiple Employer Plan	423,350	-	5,545	417,805	-
TOTAL BUSINESS-TYPE ACTIVITY					
LONG-TERM LIABILITIES	\$ 12,201,701	\$ 29,672	\$ 84,116	\$ 12,147,257	\$ -

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

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:	EXPENSE	PAID
General obligation debt	\$ 7,964,170	\$ 8,992,757
Lease debt	37,942	37,942
Refund of Prior Year Receipts	366,109	366,109
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 8,368,221	\$ 9,396,808

Lease – Turf Tank

On April 1, 2023, the District entered a 6-year lease as lessee for the use of an automatic field liner. An initial lease liability was recorded in the amount of \$56,488. As of June 30, 2024, the value of the lease liability was \$37,639. The District is required to make annual fixed payments of \$10,000. The lease has an interest rate of 2.478%. The equipment has a 6-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$56,488 with accumulated amortization of \$11,768.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

The future principal and interest lease payments as of June 30, 2024, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 9,067	\$ 933
2025-26	9,292	708
2026-27	9,522	478
2027-28	9,758	242
Total Outstanding	\$ 37,639	\$ 2,361

Lease – Folder/Inserter

On March 1, 2023, the District entered a 5-year lease as lessee for the use of office equipment. An initial lease liability was recorded in the amount of \$22,658. As of June 30, 2024, the value of the lease liability was \$16,079. The District is required to make quarterly fixed payments of \$1,210. The lease has an interest rate of 2.822%. The equipment has a 5-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$22,658 with accumulated amortization of \$6,042.

The future principal and interest lease payments as of June 30, 2024, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 4,434	\$ 407
2025-26	4,560	281
2026-27	4,690	151
2027-28	2,395	25
Total Outstanding	\$ 16,079	\$ 864

Lease – Copiers – Edwards Business Systems

On August 01, 2024, the District entered into a 60-month lease with Edwards Business Systems as lessee for the use of copier equipment. An initial lease liability was recorded in the amount of \$1,657,627. As of June 30, 2024, the value of the lease liability was \$1,367,998. The District is required to make monthly fixed payments of \$29,623. The lease has an interest rate of 2.876%. The equipment has a 5-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$1,657,627 with accumulated amortization of \$303,898.

The future principal and interest lease payments as of June 30, 2024, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 320,335	\$ 35,143
2025-26	329,670	25,808
2026-27	339,277	16,200
2027-28	349,164	6,313
2028-29	29,552	71
Total Outstanding	\$ 1,367,998	\$ 83,535

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

SBITA – Google Workspace

On July 1, 2023, the District entered into a 4-year subscription for the licensing of cloud management SAAS for access points. An initial subscription liability was recorded in the amount of \$160,906. As of June 30, 2024, the value of the subscription liability was \$105,656. The District is required to make yearly fixed payments of \$42,913. The lease has an interest rate of 1.81%. The value of the right to use asset as of June 30, 2024 was \$160,906 with accumulated amortization of \$53,635.

The future principal and interest lease payments as of June 30, 2024, are as follows

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 52,037	\$ 3,213
2025-26	53,619	1,631
Total Outstanding	\$ 105,656	\$ 4,844

General Obligation Bonds – Series A of 2015

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

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

The outstanding debt service requirements at June 30, 2024, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2023-24	\$ -	\$ 1,500,000
2024-25	-	1,500,000
2025-26	-	1,500,000
2026-27	-	1,500,000
2027-28	-	1,500,000
2028-29	-	1,500,000
2029-34	14,255,000	6,796,125
2034-36	15,745,000	797,125
Sub-Total	\$ 30,000,000	\$ 16,593,250
Unamortized Bond Premium	2,092,243	
Total Outstanding	\$ 32,092,243	

General Obligation Notes – Series B of 2015

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

The outstanding debt service requirements at June 30, 2024, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ -	\$ 124,706
2025-26	-	124,706
2026-27	-	124,706
2027-28	-	124,706
2028-29	-	124,706
2029-32	3,725,000	208,492
Sub-Total	\$ 3,725,000	\$ 832,022
Unamortized Bond Discount	(38,846)	
Total Outstanding	\$ 3,686,154	

General Obligation Notes – Series C of 2015

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

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

The outstanding debt service requirements at June 30, 2024, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 1,280,000	\$ 244,600
2025-26	1,370,000	197,675
2026-27	1,390,000	146,759
2027-28	1,365,000	93,886
2028-29	1,325,000	40,581
2029-30	340,000	6,993
Sub-Total	\$ 7,070,000	\$ 730,494
Unamortized Bond Discount	-	
Total Outstanding	\$ 7,070,000	

General Obligation Bonds – Series A of 2016

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

The outstanding debt service requirements at June 30, 2024, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 8,775,000	\$ 899,187
2025-26	9,240,000	460,434
2026-27	745,000	45,838
2027-28	750,000	30,937
2028-29	750,000	15,938
Sub-Total	\$ 20,260,000	\$ 1,452,334
Unamortized Bond Premium	810,217	
Total Outstanding	\$ 21,070,217	

General Obligation Bonds – Series B of 2016

On August 31, 2016, the District issued \$19,700,000 of General Obligation Bonds – Series B of 2016. The proceeds will be used to (1) plan, design, acquire, constructing and furnishing alterations and renovations to the Nitschmann Middle School and other public school facilities of the School District, (2) replacement of turf and other athletic field improvements at the Freedom High School, (3) HVAC and related improvements to the East Hills Middle School, and (4) paying the costs and expenses of issuing and insuring the 2016B Bonds. Interest rates range from 2.375% to 3.0%.

The outstanding debt service requirements at June 30, 2024, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ -	\$ 590,925
2025-26	-	590,925
2026-27	-	590,925
2027-28	-	590,925
2028-29	-	590,925
2029-34	9,530,000	2,813,862
2034-36	10,170,000	459,900
Sub-Total	\$ 19,700,000	\$ 6,228,387
Unamortized Bond Discount	(75,006)	
Total Outstanding	\$ 19,624,994	

General Obligation Bonds – Series of 2021

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

The outstanding debt service requirements at June 30, 2024 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2024-25	\$ 3,845,000	\$ 1,082,625
2025-26	4,020,000	886,000
2026-27	4,165,000	681,375
2027-28	4,345,000	468,625
2028-29	4,540,000	246,500
2029-30	2,660,000	66,500
Sub-Total	\$ 23,575,000	\$ 3,431,625
Unamortized Bond Premiums	2,892,858	
Total Outstanding	\$ 26,467,858	

General Obligation Notes – Series A of 2021

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

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

General Obligation Notes – Series B of 2021

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

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

General Obligation Notes – Series C of 2021

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

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

Component Unit Debt

Guaranteed Revenue Bonds – Series A of 2021

On November 1, 2021, the Bethlehem Area School District Authority issued \$30,435,000 of Guaranteed Lease Revenue Bonds – Series A of 2021. The purpose of this issue is (1) to currently refund the Guaranteed Lease Revenue Bonds – Series of 2017, which was used to refund a portion of the Bethlehem Area School District's General Obligation Bonds, Series of 2005, and (2) to pay the

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

costs and expenses allocable to the issuance of the Bonds. The bonds are being issued under the Municipal Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust Indenture, dated May 1, 2009.

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

Interest Rate Swap

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

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

Terms. The bonds and the related swap agreement mature on January 1, 2030, and the swap's original notional amount was \$55,000,000. The swap was entered into on December 8, 2003. Subsequently, \$25,350,000 of the original notional amount was terminated leaving a remaining notional amount of \$29,650,000. Under the swap, the School District receives the lesser of 67% of SOFR (monthly rate) plus 0.35% from the Counterparty (Morgan Stanley Capital Services) in exchange for a fixed rate of 3.593%. The variable rate paid on the Authority's Guaranteed Revenue Bonds – Series A of 2021 approximates the SIFMA index. Therefore, if SIFMA exceeds 67% of SOFR plus 0.35%, the District pays a net effective interest rate approximately equal to the fixed rate.

Fair Value. The swap has a fair value of \$26,354 as of June 30, 2024. The swap fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM an Independent financial advisor.

Credit Risk. As of June 30, 2024, the Authority was not exposed to credit risk because the swap had a negative fair value. The swap counterparty was rated Aa3 by Moody's, A+ by Standard & Poor's.

Basis Risk. The swap exposes the government to basis risk should the relationship between SOFR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2024. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2024, the SIFMA rate was 3.88%, whereas 67% of SOFR plus 0.35 % was 3.93%.

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

Swap payments and associated debt. Using rates as of June 30, 2024, debt service requirements of the variable –rate debt and net swap payments, assuming current interest rates remain the same for

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The outstanding debt requirements at June 30, 2024, using the variable interest rate in effect at year end are:

FISCAL YEAR	PRINCIPAL	INTEREST	INTEREST RATE SWAPS, NET	TOTAL
2024-25	\$ 75,000	\$ 709,201	\$ 472,006	\$ 1,256,207
2025-26	75,000	707,438	472,006	1,254,444
2026-27	6,840,000	639,435	427,369	7,906,804
2027-28	7,220,000	474,974	316,423	8,011,397
2028-29	7,625,000	301,339	197,943	8,124,282
2029-30	8,375,000	114,807	74,108	8,563,915
SUB-TOTAL	30,210,000	\$ 2,947,194	\$ 1,959,855	\$ 35,117,049
Unamortized Premium	-			
TOTAL OUTSTANDING	\$ 30,210,000			

Guaranteed Revenue Bonds – Series B of 2021

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

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

Interest Rate Swap

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

Fair Value. The interest rate swap has a negative fair value of \$1,048,147 as of June 30, 2024. The swap negative fair value may be countered by a reduction in total interest payments required under the variable-rate notes, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate notes adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM, an independent financial advisor.

Credit Risk. As of June 30, 2024, the Authority was exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would not be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2 by Moody's, A+ by Standard & Poor's and AA by Fitch.

Basis Risk. The swap exposes the government to basis risk should the relationship between SOFR and SIFMA converge, changing the synthetic rate on the notes. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2024. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2024, the SIFMA rate was 3.88%, whereas 67% of SOFR Plus .35% was 3.93%.

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

Swap payments and associated debt. Using rates as of June 30, 2024, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The outstanding debt service requirements at June 30, 2024, using the variable rate in effect at year end are:

FISCAL YEAR	PRINCIPAL	INTEREST	INTEREST RATE SWAPS, NET	TOTAL
2024-25	\$ 2,160,000	\$ 841,535	\$ 505,839	\$ 3,507,374
2025-26	2,230,000	789,267	442,444	3,461,711
2026-27	4,785,000	681,823	376,590	5,843,413
2027-28	4,995,000	564,852	308,121	5,867,973
2028-29	5,220,000	442,622	237,024	5,899,646
2029-32	18,400,000	482,298	256,188	19,138,486
SUB-TOTAL	37,790,000	\$ 3,802,398	\$ 2,126,205	\$ 43,718,603
Unamortized Premium	-	-	-	-
TOTAL OUTSTANDING	\$ 37,790,000			

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

Guaranteed Revenue Bonds – Series C of 2021

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

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

Interest Rate Swap

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

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

Fair Value. The interest rate swap has a negative fair value of \$2,115,960 as of June 30, 2024. The swap negative fair value may be countered by a reduction in total interest payments required under the variable-rate bonds, creating a lower synthetic interest rate. Because the coupons on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value was estimated by PFM, an independent financial advisor.

Credit Risk. As of June 30, 2024, the Authority was exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the Authority would not be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was rated Aa2 by Moody's, A+ by Standard & Poor's and AA by Fitch.

Basis Risk. The swap exposes the government to basis risk should the relationship between SOFR and SIFMA converge, changing the synthetic rate on the bonds. The effect of this difference in basis is indicated by the difference between the intended synthetic rate and the synthetic rate as of June 30, 2024. If a change occurs that results in the rates' moving to convergence, the expected cost savings may not be realized. As of June 30, 2024, the SIFMA rate was 3.88%, whereas 67% of SOFR plus .35% was 3.93%.

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

swap has a negative fair value, the Authority would be liable to the counterparty for a payment equal to the swap's fair.

Swap payments and associated debt. Using rates as of June 30, 2024, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same for their term, are as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

The outstanding debt service requirements at June 30, 2024, using the variable rate in effect at year end are:

FISCAL YEAR	PRINCIPAL	INTEREST	INTEREST RATE SWAPS, NET	TOTAL
2024-25	\$ 25,000	\$ 710,748	\$ 549,767	\$ 1,285,515
2025-26	25,000	710,160	549,767	1,284,927
2026-27	25,000	709,573	549,767	1,284,340
2027-28	25,000	708,985	549,767	1,283,752
2028-29	25,000	708,398	498,735	1,232,133
2029-32	30,130,000	1,401,677	1,028,683	32,560,360
SUB-TOTAL	30,255,000	\$ 4,949,541	\$ 3,726,486	\$ 38,931,027
Unamortized Premium	-			
TOTAL OUTSTANDING	\$ 30,255,000			

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

Combined Long-Term Debt

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

Bonds								
Fiscal Year Ended June 30	GO Bonds - 2015A		GO Bonds - 2016A		GO Bonds - 2016B		GO Bonds - 2021	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2025	\$ 1,500,000	\$ -	\$ 899,187	\$ 8,775,000	\$ 590,925	\$ -	\$ 1,082,625	\$ 3,845,000
2026	1,500,000	-	460,434	9,240,000	590,925	-	886,000	4,020,000
2027	1,500,000	-	45,838	745,000	590,925	-	681,375	4,165,000
2028	1,500,000	-	30,937	750,000	590,925	-	468,625	4,345,000
2029	1,500,000	-	15,938	750,000	590,925	-	246,500	4,540,000
2030-2034	6,796,125	14,255,000	-	-	2,813,862	9,530,000	66,500	2,660,000
2035-2036	797,125	15,745,000	-	-	459,900	10,170,000	-	-
TOTAL	\$ 15,093,250	\$ 30,000,000	\$ 1,452,334	\$ 20,260,000	\$ 6,228,387	\$ 19,700,000	\$ 3,431,625	\$ 23,575,000

Bonds - Continued								
Fiscal Year Ended June 30	GR Bonds - 2021A		GR Bonds - 2021B		GR Bonds - 2021C		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2025	\$ 1,181,207	\$ 75,000	\$ 1,347,374	\$ 2,160,000	\$ 1,260,515	\$ 25,000	\$ 7,861,833	\$ 14,880,000
2026	1,179,444	75,000	1,231,711	2,230,000	1,259,927	25,000	7,108,441	15,590,000
2027	1,066,804	6,840,000	1,058,413	4,785,000	1,259,340	25,000	6,202,695	16,560,000
2028	791,397	7,220,000	872,973	4,995,000	1,258,752	25,000	5,513,609	17,335,000
2029	499,282	7,625,000	679,646	5,220,000	1,207,133	25,000	4,739,424	18,160,000
2030-2034	188,915	8,375,000	738,486	18,400,000	2,430,360	30,130,000	13,034,248	83,350,000
2035-2036	-	-	-	-	-	-	1,257,025	25,915,000
TOTAL	\$ 4,907,049	\$ 30,210,000	\$ 5,928,603	\$ 37,790,000	\$ 8,676,027	\$ 30,255,000	\$ 45,717,275	\$ 191,790,000

Direct Borrowing							Bonds and Direct Borrowing	
Fiscal Year Ended June 30	GO Notes - 2015B		GO Notes - 2015C		Totals		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2025	\$ 124,706	\$ -	\$ 244,600	\$ 1,280,000	\$ 369,306	\$ 1,280,000	\$ 8,231,139	\$ 16,160,000
2026	124,706	-	197,675	1,370,000	322,381	1,370,000	7,430,822	16,960,000
2027	124,706	-	146,759	1,390,000	271,465	1,390,000	6,474,160	17,950,000
2028	124,706	-	93,886	1,365,000	218,592	1,365,000	5,732,201	18,700,000
2029	124,706	-	40,581	1,325,000	165,287	1,325,000	4,904,711	19,485,000
2030-2034	208,492	3,725,000	6,993	340,000	215,485	4,065,000	13,249,733	87,415,000
2035-2036	-	-	-	-	-	-	1,257,025	25,915,000
TOTAL	\$ 832,022	\$ 3,725,000	\$ 730,494	\$ 7,070,000	\$ 1,562,516	\$ 10,795,000	\$ 47,279,791	\$ 202,585,000

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Derivative Financial Instruments

Component Unit

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

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

The fixed payor swap on the Series A of 2021 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 3.593% and receiving 67% of one-month SOFR, plus 0.35%. The value of this derivative instrument embedded into the swap is \$26,354, at June 30, 2024.

The fixed payor swap on the Series B of 2021 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 3.696% and receiving 67% of one-month SOFR. The value of this derivative instrument embedded into the swap is a negative \$1,048,147, at June 30, 2024.

The fixed payor swap on the Series C of 2021 Revenue Bonds is designed to create a synthetic fixed rate on the variable rate bond issue by paying the counterparty a fixed rate of 3.843% and receiving 67% of one-month SOFR, plus 0.35%. The value of this derivative instrument embedded into the swap is \$2,115,960, at June 30, 2024.

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

Based upon the tests of effectiveness conducted by the District's financial advisor for this fiscal year, the above-mentioned interest rate swaps associated with the Series of 2021A, 2021B, and 2021C Revenue Bonds are hedging derivative financial instruments. As such, its fair values of \$26,354, (\$1,048,147), and (\$2,115,960), respectively are shown on the Statement of Net Position as deferred outflows of resources offset by the long-term liability.

The portion of these swaps fair value that is "at the market" is \$3,046,595, \$2,221,864 and \$3,072,510 respectively, and is recorded as a derivative instrument asset as a deferred inflow of resources. Any negative amount "at the market" amount would be shown as a deferred outflow or resource. The portion of the fair value \$8,340,968, has been recorded to deferred gains on refunding because of the termination of hedge accounting caused by the refunding of the original issues. In addition, \$10,551,434 is shown as deferred costs of refunding.

**Bethlehem Area School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Compensated Absences

Sick-Pay

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

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

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

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

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

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

The District maintains records of each employee's accumulated sick days that are vested with employees who are able to retire. In accordance with GASB statement No. 16, \$65,481 and \$64,051 respectively including FICA tax (net of reimbursement), has been recorded in the Food Service (Enterprise) Fund and Day Care (Enterprise) Fund, respectively for sick leave termination benefits earned by Cafeteria and Day Care employees at June 30, 2024. This amount is also included as a long-term liability in the business type activity column of the government-wide statements of net position. The amount recorded in the General Fund for governmental employees, which will use currently available financial resources, is \$171,182, including FICA tax (net of reimbursement). This amount is reflected as a current liability in the governmental activities column of the government-wide statement of net position. The remaining sick leave termination benefit of \$3,324,530, including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Vacation Leave

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2024, that will use currently available financial resources is \$155,062, including FICA tax and retirement contributions (net of reimbursement), which has been recorded in the General Fund. This amount is also shown as a current liability in the governmental activities column of the government-wide statement of net position (The Day Care) Fund and (Food Service Fund) has recorded \$39,171, and \$21,932, respectively, including FICA tax and retirement contributions (net of reimbursement), which is also reflected as a long-term liability in the business-type activity column of the government-wide statement of net position. The remaining vacation pay earned at June 30, 2024, of \$1,633,108, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

Defined Benefit Pension Plan

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

Pensions

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

General Information about the Pension Plan

Plan Description

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

Benefits Provided

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

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

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

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Contributions

Member Contributions:

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

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

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

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 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 \$42,596,593 for the year ended June 30, 2024.

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 \$347,205,755 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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

reported contributions. At June 30, 2024, the District's proportion was 0.7952 percent, which was an increase of 0.0015 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$36,794,230. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Proportionate Share vs Actual		
Paid Separately Finance Liabilities	\$ 89,967	\$ -
Changes in Assumptions	5,279,000	-
Net difference between projected and actual contributions made	-	905,989
Net difference between projected and actual earnings on pension plan investments	10,010,000	-
Difference between expected and actual experience	-	4,764,000
Changes in proportion of the Net Pension Liability	4,334,000	-
District contributions subsequent to the measurement date	42,596,593	-
Total	<u>\$ 62,309,560</u>	<u>\$ 5,669,989</u>

\$42,596,593 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2024	\$ 5,983,000
2025	(5,551,009)
2026	10,545,040
2027	3,153,226
Thereafter	(87,279)
Total	<u>\$ 14,042,978</u>

Changes in Actuarial Assumptions

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

- 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.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	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%
	<u>100%</u>	

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 458,565,000	\$ 353,756,000	\$ 265,328,000

Pension Plan Fiduciary Net Position

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

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts. During the year ended June 30, 2024, the School District recognized revenue of \$21,772,861 as reimbursement from the State for its current year pension payments.

Payables to the Pension Plan

As of June 30, 2024, the School had \$14,630,150 included in accrued wages liability, of which \$10,973,008 is for the contractually required contribution for the second quarter of 2024 and \$3,657,142 is related to the accrued payroll liability for wages incurred as of June 30, 2024.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Defined Contributions Pension Plan

Retirement Severance Benefits

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

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

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

Employer Contributions

The school district pays this benefit on a pay-as-you-go basis. It does not accumulate funds into any trust for future benefits. Contributions to the pension plan from the District were \$21,897 for the year ended June 30, 2024.

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 \$657,180 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, with rolling forward the System's total pension liability as of June 30, 2024.

For the year ended June 30, 2024, the District recognized pension expense of \$507,569. The following table reflects the changes to the pension obligation during the year:

	<u>2023-24</u>
Total Defined Contribution Pension Liability - beginning	\$ 500,442
Service Cost	20,024
Interest	20,788
Changes in Benefit Terms	(611,014)
Difference between expected and actual experience	744,700
Changes in assumptions	(2,157)
Benefit payments	<u>(15,603)</u>
Net change in total Pension Liability	<u>156,738</u>
Total Defined Contribution Pension Liability - ending	<u>\$ 657,180</u>
Interest Rate	4.13%
Plan Members	65
Covered Payroll	\$ 8,085,103

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Actuarial Assumptions

The total pension liability as of June 30, 2024, was determined by the actuarial valuation on July 1, 2023, with rolling forward the System's total pension liability using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 4.13%.

The actuarial assumptions used in the July 1, 2023 valuation were based on the experience study conducted by the actuary, including the assumed retirement rates based on PSERS plan experience and vary by age, service, and gender.

Schedule on Defined Contribution Pension Deferred Outflows/Inflows

Sources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 57,474
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	719,572	-
Changes in proportion of the net defined contribution pension liability	-	-
District contributions subsequent to the measurement date	21,897	-
Total	<u><u>\$ 741,469</u></u>	<u><u>\$ 57,474</u></u>

Funded Status and Funding Process

The funded status of the benefits as of June 30, 2024, was as follows:

	Retirement Incentive Benefit Governmental Activity
Actuarial accrued liability (a)	\$ 657,180
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	<u><u>\$ 657,180</u></u>
Funded Ratio (b) / (a)	0.0%
Covered payroll	\$ 8,085,103
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	8.1%

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

The following presents the District's proportionate share of the net defined contribution pension liability calculated using the discount rate off 4.13%, as well as what the District's proportionate share of the net defined contribution pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate, using the net

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

defined contribution liability reported by the actuary before adjusting for differences on projected vs actual contributions made.

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB Pension liability	\$ 687,605	\$ 657,180	\$ 626,092

Other Employee Benefits

Hospitalization/Medical/Dental/Prescription Drug Benefits

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

Other Postemployment Benefits

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

Summary of Significant Accounting Policies

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

- 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.

Benefits Provided

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

Contributions

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 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 \$823,869 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$14,384,684 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 0.7971 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$553,943. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual		
Paid Separately Finance Liabilities	\$ 4,546	\$ -
Changes in Assumptions	-	1,483,000
Net difference between projected and actual contributions made	-	18,510
Net difference between projected and actual investment earnings	33,000	-
Difference between expected and actual experience	-	49,000
Changes in proportion of the Net OPEB Liability	463,000	-
District contributions subsequent to the measurement date	823,869	-
Total	<u>\$ 1,324,415</u>	<u>\$ 1,550,510</u>

\$823,869 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2024	\$ (130,000)
2025	(220,543)
2026	(287,659)
2027	(385,764)
2028	(23,589)
Thereafter	<u>(2,409)</u>
Total	<u>\$ (1,049,964)</u>

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 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:

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

- 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 the period ending June 30, 2020.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 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 assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

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

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

OPEB - Asset Class	Target Allocation	Long-Term
		Expected Real Rate of Return
Cash	100.0%	1.2%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2023.

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.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 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 System net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 14,420,000	\$ 14,421,000	\$ 14,422,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-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	\$ 16,305,000	\$ 14,421,000	\$ 12,845,000

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2024, the School had \$280,674 included in accrued wages liability, of which \$210,513 is for the contractually required contribution for the second quarter of 2024 and \$70,161 is related to the accrued payroll liability for wages incurred as of June 30, 2024.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Single Employer OPEB Plan

In accordance with the PA School of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65. This benefit has an implicit rate subsidy, since the retiree pays the premium at the insurance carrier's global rate charged to the School District versus an age-adjusted rate, as defined in the GASB Statement.

Plan Description: Bethlehem Area School District has one single employer defined benefit plan with the pertinent descriptions shown on the table below:

<i>Summary of Plan Provisions</i>			
<i>GROUP</i>	<i>ELIGIBILITY</i>	<i>COVERAGE AND PREMIUM SHARING</i>	<i>DURATION</i>
<u>I. INSTRUCTIONAL MEET & DISCUSS (IMD) ADMINISTRATORS</u>	Age 52 with 8 years of District service or ACT 110/43.	<ul style="list-style-type: none"> Coverage: Medical, Prescription Drug, and Dental. Premium Sharing: If the member reaches 52 years with 8 years of District service, District's contributions are based on the member's PSERS service at retirement. If the member reaches 35 years of PSERS service, the member will pay the active cost share amount for medical, prescription drug, and dental coverage for the member and spouse. If the member does not reach 35 years of PSERS service, but has more than 90 unused sick days, the member may trade 40 unused sick days for one year of medical, prescription drug, and dental coverage for the member and spouse during which time the member will pay the active cost share amount. If there are still unused sick days available following the 40-day conversion, the member may trade these at a rate of five days for two months of coverage. If the accrued District subsidy period is exhausted or if the member does not meet the requirements for receiving a subsidy but meets requirements for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium determined for the purpose of COBRA. Dependents: Spouses included. 	Coverage continues until the member reaches Medicare eligibility
<u>II. NONINSTRUCTIONAL MEET & DISCUSS (NIMD) ADMINISTRATORS</u>	PSERS retirement with at least 20 years of District service including ten years as a NIMD administrator	<ul style="list-style-type: none"> Coverage: Medical, Prescription Drug, and Dental. Premium Sharing: If the member reaches 20 years of District service including at least ten years as a NIMD administrator and has more than 90 unused sick days, the member may trade 40 unused sick days for one year of medical, prescription drug, and dental coverage for the member and spouse during which time the member will pay the active cost share amount. If there are still unused sick days available following the 40-day conversion, the member may trade these at a rate of five days for two months of coverage. If the accrued District subsidy period is exhausted or if the member does not meet the subsidy requirements meets requirements for the ACT 110/43 benefit, the member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA. Dependents: Spouses included. 	Same as I

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Summary of Plan Provisions (Continued)			
GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
<u>III. TEACHERS</u>	ACT 110/43	<ul style="list-style-type: none"> Coverage: Medical, Prescription Drug, and Dental. Premium Sharing: If the member reaches 30 years of PSERS service including 20 years of District service has more than 90 unused sick days, the member may trade all unused sick days at a rate of 40 days per year of medical, prescription drug, and dental coverage for the member and spouse for up to 10 years during which time the member will pay the active cost share amount.. <p>If the accrued District subsidy period is exhausted or if the member does not meet the subsidy requirements but meets requirements for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> Dependents: Spouses included. 	Same as I
<u>IV. SUPPORT STAFF</u>	ACT 110/43.	<p>ACT 110/43</p> <hr/> <p>Grandfathered Retirees: Certain grandfathered custodial retirees receive subsidized coverage as a result of unused sick day conversions.</p>	Same as I

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

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

PSERS Superannuation Retirement:

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

Coordination with Medicare: Medicare pays primary.

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Employees Covered by Benefit Terms

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

Active Participants	1,644
Vested Former Participants	0
Retired Participants	<u>103</u>
Total	1,747

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$46,773,813, was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs

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

Actuarial Methods and Assumptions

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

Single Employer OPEB Healthcare Benefit	
Actuarial Valuation Date	7/1/2023
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.13%
Projected salary increases	4.00% to 6.75%
Healthcare inflation rate	7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1 in 2075 and later on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis
The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2023.	

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

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

Changes in the Total OPEB Liability

	<u>2023-24</u>
Total OPEB Liability	
Service Cost	\$ 1,488,821
Interest	1,529,882
Changes in Benefit Terms	(208,267)
Difference between expected and actual experience	9,723,687
Changes in assumptions	(1,409,494)
Benefit payments	<u>(1,186,586)</u>
Net change in total OPEB Liability	9,938,043
Total OPEB Liability - beginning	<u>36,835,770</u>
Total OPEB Liability - ending	<u>\$ 46,773,813</u>
 Covered employee payroll	 <u>\$ 110,612,141</u>

Total OPEB Liability as a percentage of covered employee payroll 42.29%

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

For the year ended June 30, 2024, the School recognized OPEB expense of \$2,055,171. At June 30, 2024, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ -	\$ 8,902,731
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	4,708,137	-
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>1,723,489</u>	<u>-</u>
Total	<u>\$ 6,431,626</u>	<u>\$ 8,902,731</u>

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

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

Year ended June 30:	<u>Amount</u>
2025	\$ (755,265)
2026	(755,265)
2027	(755,265)
2028	(755,265)
2029	(755,257)
Thereafter	<u>(418,277)</u>
Total	<u>\$ (4,194,594)</u>

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current discount rate:

	<u>1% Decrease</u> <u>3.13%</u>	<u>Current</u> <u>Discount Rate</u> <u>4.13%</u>	<u>1% Increase</u> <u>5.13%</u>
District's proportionate share of the net OPEB liability	\$ 50,504,938	\$ 46,773,813	\$ 43,216,817

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

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

	<u>1% Decrease</u>	<u>Current</u> <u>Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 41,539,321	\$ 46,773,813	\$ 52,936,896

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

Combined Deferred Outflows/Inflows on Pensions and OPEB

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

GOVERNMENTAL ACTIVITIES					
	<i>Pension - GASB 68</i>	<i>Pension - GASB 73</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 4,192,616	\$ -	\$ -	\$ 450,118	\$ 4,642,734
Current Year Contributions	41,549,831	21,897	1,718,616	803,623	44,093,967
Change in Assumption	5,148,255	(57,474)	(8,894,807)	(1,445,608)	(5,249,634)
Diff in Projected Vs Actual Contributions	(883,456)	-	-	(18,045)	(901,501)
Difference in Investment Earnings	9,684,357	-	-	32,064	9,716,421
Diff. between Expected vs Actual Experience	(4,599,565)	719,572	4,818,760	(48,393)	890,374
Diff. between Prop. Share vs Actual POS	89,967	-	-	4,546	94,513
Net Pension Liability	\$ 335,711,772	\$ -	\$ -	\$ -	\$ 335,711,772
Net Defined Contribution Pension Liability	\$ -	\$ 657,180	\$ -	\$ -	\$ 657,180
Net OPEB Liability	\$ -	\$ -	\$ 46,728,982	\$ 13,966,879	\$ 60,695,861

BUSINESS-TYPE ACTIVITIES					
	<i>Pension - GASB 68</i>	<i>Pension - GASB 73</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 141,384	\$ -	\$ -	\$ 12,882	\$ 154,266
Current Year Contributions	1,046,762	-	4,873	20,246	1,071,881
Change in Assumption	130,745	-	(7,924)	(37,392)	85,429
Diff in Projected Vs Actual Contributions	(22,533)	-	-	(465)	(22,998)
Difference in Investment Earnings	325,643	-	-	936	326,579
Diff. between Expected vs Actual Experience	(164,435)	-	(110,623)	(607)	(275,665)
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
Net Pension Liability	\$ 11,493,984	\$ -	\$ -	\$ -	\$ 11,493,984
Net Defined Contribution Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability	\$ -	\$ -	\$ 44,831	\$ 417,805	\$ 462,636

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE
Change in Proportion	\$ 4,797,000
Current Year Contributions	45,165,848
Change in Assumption	(5,164,205)
Diff in Projected Vs Actual Contributions	(924,499)
Difference in Investment Earnings	10,043,000
Diff. between Expected vs Actual Experience	614,709
Diff. between Prop. Share vs Actual POS	94,513
Net Pension Liability	\$ 347,205,756
Net Defined Contribution Pension Liability	\$ 657,180
Net OPEB Liability	\$ 61,158,497

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental	Business-Type
<i>Pension - Pension and Defined Contribution Plans</i>	<i>Activities</i>	<i>Activities</i>
Net Pension Liability	\$ 335,711,772	\$ 11,493,984
Net Defined Contribution Pension Liability	657,180	-
Deferred Outflow Related to Pensions	(61,406,495)	(1,644,534)
Deferred Inflows Related to Pensions	5,540,495	186,968
Total liab. Net deferred inflows/outflows	\$ 280,502,952	\$ 10,036,418
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 60,695,861	\$ 462,636
Deferred Outflows Related to OPEB	(7,827,727)	(38,937)
Deferred Inflows Related to OPEB	10,406,853	157,011
Total liab. Net deferred inflows/outflows	\$ 63,274,987	\$ 580,710

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024**

Note 6 – Risk Management

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

Note 7 – Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$1,090,747 in nonspendable fund balance at June 30, 2024, comprised of \$175,650, of inventories on hand at year-end and \$915,097, of prepaid expenditures.

Restricted Fund Balance

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$20,164,333 fund balance at year end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes. In addition, the debt covenant on the bond issues restricts the proceeds shown in the Construction Fund for the purposes outlined in the bond resolution. As such, the \$10,505, in fund balance at year end within this fund is considered restricted. In addition, the General Fund has \$136,624 restricted for unspent donations.

Committed Fund Balance

The School Board has committed \$44,000,000 to the Capital Reserve Fund.

Assigned Fund Balance

Management has assigned \$4,000,000 of fund balance of the General Fund for future retirement rate increases in their retirement contributions, and \$6,486,933 for balancing the 2024-25 budget.

Note 8 – Net Position Restrictions

The net position for governmental activities, shown on the government-wide statement of net position has an overall deficit of \$194,403,836. The business-type activities column reflects a deficit of \$2,232,297, with \$561,560 invested in capital assets with no related debt.

Note 9 – Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2024.

Litigation

In accordance with management, there are no legal matters that could materially affect the financial position of the District as of June 30, 2024.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2024

Note 10 – New Accounting Pronouncements

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

- GASB Statement No. 101, Compensated Absences: This statement establishes standards for the recognition and measurement of liabilities for compensated absences. It will be effective for fiscal years beginning after December 15, 2023, and will be adopted by the District for the fiscal year ending June 30, 2025.
- GASB Statement No. 102, Risks and Uncertainties Disclosures: This statement requires governments to disclose risks and uncertainties that could significantly affect financial outcomes. It is effective for fiscal years beginning after June 15, 2024.
- GASB Statement No. 103, Conduit Debt Obligations (Amendment): This standard clarifies the reporting of conduit debt obligations and will be effective for fiscal years beginning after December 15, 2024.

REQUIRED
SUPPLEMENTAL INFORMATION

BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.7952%	0.7937%	0.7804%	0.7740%	0.7610%	0.7602%	0.7520%	0.7550%	0.7466%	0.7642%
District's proportionate share of the net pension liability (asset)	\$ 353,756,000	\$ 352,869,000	\$ 320,407,000	\$ 381,110,000	\$ 356,016,000	\$ 364,934,000	\$ 371,401,000	\$ 374,154,000	\$ 323,393,000	\$ 302,476,000
District's covered employee payroll	128,729,503	122,759,273	117,575,186	111,049,771	108,843,833	105,058,992	102,424,053	100,679,073	98,203,838	95,500,629
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	274.81%	287.45%	272.51%	343.19%	327.09%	347.36%	362.61%	371.63%	329.31%	316.73%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 42,596,593	\$ 42,118,706	\$ 40,140,168	\$ 37,412,668	\$ 36,408,262	\$ 34,249,231	\$ 32,509,394	\$ 29,398,289	\$ 24,550,959	\$ 19,577,629
Contributions in relation to the contractually required contribution	<u>42,596,593</u>	<u>42,118,706</u>	<u>40,140,168</u>	<u>37,412,668</u>	<u>36,408,262</u>	<u>34,249,231</u>	<u>32,509,394</u>	<u>29,398,289</u>	<u>24,550,959</u>	<u>19,577,629</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 128,729,503	\$ 122,759,273	\$ 117,575,186	\$ 111,049,771	\$ 108,843,833	\$ 105,058,992	\$ 102,424,053	\$ 100,679,073	\$ 98,203,838	\$ 95,500,630
Contributions as a percentage of covered employee payroll	33.09%	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%

BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S DEFINED CONTRIBUTION PENSION LIABILITY
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total Defined Contribution Pension Liability - beginning	<u>\$ 500,442</u>	<u>\$ 552,734</u>	<u>\$ 558,291</u>	<u>\$ 548,321</u>	<u>\$ 569,576</u>	<u>\$ 581,333</u>	<u>\$ 575,595</u>
Service Cost	20,024	27,719	29,581	22,623	25,267	23,628	27,837
Interest	20,788	12,973	10,301	18,050	16,628	17,975	14,353
Changes in Benefit Terms	(611,014)	-	-	-	-	-	-
Difference between expected and actual experience	744,700	-	28,309	-	13,337	-	23,156
Changes in assumptions	(2,157)	(71,821)	(10,854)	31,568	(8,455)	3,248	(9,752)
Benefit payments	<u>(15,603)</u>	<u>(21,163)</u>	<u>(62,894)</u>	<u>(62,271)</u>	<u>(68,032)</u>	<u>(56,608)</u>	<u>(49,856)</u>
Net change in total Pension Liability	<u>156,738</u>	<u>(52,292)</u>	<u>(5,557)</u>	<u>9,970</u>	<u>(21,255)</u>	<u>(11,757)</u>	<u>5,738</u>
Total Defined Contribution Pension Liability - ending	<u>\$ 657,180</u>	<u>\$ 500,442</u>	<u>\$ 552,734</u>	<u>\$ 558,291</u>	<u>\$ 548,321</u>	<u>\$ 569,576</u>	<u>\$ 581,333</u>
Interest Rate	4.13%	4.06%	2.28%	1.86%	3.36%	2.98%	3.13%
Plan Members	65	63	63	53	53	53	53
Covered Payroll	\$ 8,085,103	\$ 7,084,625	\$ 7,084,625	\$ 6,217,420	\$ 6,217,420	\$ 5,956,792	\$ 5,956,792

BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET DEFINED CONTRIBUTION PENSION LIABILITY
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportionate share of the net defined contribution pension liability (asset)	\$ 657,180	\$ 500,442	\$ 552,734	\$ 558,291	\$ 548,321	\$ 569,576	\$ 581,333
District's covered employee payroll	\$ 8,085,103	\$ 7,084,625	\$ 7,084,625	\$ 6,217,420	\$ 6,217,420	\$ 5,956,792	\$ 5,956,792
District's proportionate share of the net defined contribution pension liability (asset) as a percentage of its covered employee payroll	8.13%	7.06%	7.80%	8.98%	8.82%	9.56%	9.76%

**BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.7971%	0.7951%	0.7813%	0.7743%	0.7610%	0.7602%	0.7520%	0.7550%
District's proportionate share of the net OPEB liability (asset)	\$ 14,421,000	\$ 14,636,000	\$ 18,518,000	\$ 16,730,000	\$ 16,185,000	\$ 15,850,000	\$ 15,321,000	\$ 16,263,000
District's covered-employee payroll	122,126,516	116,919,627	110,763,139	111,049,771	108,843,833	105,058,992	102,424,053	100,679,073
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	11.81%	12.52%	16.72%	15.07%	14.87%	15.09%	14.96%	16.15%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 823,869	\$ 920,695	\$ 940,601	\$ 910,608	\$ 914,288	\$ 871,990	\$ 850,120	\$ 835,636	\$ 824,911	\$ 859,508
Contributions in relation to the contractually required contribution	<u>823,869</u>	<u>920,695</u>	<u>940,601</u>	<u>910,608</u>	<u>914,288</u>	<u>871,990</u>	<u>850,120</u>	<u>835,636</u>	<u>824,911</u>	<u>859,508</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered employee payroll	\$ 128,729,503	\$ 122,759,273	\$ 117,575,186	\$ 111,049,771	\$ 108,843,833	\$ 105,058,992	\$ 102,424,053	\$ 100,679,073	\$ 98,203,838	\$ 95,500,630
Contributions as a percentage of covered employee payroll	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%

BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER HEALTH INSURANCE PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability							
Service Cost	\$ 1,488,821	\$ 2,416,581	\$ 2,674,785	\$ 1,888,218	\$ 2,344,633	\$ 2,149,964	\$ 2,205,429
Interest	1,529,882	1,064,917	839,931	1,254,674	1,328,122	1,296,750	1,027,803
Changes in Benefit Terms	(208,267)	-	-	-	-	-	-
Difference between expected and actual experience	9,723,687	-	758,232	-	(7,592,830)	-	(1,012,030)
Changes in assumptions	(1,409,494)	(10,403,268)	(1,426,839)	4,870,904	(1,794,503)	522,450	(711,366)
Benefit payments	<u>(1,186,586)</u>	<u>(1,162,418)</u>	<u>(892,334)</u>	<u>(1,092,883)</u>	<u>(1,011,025)</u>	<u>(1,043,053)</u>	<u>(1,607,802)</u>
Net change in total OPEB Liability	9,938,043	(8,084,188)	1,953,775	6,920,913	(6,725,603)	2,926,111	(97,966)
Total OPEB Liability - beginning	<u>36,835,770</u>	<u>44,919,958</u>	<u>42,966,183</u>	<u>36,045,270</u>	<u>42,770,873</u>	<u>39,844,762</u>	<u>39,942,728</u>
Total OPEB Liability - ending	<u>\$ 46,773,813</u>	<u>\$ 36,835,770</u>	<u>\$ 44,919,958</u>	<u>\$ 42,966,183</u>	<u>\$ 36,045,270</u>	<u>\$ 42,770,873</u>	<u>\$ 39,844,762</u>
 Covered employee payroll	 <u>\$ 110,612,141</u>	 <u>\$ 109,093,554</u>	 <u>\$ 109,093,554</u>	 <u>\$ 98,214,972</u>	 <u>\$ 98,214,972</u>	 <u>\$ 96,491,297</u>	 <u>\$ 96,491,297</u>
 Total OPEB Liability as a percentage of covered employee payroll	 42.29%	 33.77%	 41.18%	 43.75%	 36.70%	 44.33%	 41.29%

**Bethlehem Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2024**

Public School Employees' Retirement System

Changes of Benefit Terms

None.

Changes in Assumptions

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

- Valuation Date -- June 30, 2021
- Actuarial cost method -- Entry Age Normal -- level % of pay.
- Investment return -- 7.00% includes inflation at 2.50%.
- Salary growth -- Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.0% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

Proportionate Share of the Net Pension Liability

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

**Bethlehem Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2024**

Other Postemployment Benefits – Teachers Health Insurance Assistance

Changes of Benefit Terms

None.

Changes in Assumptions

The discount rate used to measure the Total OPEB liability increased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

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

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

The Following Assumptions were Used to Determine the Contribution Rate:

- The results of the actuarial valuation as of June 30, 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: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSER'S experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Proportionate Share of the Net OPEB Liability

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

**Bethlehem Area School District
Notes To Required Supplemental Information
Fiscal Year Ended June 30, 2024**

Other Postemployment Benefits – Single Employer Healthcare Plan

Changes of Benefit Terms

None.

Changes in Assumptions

The discount rate changed from 4.06% to 4.13%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions.

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 4.00% to 6.75%
- Healthcare cost trend rate – 7.0% in 2023 with 0.5% decrease per year 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
- Asset Valuation Method – Pay as you go basis
- Discount Rate – The rate of 4.13% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2023.

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

**Bethlehem Area School District
Combining Balance Sheet
All Capital Project Funds
As of June 30, 2024**

	CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	TOTAL CAPITAL PROJECT FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 22,631,584	\$ 683,681	\$ 23,315,265
Due from Other Funds	-	-	-
TOTAL ASSETS	22,631,584	683,681	23,315,265
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 22,631,584</u>	<u>\$ 683,681</u>	<u>\$ 23,315,265</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,063,479	\$ 164,030	\$ 1,227,509
Due to Other Funds	1,403,772	-	1,403,772
Unearned Revenue	-	509,146	509,146
TOTAL LIABILITIES	2,467,251	673,176	3,140,427
<u>DEFERRED INFLOWS OF RESOURCES</u>	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	2,467,251	673,176	3,140,427
FUND BALANCES:			
Restricted Fund Balance	20,164,333	10,505	20,174,838
TOTAL FUND BALANCES	20,164,333	10,505	20,174,838
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 22,631,584</u>	<u>\$ 683,681</u>	<u>\$ 23,315,265</u>

Bethlehem Area School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Capital Project Funds
For the Year Ended June 30, 2024

	CAPITAL RESERVE FUND	CAPITAL PROJECT FUND	TOTAL CAPITAL PROJECT FUNDS
REVENUES			
Local Sources	\$ 1,024,601	\$ 9,962	\$ 1,034,563
Federal Sources	-	7,952,222	7,952,222
TOTAL REVENUES	<u>1,024,601</u>	<u>7,962,184</u>	<u>8,986,785</u>
	-----	-----	-----
EXPENDITURES			
Support Services	4,061	-	4,061
Capital Outlay	4,637,586	7,952,223	12,589,809
TOTAL EXPENDITURES	<u>4,641,647</u>	<u>7,952,223</u>	<u>12,593,870</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(3,617,046)</u>	<u>9,961</u>	<u>(3,607,085)</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	10,000,000	-	10,000,000
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	<u>10,000,000</u>	<u>-</u>	<u>10,000,000</u>
NET CHANGE IN FUND BALANCES	6,382,954	9,961	6,392,915
FUND BALANCES - BEGINNING	<u>13,781,379</u>	<u>544</u>	<u>13,781,923</u>
FUND BALANCES - ENDING	<u>\$ 20,164,333</u>	<u>\$ 10,505</u>	<u>\$ 20,174,838</u>

**Bethlehem Area School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2024**

	Bethlehem Township	Freemansburg	Fountain Hill	Hanover Township	City of Bethlehem Lehigh	Northampton	Total
Current Real Estate Taxes							
Assessed Value	\$ 947,847,300	\$ 46,790,400	\$ 229,700,800	\$ 573,312,600	\$ 1,452,851,100	\$ 1,236,092,000	\$ 4,486,594,200
Millage Rate	0.0582	0.0582	0.01841	0.0582	0.01841	0.0582	Avg.
Total Tax to be Collected	55,164,714	2,723,201	4,228,792	33,366,793	26,746,989	71,940,554	194,171,043
Less: Act 1 Deduction	1,757,976	130,888	222,568	875,230	936,627	2,073,709	5,996,998
Total Taxable Duplicate	53,406,738	2,592,313	4,006,223	32,491,563	25,810,362	69,866,845	188,174,044
Plus:							
Additions	-	-	-	-	-	-	-
Over/Under	(1,177)	-	13,284	(471)	47,930	20,030	79,596
Penalties	71,181	3,081	7,687	38,129	40,220	117,229	277,527
Total Taxes to be Collected	53,476,742	2,595,394	4,027,194	32,529,221	25,898,512	70,004,104	188,531,167
Less -							
Discounts	1,207,425	45,039	79,192	521,738	523,167	1,218,103	3,594,664
Reductions	11,174	-	129	22,989	-	203,118	237,410
Refunds	1,450	60	1,315	-	16,386	16,867	36,078
TIF Payments	-	-	-	-	-	-	-
Deletions	-	-	-	-	-	-	-
Returned to County	745,564	83,382	111,450	480,510	371,773	1,656,530	3,449,209
Other	(490)	-	-	-	(1,640)	453	(1,677)
Net Current Real Estate Taxes Collected	\$ 51,511,619	\$ 2,466,913	\$ 3,835,108	\$ 31,503,984	\$ 24,988,826	\$ 66,909,033	\$ 181,215,483
Current Interim Real Estate Taxes Collected	\$ 596,064	\$ 14,677	\$ 5,529	\$ 590,622	\$ 218,427	\$ 532,186	\$ 1,957,505
Current Per Capita Taxes							
No. of Persons Assessed	19,875	2,538	3,645	8,912	-	58,411	93,381
Tax Rate	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Taxable Valuation	\$ 198,750	\$ 25,380	\$ 36,450	\$ 89,120	\$ -	\$ 584,110	\$ 933,810
Plus -							
Additions	16,420	1,200	2,320	10,280	-	47,110	77,330
Adjustments	49	6	6	18	-	192	271
Penalties	463	52	71	208	-	1,121	1,915
Collections made by the District	-	-	-	-	-	-	-
Taxes to be Collected	215,682	26,638	38,847	99,626	-	632,533	1,013,326
Less -							
Discounts	2,450	170	272	1,259	-	4,703	8,854
Exonerations	2,470	110	220	1,570	-	3,660	8,030
Deletions	5,550	300	990	3,010	-	11,430	21,280
Returned to Delinquent Tax Collector	66,690	16,100	21,580	23,870	-	340,660	468,900
Outstanding	-	-	-	-	-	-	-
Reductions	-	-	-	-	-	-	-
Net Current Per Capita Taxes Collected	\$ 138,522	\$ 9,958	\$ 15,785	\$ 69,917	\$ -	\$ 272,080	\$ 506,262

Bethlehem Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2024

6000 - Revenue from Local Sources		Budget	Actual	Variance
6111	Current Real Estate Taxes	\$ 180,490,601	\$ 181,215,483	\$ 724,882
6112	Interim Real Estate Taxes	879,997	1,957,505	1,077,508
6113	Public Utility	200,000	189,675	(10,325)
6114	Payment in Lieu of Taxes	1,463,500	2,352,229	888,729
6120	Current Per Capita Taxes - 679	254,217	253,131	(1,086)
6141	Current Per Capita Taxes - 511	254,217	253,131	(1,086)
6143	Local Services Tax	359,100	358,438	(662)
6151	Earned Income Tax	18,928,984	19,810,128	881,144
6153	Real Estate Transfer Tax	4,000,000	3,696,288	(303,712)
6157	Act 511 Mercantile Taxes	4,136,000	5,462,167	1,326,167
6411	Delinquent Real Estate Taxes	3,800,000	3,578,820	(221,180)
6420	Delinquent Per Capita Taxes	300,000	271,474	(28,526)
6457	Delinquent Mercantile Taxes	500,000	869,454	369,454
6510	Interest	2,500,000	7,934,031	5,434,031
6530	Gains or Losses on Sale of Investments	-	-	-
6710	Admissions	110,000	98,497	(11,503)
6740	Fees	38,000	52,936	14,936
6750	Other Student Activity Income	3,900	5,300	1,400
6832	Federal IDEA Revenued Received as Pass Through	2,116,299	2,266,840	150,541
6833	Federal ARP Act IDEA Revenue Received as Pass Through	-	44,317	44,317
6890	Other Revenue From Intermediary Sources	-	104,100	104,100
6910	Rentals	260,000	431,298	171,298
6920	Contributions	721,000	535,506	(185,494)
6942	Summer School	-	37,140	37,140
6944	Receipts from Other LEA's - Education	300,000	287,018	(12,982)
6980	Revenue from Community Services	3,750	500	(3,250)
6991	Refunds of Prior Yr. Expenditures	150,000	210,355	60,355
6999	Miscellaneous	235,000	229,974	(5,026)
TOTAL REVENUE FROM LOCAL SOURCES		222,004,565	232,505,735	10,501,170
7000 - Revenue from State Sources				
7111	Basic Subsidy - ESBE	51,242,666	52,041,018	798,352
7160	Orphan Tuition	500,000	627,673	127,673
7250	Migratory Children	-	920	920
7271	Special Education	9,902,899	9,428,940	(473,959)
7292	Pre-K Counts	1,200,000	1,192,978	(7,022)
7311	Pupil Transportation Subsidy	1,880,142	1,564,001	(316,141)
7312	Nonpublic and Charter School Pupil Transportation	1,253,985	832,370	(421,615)
7320	Rentals	1,456,669	1,692,196	235,527
7330	Health Services	321,000	306,865	(14,135)
7340	State Property Tax Reduction Allocation	5,996,915	5,996,915	-
7361	School Safety and Security	193,539	-	(193,539)
7362	School Mental Health & Safety and Security Grants	-	539,472	539,472
7369	Other Safe School Grants	70,542	-	(70,542)
7505	Ready to Learn Grant	1,797,733	2,797,733	1,000,000
7599	Other State revenue not listed elsewhere	655,173	1,402,056	746,883
7810	FICA Revenue	4,718,940	4,507,464	(211,476)
7820	Retirement Revenue	21,891,386	21,238,904	(652,482)
TOTAL REVENUE FROM STATE SOURCES		\$ 103,081,589	\$ 104,169,505	\$ 1,087,916

Bethlehem Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2024

8000 - Revenue from Federal Sources		Budget	Actual	Variance
8110	Payments for Federally Impacted Areas	\$ 60,000	\$ 157,407	\$ 97,407
8514	Title I	4,798,756	4,945,320	146,564
8515	Title IIA, IID	485,915	472,259	(13,656)
8516	Title III	195,769	189,607	(6,162)
8517	Title IV	317,803	422,047	104,244
8580	Child Care Grants	164,581	124,095	(40,486)
8690	Other Restricted Federal Grants-In-Aid	32,730	-	(32,730)
8743	ESSER II	-	26,706	26,706
8744	ARP ESSER III	-	15,371	15,371
8751	ARP ESSER Learning Loss	-	198,601	198,601
8754	ARP ESSER Homelss Children and Youth Funds	70,500	167,263	96,763
8755	ARP Esser Emergency Relief - Other Entities	144,868	80,665	(64,203)
8810	Medical Assistance Reimbursements (Access)	800,000	757,473	(42,527)
8820	Medical Assistance Reimbursment for Health Related	108,000	34,418	(73,582)
TOTAL REVENUE FROM FEDERAL SOURCES		7,178,922	7,591,232	412,310
9000 - Other Financing Sources				
9220	Proceeds from Leases	-	1,818,533	1,818,533
9400	Sale of or Compensation for Loss of Fixed Assets	80,000	123,162	43,162
TOTAL OTHER FINANCING SOURCES		80,000	1,941,695	1,861,695
TOTAL REVENUES AND OTHER FINANCING SOURCES		\$ 332,345,076	\$ 346,208,167	\$ 13,863,091
1000 - Instruction				
1110	Regular Programs - Elem./Secondary	\$ 138,353,929	\$ 138,279,601	\$ 74,328
1190	Federally Funded Regular Programs	5,494,187	5,494,187	-
1210	Life Skills Support	109,980	109,980	-
1211	Life Skills Support - Public	2,637,975	2,637,975	-
1221	Deaf or Hearing Impaired Support	637,481	444,510	192,971
1224	Blind or Visually Impaired Support	85,561	85,561	-
1225	Speech & Language Impaired	2,275,570	2,275,570	-
1231	Emotional Support	6,760,516	6,244,652	515,864
1233	Autistic Support	5,615,427	5,508,647	106,780
1241	Learning Support - Public	18,577,015	18,010,956	566,059
1243	Gifted Support	1,127,319	1,127,319	-
1260	Physical Support	1,434,735	1,434,735	-
1270	Multi-Handicapped Support	955,010	897,136	57,874
1280	Early Intervention Support	97,786	97,786	-
1290	Other Support	13,898,617	13,898,617	-
1390	Other Vocational Education Programs	6,943,128	6,943,128	-
1420	Summer School	675,157	675,157	-
1430	Homebound Instruction	222,597	141,566	81,031
1441	Adjudicated/Court Placed Programs	35,976	543	35,433
1442	Alternative Education Program	1,799,238	1,799,238	-
1450	Instructional Programs Outside Established Schools	525,376	471,284	54,092
1490	Additional Other Instructional Program	883	812	71
1500	Nonpublic School Programs	256,884	213,732	43,152
1693	Community College Sponsorship	2,595,394	2,595,393	1
1699	Other Adult Programs	1,871	1,729	142
1700	Higher Education Programs	32,281	13,324	18,957
1801	Pre-K Instruction	1,213,227	1,202,563	10,664
1802	Pre-K Admin Support	98,277	91,994	6,283
1806	Pre-K Professional Development	1,500	517	983
Total Instruction		\$ 212,462,897	\$ 210,698,212	\$ 1,764,685

Bethlehem Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2024

<u>2000 - Support Services</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
2111 Supervision of Student Services - Head of Component	\$ 135,328	\$ 135,328	\$ -
2119 Supervision of Student Services - All Other Supervision	916,637	907,307	9,330
2120 Guidance Services	8,130,296	8,050,537	79,759
2130 Attendance Services	381,238	381,238	-
2140 Psychological Services	1,688,827	1,643,996	44,831
2160 Social Work Services	2,564,755	2,564,755	-
2170 Student Accounting Services	497,131	421,587	75,544
2220 Technology Support Services	194,630	111,972	82,658
2230 Educational Television Services	147,235	147,235	-
2240 Computer Assisted Instruction Services	1,135,977	1,135,977	-
2250 School Library Services	2,385,642	2,385,642	-
2260 Instructional & Curriculum Dev. Service	3,547,959	3,347,570	200,389
2271 Instructional Staff Development Services	3,210,691	3,084,629	126,062
2272 Instructional Staff Development Service	215,437	78,481	136,956
2280 Nonpublic Support Services	1,828	1,828	-
2290 Other Instructional Staff Services	450	-	450
2310 Board Services	118,316	118,316	-
2320 Board Treasurer Services	200	-	200
2330 Tax Assessment & Collection Service	2,065,925	2,065,925	-
2350 Legal Services	855,826	583,576	272,250
2360 Office of the Superintendent Services	752,591	752,591	-
2370 Community Relations Services	170,180	147,911	22,269
2380 Office of the Principal Services	11,983,782	11,897,987	85,795
2390 Other Administration Services	110,717	99,233	11,484
2419 Supervision of Health Services - All Other	179,082	179,082	-
2420 Medical Services	10,500	9,110	1,390
2430 Dental Services	7,500	3,159	4,341
2440 Nursing Services	3,202,379	2,999,317	203,062
2450 Non Public Health Service	182,654	172,698	9,956
2490 Other Health Services	10,000	9,601	399
2511 Supervision of Fiscal Services	671,867	387,779	284,088
2512 Budgeting Services	47,255	-	47,255
2513 Receiving and Disbursing Funds Services	558,238	465,674	92,564
2514 Payroll Services	316,776	312,149	4,627
2515 Financial Accounting Services	463,876	463,876	-
2516 Internal Auditing Services	-	-	-
2519 Other Fiscal Services	215,429	215,100	329
2520 Purchasing Services	98,211	98,211	-
2530 Warehousing and Distributing Services	220,745	220,745	-
2540 Printing, Publishing and Duplicating Services	172,779	172,779	-
2590 Other Support Services - Business	6,000	5,590	410
2611 Supervision of Oper and Maint. of Plant - Head	327,122	297,016	30,106
2619 Supervision of Oper and Maint. of Plant - Other	469,737	456,881	12,856
2620 Operation of Building Services	18,532,396	18,500,286	32,110
2630 Care and Upkeep of Grounds Services	1,080,780	1,080,780	-
2640 Care and Upkeep of Equipment Services	2,575	2,575	-
2650 Vehicle Operation and Maint. Services	335,257	335,257	-
2660 Security Services	1,770,713	1,770,713	-
2711 Supervision of Student Trans. Svcs - Head	740	740	-
2719 Supervision of Student Transportation Services	1,186,643	1,168,356	18,287
2720 Vehicle Operation Services	8,099,891	8,020,488	79,403
2730 Monitoring Services	1,337,702	1,268,533	69,169
2740 Vehicle Servicing and Maintenance Services	3,207,765	3,167,667	40,098
2750 Nonpublic Transportaion	551,876	551,876	-
Sub-Total - Support Services	\$ 84,478,086	\$ 82,399,659	\$ 2,078,427

Bethlehem Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2024

		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sub-Total - Support Services (Carried Forward)		\$ 84,478,086	\$ 82,399,659	\$ 2,078,427
2818	System Wide Technology Services	4,525,174	4,194,423	330,751
2821	Supervision of Information Services	371,778	371,778	-
2823	Public Information Services	176,058	176,058	-
2824	Management Information Services	78,583	78,583	-
2831	Supervision of Staff Services	520,265	520,265	-
2832	Recruitment and Placement Services	286,844	286,844	-
2833	Staff Accounting Services	791,347	791,347	-
2834	Staff Development Services - Non-Instructional	553,916	526,470	27,446
2835	Health Services	427,817	427,817	-
2836	Staff Development Services - Non-Instructional	431,126	417,230	13,896
2840	Data Processing Services	1,663,844	1,546,130	117,714
2850	State and Federal Agency Liaison Services	398,016	320,746	77,270
2910	Support Services not listed elsewhere	145,950	144,107	1,843
	Total Support Services	94,848,804	92,201,457	2,647,347
<u>3000 - Operation of Non-Instructional Services</u>				
3210	School Sponsored Student Activities	1,030,967	935,074	95,893
3250	School Sponsored Athletics	3,407,700	3,322,210	85,490
3300	Community Services	349,406	349,406	-
3330	Public Library Services	636	636	-
3350	Welfare Activities	966	966	-
3400	Scholarships and Awards	250	250	-
	Total Non-Instructional Services	4,789,925	4,608,542	181,383
<u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u>				
4200	Existing Site Improvement Services	330,567	39,542	291,025
4400	Architecture and Engineering Services	35,100	-	35,100
4600	Existing Building Improvement Services	147,281	115,471	31,810
	Total Facilities Acquisition, Construction, and Improvement Svcs.	512,948	155,013	357,935
<u>5000 - Other Expenditures and Financing Uses</u>				
5110	Debt Service	23,282,757	23,282,757	-
5130	Refund of Prior Yr. Receipts	366,109	366,109	-
5140	Lease Payments	735,318	429,430	305,888
5230	Capital Projects Fund Transfers	-	10,000,000	(10,000,000)
5900	Budgetary Reserve	2,357,535	-	2,357,535
	Total Other Expenditures and Financing Uses	26,741,719	34,078,296	(7,336,577)
	TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 339,356,293	\$ 341,741,520	\$ (2,385,227)

Bethlehem Area School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 332,345,076	\$ 346,208,167	\$ 13,863,091
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>339,356,293</u>	<u>341,741,520</u>	<u>(2,385,227)</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(7,011,217)	4,466,647	11,477,864
Special Items	-	-	-
Extraordinary Items - Insurance Recoveries	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(7,011,217)	4,466,647	11,477,864
FUND BALANCE - JULY 1, 2023	<u>52,308,953</u>	<u>67,885,219</u>	<u>15,576,266</u>
FUND BALANCE - JUNE 30, 2024	<u>\$ 45,297,736</u>	<u>\$ 72,351,866</u>	<u>\$ 27,054,130</u>

**Bethlehem Area School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2024**

FUND BALANCE - JULY 1, 2023 **\$ 13,781,379**

REVENUES AND OTHER FINANCING SOURCES

Interest	\$ 1,024,601	
Transfer from General Fund	<u>10,000,000</u>	<u>11,024,601</u>
TOTAL FUNDS AVAILABLE		24,805,980

EXPENDITURES

SUPPORT SERVICES:

Professional Services	4,061	
-----------------------	-------	--

CAPITAL OUTLAY:

Professional Services	1,332,516	
Repairs and Maintenance	923,187	
Land Improvements	413,324	
Construction Services	554,270	
Equipment	<u>1,414,289</u>	<u>4,641,647</u>

FUND BALANCE - JUNE 30, 2024 **\$ 20,164,333**

**Bethlehem Area School District
Special Revenue (Authority General Fund) Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2024**

FUND BALANCE - JULY 1, 2023		\$ 623
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Proceeds from Refunding Bond Issues	\$ -	
Interest Earnings	5,589,582	5,589,582
TOTAL FUNDS AVAILABLE		5,590,205
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
DEBT SERVICE:		
Bond Principal	1,640,000	
Bond Interest	3,949,582	
OTHER FINANCING USES:		
Payment to Refunding Bond Issue Escrow Agent	-	5,589,582
FUND BALANCE - JUNE 30, 2024		\$ 623

**Bethlehem Area School District
Capital Project Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2024**

FUND BALANCE - JULY 1, 2023		\$ 544
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
ESSER II	\$ 646,789	
ARP ESSER III	7,305,433	
Interest Earnings	9,962	7,962,184
TOTAL FUNDS AVAILABLE		7,962,728
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
CAPITAL OUTLAY:		
Professional Services	24,663	
Equipment	7,927,560	
OTHER FINANCING USES:		
Transfer to General Fund	-	7,952,223
FUND BALANCE - JUNE 30, 2024		\$ 10,505

Bethlehem Area School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2024

REVENUES

Sales	\$ 1,330,642	
Donated Commodities	644,676	
Special Events	125,759	
State Subsidies	1,103,348	
Federal Subsidies	6,321,176	
Interest earnings	295,361	
Rentals	-	
TOTAL REVENUES		\$ 9,820,962

COST OF COMMODITIES

Beginning Inventory	2,860	
Food Service Management - Food	2,531,455	
Donated Commodities	645,994	
Ending Inventory	(1,318)	
TOTAL COST OF COMMODITIES SOLD		3,178,991
GROSS PROFIT		6,641,971

OPERATING EXPENSES

Salaries	2,174,075	
Self-Insured Medical Benefits	481,651	
Self-Insured Dental Benefits	3,660	
Self-Insured Prescriptions	15,600	
Fica Tax	165,090	
Retirement Contributions	616,997	
Other Benefits	15,966	
Repairs and Maintenance	47,172	
Rentals	2,365	
Communications	3,982	
Food Service Management Costs	1,166,631	
Travel	60	
Supplies	58,027	
Technology Supplies	21,590	
Depreciation	80,053	
Dues and Fees	5,036	
TOTAL EXPENSES		4,857,955

CHANGES IN FUND NET POSITION 1,784,016

FUND NET POSITION - JULY 1, 2023 (240,368)

FUND NET POSITION - JUNE 30, 2024 **\$ 1,543,648**

Bethlehem Area School District
Day Care Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2024

REVENUES

Regular Day School Tuition	\$ 1,332,490	
Revenue from Community Service Activities	317,618	
Fica Revenue	37,674	
Retirement Revenue	167,449	
Miscellaneous	12,290	
Earnings on Investments	32,747	
	<hr/>	
TOTAL REVENUES		\$ 1,900,268

OPERATING EXPENSES

Salaries	995,316	
Self-ins. Medical Benefits	340,624	
Self-ins. Dental Benefits	26,268	
Self-ins. Prescriptions	111,963	
Self-Ins. Eye Care	173	
Fica Tax	74,729	
Retirement Contributions	285,309	
Workers Compensation	6,408	
Other Benefits	17,366	
Professional Services	110	
Small Equipment	2,013	
Communications	282	
Travel	688	
Repairs and Maintenance	319	
Supplies	15,779	
Meals/Refreshments	50	
Dues and Fees	6,142	
Bad Debt Expense	830	
	<hr/>	
TOTAL EXPENSES		<u>1,884,369</u>
 CHANGES IN FUND NET POSITION		 15,899
 FUND NET POSITION - JULY 1, 2023		 <u>(3,791,844)</u>
 FUND NET POSITION - JUNE 30, 2024		 <u>\$ (3,775,945)</u>

**Bethlehem Area School District
Self-Insurance Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024**

ADDITIONS

Contributions from Other Funds	\$ 31,559,673	
Cobra and Co-Pay Payments	1,576,050	
Unemployment Comp. Payments	13,414	
Interest Earnings	1,037,776	
Wellness Revenue	37,097	
Stop-Loss Claim Reimbursement	1,043,043	
Other Misc. Revenue	751	
TOTAL REVENUES		\$ 35,267,804

DEDUCTIONS

Staff Health Services	15,984	
Staff Health Software	-	
Eye Care Insurance	9,960	
Unemployment	5,283	
Medical Insurance	26,044,310	
Dental	1,433,079	
Prescription	10,305,947	
Stop Loss Insurance	1,832,454	
Dues, Fees, and Supplies	12,955	
TOTAL EXPENSES		39,659,972
CHANGES IN NET POSITION		(4,392,168)
NET POSITION - JULY 1, 2023		23,050,924
NET POSITION - JUNE 30, 2024		<u>\$ 18,658,756</u>

**Self-Insurance Fund
Statement of Fiduciary Net Position
As of June 30, 2024**

ASSETS

Cash and Cash Equivalents	\$ 19,508,496	
Due From Other Funds	2,284,228	
Other Receivables	1,163,438	
TOTAL ASSETS		<u>\$ 22,956,162</u>

LIABILITIES

Accounts Payable	\$ 4,257,359	
Due to Other Funds	40,047	
Other Current Liabilities	-	
TOTAL LIABILITIES		4,297,406

NET POSITION

Restricted for:		
Pool Participants		<u>18,658,756</u>
TOTAL LIABILITIES AND FUND NET POSITION		<u>\$ 22,956,162</u>

Bethlehem Area School District
Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024

ADDITIONS

Interest Income	\$ 34,756	
Admissions	104,192	
Student Organization Membership Dues and Fees	130,500	
Special Events	256,430	
Contributions & Donations	102,406	
Other Activity Income	55	
TOTAL REVENUES		\$ 628,339

DEDUCTIONS

Professional and Technical Services	19,471	
Rentals	137,757	
Transportation Services	26,371	
Communications	32,311	
Travel	21,006	
Supplies	327,916	
Food	31,712	
Dues & Fees	5,926	
Donations	21,545	
Student Fees for Instruction Related Events	60,954	
Miscellaneous Expenses	12,267	
TOTAL EXPENSES		697,236
CHANGES IN NET POSITION		(68,897)
NET POSITION - JULY 1, 2023		656,286
NET POSITION - JUNE 30, 2024		<u>\$ 587,389</u>

Activity Fund
Statement of Fiduciary Net Position
As of June 30, 2024

ASSETS

Cash and Cash Equivalents	\$ 590,996	
Other Receivables	5,412	
TOTAL ASSETS		<u>\$ 596,408</u>

LIABILITIES

Accounts Payable	\$ 5,984	
Due to Other Funds	3,035	
TOTAL LIABILITIES		9,019

NET POSITION

Restricted for:		
Individuals, organizations, and other governments		587,389
TOTAL LIABILITIES AND FUND NET POSITION		<u>\$ 596,408</u>

**Bethlehem Area School District
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2024**

ADDITIONS

Contributions & Donations	\$ 104,401	
Interest Income	<u>10,533</u>	
TOTAL REVENUES		\$ 114,934

DEDUCTIONS

Admin. Fees	-	
Awards	<u>116,326</u>	
TOTAL EXPENSES		<u>116,326</u>

CHANGES IN NET POSITION (1,392)

NET POSITION - JULY 1, 2023 185,665

NET POSITION - JUNE 30, 2024 \$ 184,273

**Private-Purpose Trust Fund
Statement of Fiduciary Net Position
As of June 30, 2024**

ASSETS

Cash and Cash Equivalents	\$ 197,798	
Investments	<u>600</u>	
TOTAL ASSETS		<u>\$ 198,398</u>

LIABILITIES

Accounts Payable	<u>\$ 14,125</u>	
TOTAL LIABILITIES		14,125

NET POSITION

Restricted for:		
Individuals, organizations, and other governments		<u>184,273</u>
TOTAL LIABILITIES AND FUND NET POSITION		<u>\$ 198,398</u>

Bethlehem Area School District
Schedule on General Obligation Bonds - Series A of 2015
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 1,500,000	\$ -
2025-26	1,500,000	-
2026-27	1,500,000	-
2027-28	1,500,000	-
2028-29	1,500,000	-
2029-30	1,500,000	-
2030-31	1,500,000	-
2031-32	1,500,000	-
2032-33	1,326,250	6,950,000
2033-34	969,875	7,305,000
2034-35	595,375	7,675,000
2035-36	201,750	8,070,000
TOTAL OUTSTANDING	\$ 15,093,250	\$ 30,000,000

Schedule on General Obligation Notes - Series B of 2015
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 124,706	\$ -
2025-26	124,706	-
2026-27	124,706	-
2027-28	124,706	-
2028-29	124,706	-
2029-30	111,545	810,000
2030-31	73,069	1,500,000
2031-32	23,878	1,415,000
TOTAL OUTSTANDING	\$ 832,022	\$ 3,725,000

Bethlehem Area School District
Schedule on General Obligation Notes - Series C of 2015
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 244,600	\$ 1,280,000
2025-26	197,675	1,370,000
2026-27	146,759	1,390,000
2027-28	93,886	1,365,000
2028-29	40,581	1,325,000
2029-30	6,993	340,000
TOTAL OUTSTANDING	\$ 730,494	\$ 7,070,000

Schedule on General Obligation Bonds - Series A of 2016
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 899,187	\$ 8,775,000
2025-26	460,434	9,240,000
2026-27	45,838	745,000
2027-28	30,937	750,000
2028-29	15,938	750,000
TOTAL OUTSTANDING	\$ 1,452,334	\$ 20,260,000

Schedule on General Obligation Bonds - Series B of 2016
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 590,925	\$ -
2025-26	590,925	-
2026-27	590,925	-
2027-28	590,925	-
2028-29	590,925	-
2029-30	590,925	5,000
2030-31	590,806	5,000
2031-32	590,681	5,000
2032-33	590,550	4,655,000
2033-34	450,900	4,860,000
2034-35	305,100	5,010,000
2035-36	154,800	5,160,000
TOTAL OUTSTANDING	\$ 6,228,387	\$ 19,700,000

Bethlehem Area School District
Schedule on General Obligation Bonds - Series of 2021
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 1,082,625	\$ 3,845,000
2025-26	886,000	4,020,000
2026-27	681,375	4,165,000
2027-28	468,625	4,345,000
2028-29	246,500	4,540,000
2029-30	66,500	2,660,000
TOTAL OUTSTANDING	\$ 3,431,625	\$ 23,575,000

Schedule on Guaranteed Revenue Bonds - Series A of 2021
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 1,181,207	\$ 75,000
2025-26	1,179,444	75,000
2026-27	1,066,804	6,840,000
2027-28	791,397	7,220,000
2028-29	499,282	7,625,000
2029-30	188,915	8,375,000
TOTAL OUTSTANDING	\$ 4,907,049	\$ 30,210,000

Bethlehem Area School District
Schedule on Guaranteed Revenue Bonds - Series B of 2021
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 1,347,374	\$ 2,160,000
2025-26	1,231,711	2,230,000
2026-27	1,058,413	4,785,000
2027-28	872,973	4,995,000
2028-29	679,646	5,220,000
2029-30	469,307	5,860,000
2030-31	249,884	6,090,000
2031-32	19,295	6,450,000
TOTAL OUTSTANDING	\$ 5,928,603	\$ 37,790,000

Schedule on Guaranteed Revenue Bonds - Series C of 2021
For the Year Ended June 30, 2024

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2024-25	\$ 1,260,515	\$ 25,000
2025-26	1,259,927	25,000
2026-27	1,259,340	25,000
2027-28	1,258,752	25,000
2028-29	1,258,165	25,000
2029-30	1,207,133	2,275,000
2030-31	904,624	13,640,000
2031-32	318,603	14,215,000
TOTAL OUTSTANDING	\$ 8,727,059	\$ 30,255,000

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

Bethlehem Area School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2024

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/23	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/24	FOOT NOTES
U.S. DEPARTMENT OF EDUCATION											
IMPACT AID PUBLIC LAW 81-874	D	84.041	N/A	7/1/23-6/30/24	\$ -	\$ 157,407	\$ -	\$ 157,407	\$ 157,407	\$ -	
TOTAL IMPACT AID CLUSTER						157,407	-	157,407	157,407	-	
PASSED THROUGH THE PA DEPT OF EDUCATION (PDE)											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0034	7/1/22-9/30/23	\$ 4,045,829	590,857	519,105	71,752	71,752	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-24-0034	7/1/23-9/30/24	\$ 4,291,027	2,869,529	-	4,271,199	4,271,199	1,401,670	
TITLE I - SCHOOL INTERVENTION	I	84.010	FA-042-23-0034	7/1/22-9/30/23	\$ 613,137	175,182	75,275	99,907	99,907	-	
TITLE I - SCHOOL INTERVENTION	I	84.010	FA-042-24-0034	7/1/23-9/30/24	\$ 502,463	368,473	-	502,463	502,463	133,990	
TOTAL TITLE I PROGRAM						4,004,041	594,380	4,945,321	4,945,321	1,535,660	
PASSED THROUGH THE PDE											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0034	7/1/22-9/30/23	\$ 512,165	73,404	32,851	30,169	30,169	(10,384)	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-24-0034	7/1/23-9/30/24	\$ 487,713	356,338	-	442,089	442,089	85,751	
TOTAL TITLE IIA PROGRAM						429,742	32,851	472,258	472,258	75,367	
PASSED THROUGH THE PDE											
TITLE III - LEP / IMMIGRANT STUDENTS	I	84.365	FA-010-23-0034	7/1/22-9/30/23	\$ 195,769	84,992	81,782	3,210	3,210	-	2
TITLE III - LEP / IMMIGRANT STUDENTS	I	84.365	FA-010-24-0034	7/1/23-9/30/24	\$ 210,530	143,521	-	186,397	186,397	42,876	
TOTAL TITLE III PROGRAM						228,513	81,782	189,607	189,607	42,876	
PASSED THROUGH THE PDE											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0034	7/1/22-9/30/23	\$ 318,169	217,139	86,441	126,155	126,155	(4,543)	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-24-0034	7/1/23-9/30/24	\$ 317,803	105,934	-	295,892	295,892	189,958	
TOTAL TITLE IV PROGRAM						323,073	86,441	422,047	422,047	185,415	
PASSED THROUGH COMMUNITIES IN SCHOOLS OF EASTERN PA											
TITLE IVB, NITA M. LOWET 21ST CCLC COHORT 11	I	84.287	21C-22-0039	10/1/22-9/30/2027	\$ 432,328	136,986	32,886	104,100	104,100	-	2
TOTAL 21ST CENTURY COMMUNITY LEARNING CENTERS PROGRAM						136,986	32,886	104,100	104,100	-	
PASSED THROUGH THE COLONIAL I.U. #20											
IDEA, PART B	I	84.027	N/A	7/1/22-9/30/23	\$ 2,105,298	453,126	453,126	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/23-9/30/24	\$ 2,250,707	1,492,643	-	2,250,707	2,250,707	758,064	1
COVID-19 ARP-IDEA	I	84.027X	N/A	7/1/21-9/30/23	\$ 593,232	158,262	113,915	44,317	44,317	(30)	1,4
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/22-9/30/23	\$ 14,490	14,490	14,490	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/23-9/30/24	\$ 16,133	8,006	-	16,133	16,133	8,127	1
TOTAL IDEA CLUSTER						2,126,527	581,531	2,311,157	2,311,157	766,161	
PASSED THROUGH THE PDE											
COVID-19 ESSER FUND - ESSER II	I	84.425D	FA-200-21-0034	3/13/20-9/30/23	\$ 15,889,038	1,108,538	435,043	673,495	673,495	-	2
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	223-21-0034	3/13/20-9/30/24	\$ 32,138,927	14,024,259	6,209,680	7,320,804	7,320,804	(493,775)	
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 1,784,227	162,205	(36,397)	198,602	198,602	-	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 356,845	32,441	32,441	-	-	-	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 356,845	32,438	32,438	-	-	-	
COVID-19 ARP-ESSER - HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2035	7/01/21-9/30/24	\$ 189,023	106,628	(7,320)	167,263	167,263	53,315	
COVID-19 ARP-ESSER - 2.5% SEA RESERVE	I	84.425U	FA-224-21-0034	3/13/20-9/30/24	\$ 355,967	90,610	9,945	80,665	80,665	-	
TOTAL EDUCATION STABILIZATION FUND						15,557,119	6,675,830	8,440,829	8,440,829	(440,460)	
TOTAL U.S. DEPARTMENT OF EDUCATION						\$ 22,963,408	\$ 8,085,701	\$ 17,042,726	\$ 17,042,726	\$ 2,165,019	

SOURCE: D-DIRECT; I-INDIRECT

Bethlehem Area School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2024 (Continued)

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/23	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/24	FOOT NOTES
U.S. DEPT. OF HEALTH AND HUMAN SERVICES											
<u>PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE</u>											2
PROMOTING SAFE AND STABLE FAMILIES	I	93.556	SAP 4100066996	7/1/22-9/30/23	\$ 124,095	\$ 3,923	\$ 3,923	\$ -	\$ -	\$ -	
PROMOTING SAFE AND STABLE FAMILIES	I	93.556	SAP 4100066996	7/1/23-9/30/24	\$ 124,095	161,033	-	124,095	124,095	(36,938)	
TOTAL PROMOTING SAFE AND STABLE FAMILIES PROGRAM						164,956	3,923	124,095	124,095	(36,938)	
						-----	-----	-----	-----	-----	
<u>PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE</u>											
ESEA - TITLE 19 MEDICAID REIMBURSEMENT	I	93.778	N/A	7/1/23-9/30/24	N/A	63,723	48,684	34,418	34,418	19,379	2
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES						228,679	52,607	158,513	158,513	(17,559)	
						-----	-----	-----	-----	-----	
<u>U. S. DEPT. OF AGRICULTURE</u>											
<u>PASSED THROUGH THE PDE</u>											2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/22 - 6/30/23	N/A	99,774	99,774	-	-	-	
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/23 - 6/30/24	N/A	4,113,403	-	4,171,807	4,171,807	58,404	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	310,211	-	310,211	310,211	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/22 - 6/30/23	N/A	-	-	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/23 - 6/30/24	N/A	86	-	89	89	-	3
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/22 - 6/30/23	N/A	41,376	41,376	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/23 - 6/30/24	N/A	1,503,091	-	1,535,685	1,535,685	32,594	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/22 - 6/30/23	N/A	468	468	-	-	-	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/23 - 6/30/24	N/A	113,908	-	113,908	113,908	-	
SUMMER FOOD	I	10.559	N/A	7/1/22 - 6/30/23	N/A	43,916	43,916	-	-	-	
SUMMER FOOD	I	10.559	N/A	7/1/23 - 6/30/24	N/A	121,708	-	176,296	176,296	54,588	
FRESH FRUIT AND VEGETABLE PROGRAM	I	10.582	N/A	7/1/23 - 6/30/24	N/A	-	-	-	-	-	
<u>PASSED THROUGH THE PA DEPARTMENT OF AGRICULTURE</u>											2
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/23 - 6/30/24	N/A	643,134	(2,861)	644,676	644,676	(1,319)	
TOTAL CHILD NUTRITION CLUSTER						6,991,075	182,673	6,952,672	6,952,672	144,270	
						-----	-----	-----	-----	-----	
<u>PASSED THROUGH THE PDE</u>											2
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	6,180	-	6,180	6,180	-	
						-----	-----	-----	-----	-----	
<u>PASSED THROUGH THE PENN STATE UNIVERSITY</u>											2
PSU SCHOOL BREAKFAST EXPANSION GRANT	I	10.579	120-48-1002-2	N/A	\$ 7,000	7,000	-	7,000	7,000	-	3
TOTAL U.S. DEPARTMENT OF AGRICULTURE						7,004,255	182,673	6,965,852	6,965,852	144,270	
						-----	-----	-----	-----	-----	
FEDERAL COMMUNICATIONS COMMISSION											
<u>PASSED THROUGH THE UNIVERSAL SERVICE ADMINISTRATIVE CO.</u>											2
COVID-19 EMERGENCY CONNECTIVITY FUND	I	32.009	N/A	N/A	\$ 8,426	2,097	2,097	-	-	-	
TOTAL FEDERAL COMMUNICATIONS COMMISSION						2,097	2,097	-	-	-	
						-----	-----	-----	-----	-----	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 30,198,439	\$ 8,323,078	\$ 24,167,091	\$ 24,167,091	\$ 2,291,730	
						-----	-----	-----	-----	-----	

SOURCE: D-DIRECT; I-INDIRECT

Bethlehem Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Bethlehem Area School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bethlehem Area School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bethlehem Area School District.

Note 2 – Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards is presented on the modified accrual basis of accounting for all federal awards charged to governmental funds and on the accrual basis of accounting for all federal awards charged to proprietary funds, as contemplated by generally accepted accounting principles.

Note 3 – Organization and Scope

The District recognized 2.7% of its total general fund revenue in federal awards, 70.9% of its total food service fund revenue, and 88.5% of its capital project fund revenue.

Note 4 – Indirect Costs

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

Note 5 – Program Disclosure – Footnotes

1. The federal awards passed through the Colonial I.U. #20 under the U.S. Department of Education heading, are part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenues.
2. The Federal Grants were passed through the following entities in the totals below:

	<u>Total Awards</u>	<u>Total Expenditures</u>
<u>Passed through</u>		
PA Department of Education	\$ 62,565,477	\$ 20,784,238
Penn State University	7,000	7,000
Colonial I.U. #20	4,979,860	2,311,157
Communities in Schools of Eastern PA	432,328	104,100
PA Department of Public Welfare	248,190	158,513
PA Department of Agriculture	N/A	644,676
Totals	<u>\$ 68,232,855</u>	<u>\$ 24,009,684</u>

Bethlehem Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$643,134 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2023-24 fiscal year, the District used \$644,676 in commodities and established a year-end inventory of \$1,319 at June 30, 2024.
4. Due to an overpayment, the \$30 reported in the Accrued(Deferred) column of the SEFA is owed back to the PA Department of Education.
5. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 7,591,232
Federal Grants in Local Sources	2,415,257
Capital Project Fund Federal Revenue	7,952,222
Food Service Fund Federal Revenue	<u>6,965,852</u>
Total Federal Revenue, per financial statements	24,924,563
Less - Medical Access Reimbursement (Federal)	<u>(757,472)</u>
Total Federal Revenue Reported on SEFA	<u>\$ 24,167,091</u>



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Bethlehem Area School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Bethlehem Area School District's basic financial statements, and have issued our report thereon dated December 4, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Northampton, Pennsylvania
December 4, 2024



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bethlehem Area School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bethlehem Area School District's major federal programs for the year ended June 30, 2024. Bethlehem Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Bethlehem Area School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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 the Bethlehem Area School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Bethlehem Area School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

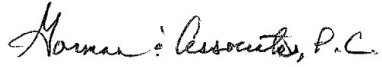
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

Bethlehem Area School District

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "Manna Associates, P.C.".

Northampton, Pennsylvania
December 4, 2024

**Bethlehem Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? ☐ yes ☒ no
- Significant Deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported
- Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? ☐ yes ☒ no
- Significant Deficiencies identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? ☐ yes ☒ no

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
10.553, 10.555, 10.559, 10.582	Child Nutrition Cluster

Percentage of programs tested to total awards 28.8%

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**Bethlehem Area School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section II – Financial Statement Findings

We did not discover any findings relating to the basic financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III – Findings and Questioned Costs for Federal Awards

We did not discover any findings or questioned costs on federal awards, in accordance with Uniform Guidance Section 200.516.

Audit Follow-Up Procedures

We performed follow-up procedures on prior year findings, as reported in the Schedule of Prior Year Findings.

**Bethlehem Area School District
Schedule of Prior Year Findings
For the Year Ended June 30, 2024**

2022-23 Findings

Noncompliance Finding 2023-001 (Federal Asset Identification)

Criteria:	According to federal regulations 2CFR Part 200.313(d)(1), Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
Condition:	The District was unable to provide documentation to trace technology equipment inventory records to the funding source.
Cause:	The District does not currently include the source of funding for technology equipment within its property records.
Effect:	The failure to maintain complete property records could result in deobligation or loss of funding.
Status:	Corrective Action was taken.