



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

Board of School Directors
Dr. Matthew J. Link, Superintendent
Northern Lehigh School District
1201 Shadow Oaks Lane
Slatington, PA 18080-1299

We have audited the financial statements of the governmental activities; business-type activities, each major fund, and the aggregate remaining fund information of the Northern Lehigh School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and Government Auditing Standards and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated January 21, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Northern Lehigh School District are described in the notes to the financial statements. As described in Note 2 section G to the financial statements, the District revised accounting policies related to Compensated Absences and Certain Risk Disclosures. These changes align with the adoption of the Governmental Accounting Standards Board (GASB) Statements No. 101 and No. 102. The proactive implementation of these new standards did not impact the beginning-of-year financial figures. We noted no transactions entered into by Northern Lehigh School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events may differ significantly from those expected. The most sensitive estimates affecting the Governmental Activities & Business-Type Activities financial statements were

Management's estimate of Depreciation of Capital Assets is calculated on the straight-line basis of depreciation. We evaluated the methods, assumptions, and data used to develop the Depreciation of Capital Assets in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of Pension and Other Post-Employment Benefits (OPEB) is based on retirement ages, mortality rates, healthcare cost trends, and expected return on pension plan assets. We evaluated the methods, assumptions, and data used to develop the net pension & OPEB liabilities and the deferred inflows and outflows related to these items in determining that it is reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosure are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures involve capital assets and long-term debt. The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, wither or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter provided to us on December 3, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Northern Lehigh School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Northern Lehigh School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention

Other Matters

We applied certain limited procedures to the Schedules of the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquires of management regarding 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 did not audit the RSI and do not express and opinion or provide any assurance on the RSI.

We were engaged to report on combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Northern Lehigh School District as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered Northern Lehigh School District's system of internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Northern Lehigh School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Lehigh School District's internal control

Our consideration of the District's internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. The following three paragraphs define the three different types of deficiencies that can occur:

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

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

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

As the primary purpose of our audit is to form an opinion on the basic financial statements, you will appreciate that reliance must be placed on adequate methods of internal control as your principal safeguard against errors and fraud which audit procedures may not disclose. The objective of internal control over financial reporting is to provide reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use and that financial records are reliable for preparing

financial statements in accordance with generally accepted accounting principles and for maintaining the accountability for assets. The concept of reasonable assurance recognizes that the cost of internal control should not exceed the related benefits; to operationalize this concept, management is required to formulate estimates and judgments of the cost/benefit ratios of alternative controls.

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

As an adjunct to our audit, we remained alert throughout for opportunities to enhance internal controls and operating efficiency. These matters were discussed with management as the audit progressed and have subsequently been reviewed in detail to formulate practical recommendations. We wish to thank your staff for their courtesies and cooperation, which facilitated the efficient performance of audit procedures. The remainder of this letter will explain any internal control deficiencies discovered during the audit, other auditor recommendations, and other information pertinent to the District.

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

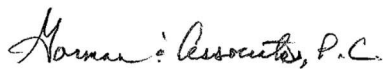
The following section in this government/management letter is separated by categories based on importance, with any material weaknesses or significant deficiencies listed in the beginning:

Given the limitations described in the preceding paragraphs, 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.

Restriction of Use

This information is intended solely for the information and use of the Board of Directors and management of the Northern Lehigh School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Respectively submitted,



February 6, 2026

**REPORT ON
NORTHERN LEHIGH SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2025**

NORTHERN LEHIGH SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2025

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NORTHERN LEHIGH SCHOOL DISTRICT

Single Audit Report

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NORTHERN LEHIGH SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2025

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INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Pennsylvania Institute of Certified Public Accountants

Members of the Board
Northern Lehigh School District
1201 Shadow Oak Lane
Slatington, PA 18080-1299

We have performed the Single Audit of the Northern Lehigh School District for the fiscal year ended June 30, 2025, 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 audit 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.

February 6, 2026

REPORT DISTRIBUTION LIST

The Northern Lehigh 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:

CARBON-LEHIGH INTERMEDIATE UNIT
4210 INDEPENDENCE DRIVE
SCHNECKSVILLE, PA 18078

ONE COPY TO:

INTERMEDIATE UNIT 1
1 INTERMEDIATE UNIT DRIVE
COAL CENTER, PA 15423

FINANCIAL SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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Pennsylvania Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
Northern Lehigh School District
1201 Shadow Oaks Lane
Slatington, PA 18080-1299

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 Northern Lehigh School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Northern Lehigh School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Lehigh School District, as of June 30, 2025, 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 Northern Lehigh School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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 Northern Lehigh School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-16, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 73-77, 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.

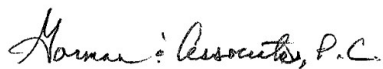
Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2024, on our consideration of the Northern Lehigh School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Northern Lehigh School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northern Lehigh School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
December 3, 2025

NORTHERN LEHIGH 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, 2025

The discussion and analysis of Northern Lehigh School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole and (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the District's financial activity, (c) identify changes in the District's financial position (its ability to address the next and subsequent year's challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns. Readers should also review the financial statements and notes to enhance their understanding of the District's financial performance.

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.

FINANCIAL HIGHLIGHTS

- As of June 30, 2025, the District's,
 - District-wide total net position increased by \$1,027,474 to a balance of \$7,474,649
 - Governmental Net Position increased by \$879,815 to a balance of \$7,304,977
 - Business-Type Net Position increased by \$147,659 to a balance of \$169,672
 - General Fund Balance has increased by \$522, 887 to a balance of \$18,566,762

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and notes to those statements. They are organized for the reader to understand Northern Lehigh School District's operations as a whole as well as major individual funds. These statements further provide a detailed look at specific financial activities.

The first two provided statements are The Statement of Net Position and the Statement of Activities which provide both long-term and short-term information concerning the District's overall financial state.

The remaining statements are more detailed fund financial statements which focus on individual parts of the District's operations. The governmental fund statements show how general District services were financed in the short term and remaining funds for future District spending. Proprietary fund statements offer both short-term and long-term financial information for the activities of the Food Service Fund which the District operates as a business. Fiduciary fund statements provide information on resources that do not belong to the District, however the District has a financial relationship acting solely as a trustee or agent for these funds.

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

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District 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 Northern Lehigh School District's
Government-Wide and Fund Financial Statements**

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

NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

Government-Wide Financial 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 (the "unrestricted net position") includes all the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources similar to a bottom line for the District and its governmental and business-type activities. 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 Statement of Activities focuses on both the gross and net cost of activities, provided by general tax and other revenues. This is intended to summarize for the reader the cost of various governmental services and/or subsidies for various business-type activities.

The two parts of the government-wide financial 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. Increases or decreases in the District's net position is an indication of the District's improving or deteriorating financial health, respectively.

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

It should be noted, 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 others may be required by debt service regulations or 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.

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

- *Proprietary Funds* - These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements, but provide more detail and additional information, such as cash flows.
- *Fiduciary Funds* - The District is the trustee, or fiduciary, for some scholarship funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statement because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The total net position is \$7,474,649 at June 30, 2025. This is an increase in net position of \$1,027,474 from the net position for the previous fiscal year. **The following table does not reflect internal balances in the "total" column for each year.**

**Table A-1
Fiscal Years Ended June 30, 2025
Net Position**

	2024-2025			2023-2024		
	Govern- mental Activities	Business- Type Activities	Total (1) Primary Government	Govern- mental Activities	Business- Type Activities	Total (1) Primary Government
Current Assets	\$ 25,133,733	\$ 301,769	\$ 25,435,502	\$ 26,109,082	\$ 537,877	\$ 26,646,959
Non-Current Assets	45,128,058	809,836	45,937,894	44,636,570	708,721	45,345,291
Deferred Outflow of Resources	6,231,402	178,561	6,409,963	7,223,157	177,333	7,400,490
Total Assets & Deferred Outflow of Resources	\$ 76,493,193	\$ 1,290,166	\$ 77,783,359	\$ 77,968,809	\$ 1,423,931	\$ 79,392,740
Current and Other Liabilities	\$ 6,385,330	\$ 8,479	\$ 6,393,809	\$ 5,762,269	\$ 38,077	\$ 5,800,346
Long-term Liabilities	60,812,191	1,169,589	61,981,780	63,932,614	1,295,002	65,227,616
Deferred Inflow of Resources	1,878,258	54,863	1,933,121	1,848,764	68,839	1,917,603
Total Liabilities & Deferred Inflow of Resources	69,075,779	1,232,931	70,308,710	71,543,647	1,401,918	72,945,565
Net Position	-----					
Net Investment in Capital Assets	25,424,393	809,836	26,234,229	25,541,563	708,721	26,250,284
Restricted	228,283	-	228,283	272,475	-	272,475
Unrestricted	(18,347,699)	(640,164)	(18,987,863)	(19,388,876)	(686,708)	(20,075,584)
Total Net Position	7,304,977	169,672	7,474,649	6,425,162	22,013	6,447,175
Total Liabilities, Deferred Inflow of Resources, & Net Position	\$ 76,380,756	\$ 1,402,603	\$ 77,783,359	\$ 77,968,809	\$ 1,423,931	\$ 79,392,740

Most of the District's net position is invested in capital assets (buildings, land, and equipment). The remaining net position is combined of restricted and unrestricted amounts. The restricted capital projects balance of \$228,283 is set aside to fund capital projects as planned by the district,

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

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

are supported by other general revenues. The two largest general revenues are the Basic Education Subsidy provided by the State of Pennsylvania, and the local taxes assessed to community taxpayers.

Additional information regarding the District's net position and activities are provided in the notes to the financial statements.

Table 2 takes the information from that statement, rearranges it slightly, so you can see our total revenues for the year.

**Table 2
Fiscal Year Ended June 30, 2025
Changes in Net Position**

	2024-2025			2023-2024		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
REVENUES						
<i>Program Revenues</i>						
Charges for Services	\$ 102,475	\$ 67,500	\$ 169,975	\$ 90,744	\$ 74,133	\$ 164,877
Operating Grants and Contributions	8,646,400	1,182,469	9,828,869	8,288,234	1,170,626	9,458,860
Capital Grants and Contributions	36,637	-	36,637	164,525	-	164,525
<i>General Revenues</i>						
Property Taxes	18,536,741	-	18,536,741	18,316,563	-	18,316,563
Other Taxes	2,347,854	-	2,347,854	2,255,938	-	2,255,938
Subsidies Not Restricted	9,728,218	-	9,728,218	9,307,396	-	9,307,396
Investment Earnings	1,078,160	-	1,078,160	1,158,052	-	1,158,052
Miscellaneous Revenues	225,889	59,472	285,361	305,439	39,251	344,690
Gain (Loss) on Sales of Capital Assets	1,961	-	1,961	14,012	-	14,012
Transfers	-	-	-	-	-	-
TOTAL REVENUES	\$ 40,704,335	\$ 1,309,441	\$ 42,013,776	\$ 39,900,903	\$ 1,284,010	\$ 41,184,913
EXPENSES						
Instruction	\$ 22,973,612	\$ -	\$ 22,973,612	\$ 21,128,182	\$ -	\$ 21,128,182
Pupil Support Services	3,331,459	-	3,331,459	2,831,032	-	2,831,032
Administrative/Business	3,885,820	-	3,885,820	3,864,207	-	3,864,207
Operation/Maintenance	3,291,832	-	3,291,832	3,095,565	-	3,095,565
Pupil Transportation	2,609,219	-	2,609,219	2,184,465	-	2,184,465
Student Activities	980,203	-	980,203	886,012	-	886,012
Community Services	39,415	-	39,415	12,643	-	12,643
Scholarships and Awards	83,094	-	83,094	79,526	-	79,526
Interest Expense	768,037	-	768,037	861,668	-	861,668
Unallocated Depreciation	1,861,829	-	1,861,829	1,890,364	-	1,890,364
Food Services	-	1,161,782	1,161,782	-	1,212,750	1,212,750
TOTAL EXPENSES	\$ 39,824,520	\$ 1,161,782	\$ 40,986,302	\$ 36,833,664	\$ 1,212,750	\$ 38,046,414
Income (Loss) Before Contributions	879,815	147,659	1,027,474	3,067,239	71,260	3,138,499
Total Net Position - Beginning	6,425,162	22,013	6,447,175	3,357,923	(49,247)	3,308,676
Prior Period Adjustment	-	-	-	-	-	-
Total Net Position - Ending	\$ 7,304,977	\$ 169,672	\$ 7,474,649	\$ 6,425,162	\$ 22,013	\$ 6,447,175

NORTHERN LEHIGH 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 3 shows the District's nine largest functions – instructional programs, pupil support services, administrative/business, operation and maintenance, pupil transportation, interest on long-term debt, student activities, community services, scholarships and awards, as well as each program's net cost (total cost less revenues generated by 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 revenues.

Table 3
Fiscal Year Ended June 30, 2025
Governmental Activities

Functions/Programs	2024-2025		2023-2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 22,973,612	\$ 16,977,099	\$ 21,128,182	\$ 15,313,127
Pupil Support Services	3,331,459	2,655,109	2,831,032	2,080,421
Administrative/Business	3,885,820	3,362,113	3,864,207	3,367,227
Operation and Maintenance	3,291,832	2,760,865	3,095,565	2,701,249
Pupil Transportation	2,609,219	1,792,228	2,184,465	1,427,606
Interest on Long-Term Debt	980,203	776,821	886,012	721,019
Student Activities	39,415	38,450	12,643	12,479
Community Services	83,094	83,094	79,526	79,526
Scholarships and Awards	768,037	731,400	861,668	697,143
Unallocated Depreciation Expense	1,861,829	1,861,829	1,890,364	1,890,364
Total Governmental Activities	\$ 39,824,520	31,039,008	\$ 36,833,664	28,290,161
Less:				
Unrestricted Grants, Subsidies		9,728,218		9,307,396
Total Needs From Local Taxes and Other Revenues		\$ 21,310,790		\$ 18,982,765

Table 3-A reflects the activities of the Food Service program, the only Business-Type activity of the District.

Table 3-A
Fiscal Year Ended June 30, 2025
Business-Type Activities

Functions/Programs	2024-2025		2023-2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Services	\$ 1,161,782	\$ 88,187	\$ 1,212,750	\$ 32,009
Less:				
Investment Earnings & Other Misc.		59,472		39,251
Transfers In				
Total Business-Type Activities		\$ 147,659		\$ 71,260

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

NORTHERN LEHIGH SCHOOL DISTRICT
Management's Discussion and Analysis

THE DISTRICT FUNDS

At June 30, 2025, the District's governmental funds reported a combined fund balance of \$18,795,119, a decrease of \$1,572,341 from the previous year.

General fund operating revenues exceeded expenditures by \$522,887 resulting in an ending total General Fund balance of \$18,566,762.

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.

In the Capital Reserve Fund, the District actively prepares for unexpected and proposed capital projects each year. In order to fund these projects without the need for additional borrowing issues, the District has established this fund and makes transfers from available fund balance of the General Fund to this fund. There were additional Capital outlay projects covered by the Capital Reserve Fund this year for additions made to the Baseball/Softball complex. The Board of Education approved transfers to the Capital Reserve Fund for donations received based on an ongoing partnership with St. Luke's University Health Network. The Capital Reserve decreased by \$44,191 and ended June 30, 2025 with a fund balance of \$228,283.

In the Capital Projects Fund, the District prepared for upgrades during the 2024-2025 school year to the Baseball/Softball field and surrounding area. In order to fund these projects, the district secured a bond for these costs. Adjustments during the year occurred from expenses paid and interest received leaving the Capital Projects Fund with a fund balance as of June 30, 2025 of \$74.

General Fund Budget

During the fiscal year, the Board of School Directors (The Board) authorizes revisions to the original budget to accommodate differences from the original budget to the actual expenditures of the District. All adjustments are again confirmed at the time the annual audit is accepted, which is after the end of the fiscal year and is 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 \$40,887,507 were \$1,642,989 greater than originally budgeted. Local revenues were \$723,820 higher than budgeted due to real estate taxes, investments and other revenues exceeding budgeted levels. State subsidy revenues were \$708,758 due to higher revenues received than budgeted for basic education, special education, non-resident foster, State awarded grants, and retirement. Federal grant revenues were \$170,968 higher than budgeted due to the availability of remaining ESSER and CARES Act funding in addition to increased Title I. Proceeds from extended financing terms were \$39,443 higher than budgeted due to insurance proceeds and sale of fixed assets.

Total expenditures of \$40,364,620 were an increase of \$40,568 over the original budget. Pupil transportation, charter school costs, student outplacement, and additional support for special education students continue to exceed original budget projections, which were offset by positive budget variances in a majority of other categories.

Further the budgetary reserve amount of \$1,079,534 was not needed, as our overall expenditures were less than overall revenues received. Traditionally, this reserve is drawn from the district's fund balance when expenditures exceed revenues during the budgeting process. By leveraging the fund balance, we have effectively offset expenditures in prior years while implementing fiscally responsible tax increases to minimize the financial impact on taxpayers.

This decision reflects our commitment to maintaining financial stability and protecting the integrity of our district's fund balance. It underscores our ongoing efforts to responsibly manage taxpayer contributions and maintain a balanced approach to funding district priorities without overburdening the community.

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

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the District had \$45,128,058 invested in a broad range of capital assets, including land, buildings and furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$491,488 or 1.1% from the previous year.

**Table 4
Governmental Activities
Fiscal Year Ended June 30, 2025
Capital Assets – Net of Depreciation**

	<u>2024-2025</u>	<u>2023-2024</u>
Land	247,143	\$ 247,143
Site Improvements	1,193,249	1,239,892
Buildings	39,623,578	41,297,552
Construction in Progress	2,325,204	124,134
Right-to-use Equipment (net of Amortization)	170,602	227,470
Furniture & Equipment - Governmental	1,568,282	1,500,379

At June 30, 2025, the Business Type activity had \$809,836 invested in furniture and equipment. This amount represents an increase of \$101,115 or 14.26% from the previous year.

**Table 4-A
Business Type Activities
Fiscal Year Ended June 30, 2025
Capital Assets – Net of Depreciation**

	<u>2024-2025</u>	<u>2023-2024</u>
Furniture & Equipment - Business-Type	\$ 809,836	\$ 708,721

Debt Administration

As of July 1, 2024, the District had total outstanding debt of \$19,930,000. During the year, the District issued \$0 in additional debt and repaid \$1,295,000 in premium payments resulting in an ending outstanding debt as of June 30, 2025 of \$18,785,000.

**Table 5
Outstanding Debt**

	<u>2024-2025</u>	<u>2023-2024</u>
General Obligation Notes/Bonds:		
Notes, Series of 2020	3,050,000	3,055,000
Bonds, Series of 2022	8,780,000	8,820,000
Notes, Series of 2022	3,390,000	3,415,000
Bonds, Series of 2023	3,565,000	4,640,000

Other obligations include finance purchase obligations, lease obligations, compensated absences, employee post-employment benefits, and state pension liabilities.

More detailed information about long-term liabilities is included in the notes to the financial statements.

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

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

The Northern Lehigh School District continues to reflect a district suffering from significant financial plight. It remains a district with almost no industrial base from which to draw taxes forcing local property owners/taxpayers to bear the brunt of funding a quality education program. While the financial burden limits the programs the district can offer similar to more affluent neighboring school districts, various grants have allowed Northern Lehigh School District to move ahead with cutting edge educational programs and opportunities for students. This would include such programs as full day kindergarten, a multi-tiered intervention model served through MTSS (intervention in all educational areas), and a partnership with area preschools to create a cohesive curriculum for our youngest learners. This year the district implemented a new K-5 Science of Reading program offered by Amplify CKLA to help students become "confident readers, writers, and thinkers." While economic factors can be a barrier to the district, we continue to review the district's educational programs to meet new standards in science, math, and reading. This commitment ensures that financial challenges do not hinder access to high-quality education resources like Amplify CKLA. We also continue to provide a one-to-one computer/student ratio throughout the District encompassing grades K to 12. So even though the district suffers from an incredible financial burden, it offers one of the best educational programs K to 12 and envisions an even brighter educational future. The District also continues to look for grant monies and partnerships in order to develop programs focusing on safety and security, advancements in technology applications, and staff training and support.

Many external factors will also continue to have influence over the district's future. The State of Pennsylvania has already notified the district of rises in the employer contribution rates to the retirement system over the next several years to offset many deficits in their funding. Cost increases to employer provided healthcare continues to create budgetary concerns for the District. There is also a continuous need to replace and enhance technological aspects of the district to keep the students up to date with programs they will encounter in post-educational programs.

The continued use of Act 1 of 2006 causes Northern Lehigh to face large financial hurdles by trying to equalize mills in a district that crosses county borders and has taxing authority in two counties. This does not allow the district to have the ability to take full value of the index set by PDE and by which the district must now develop its budget.

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

NEXT YEAR'S BUDGET (2025-2026)

**Table 6
BUDGETED REVENUES**

	<u>2025-2026</u>	<u>2024-2025</u>
Revenue from Local Sources	\$ 22,626,256	\$ 21,925,879
Revenue from State Sources	17,586,830	16,175,144
Revenue from Federal Sources	570,000	1,003,495
Other Financing Sources	140,000	140,000

**Table 6-A
BUDGETED EXPENDITURES**

	<u>2025-2026</u>	<u>2024-2025</u>
Instruction	\$ 24,105,118	\$ 22,859,141
Support Services	14,375,634	13,647,135
Operation of Non-Instructional Programs	929,950	930,365
Facility Improvements	1,149,257	471,139
Fund Transfers/Debt Services	2,455,661	2,416,272

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Matthew J. Link, District Superintendent or Sherri Molitoris, Director of Business Affairs, Northern Lehigh School District, 1201 Shadow Oaks Lane, Slatington, PA 18080. 610-767-9800.

BASIC FINANCIAL STATEMENTS

**Northern Lehigh School District
Statement of Net Position
As of June 30, 2025**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and Cash Equivalents	\$ 13,008,490	\$ 238,236	\$ 13,246,726
Investments	8,000,000	-	8,000,000
Receivables, Net	1,732,881	-	1,732,881
Internal Balances	14,894	127,331	- (1)
Due From Other Governments	2,094,988	31,961	2,126,949
Lease Receivable	19,078	-	19,078
Other Receivables	51,031	742	51,773
Inventories	47,316	30,830	78,146
Prepaid Expenses	171,495	-	171,495
Other Current Assets	8,454	-	8,454
Total Current Assets	25,148,627	429,100	25,435,502
Non-Current Assets:			
Land	247,143	-	247,143
Site Improvements (Net of Depreciation)	1,193,249	-	1,193,249
Building and Bldg. Improvements (Net of Depreciation)	39,623,578	-	39,623,578
Furniture and Equipment (Net of Depreciation)	1,568,282	809,836	2,378,118
Right-to-use Equipment (net of Amortization)	170,602	-	170,602
Construction in Progress	2,325,204	-	2,325,204
Total Non-Current Assets	45,128,058	809,836	45,937,894
Total Assets	70,276,685	1,238,936	71,373,396
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pension	5,633,959	175,520	5,809,479
Deferred Outflows of Resources - Related to OPEB	570,041	3,041	573,082
Deferred Outflows of Resources on Debt Refundings, Net	27,402	-	27,402
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 76,508,087	\$ 1,417,497	\$ 77,783,359
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 127,331	\$ 14,894	\$ - (1)
Due to other governments	455,026	-	455,026
Accounts Payable	443,315	633	443,948
Current Portion of Long-Term Obligations	1,534,541	-	1,534,541
Accrued Salaries and Benefits	1,992,368	546	1,992,914
Payroll Deductions and Withholdings	1,665,154	-	1,665,154
Prepayments from Persons or Firms	24,008	5,518	29,526
Other Current Liabilities	270,918	1,782	272,700
Total Current Liabilities	6,512,661	23,373	6,393,809
Non-Current Liabilities:			
Bonds and Notes Payable	17,708,770	-	17,708,770
Finance Purchase Obligations	47,106	-	47,106
Lease Purchase Obligations	119,676	-	119,676
Long-Term Portion of Compensated Absences	1,255,560	12,913	1,268,473
Net OPEB Liability - Single Employer Plan	2,127,756	-	2,127,756
Net OPEB Liability - Multiple Employer Plan	1,611,856	47,143	1,658,999
Net Pension Liability	37,941,467	1,109,533	39,051,000
Total Liabilities	67,324,852	1,192,962	68,375,589
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pension	1,262,606	48,394	1,311,000
Deferred Inflows of Resources - Related to OPEB	417,802	6,469	424,271
Deferred Inflows of Resources - Debt Refundings, Net	178,772	-	178,772
Deferred Inflows of Resources - Related to Lease Receivable	19,078	-	19,078
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	69,203,110	1,247,825	70,308,710
NET POSITION			
Net Investment in Capital Assets	25,424,393	809,836	26,234,229
Restricted For:			
Capital Projects	228,283	-	228,283
Unrestricted (Deficit)	(18,347,699)	(640,164)	(18,987,863)
TOTAL NET POSITION	7,304,977	169,672	7,474,649
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	\$ 76,508,087	\$ 1,417,497	\$ 77,783,359

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).

**Northern Lehigh School District
Statement of Activities
For the Year Ended June 30, 2025**

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	\$ 22,973,612	\$ 44	\$ 5,996,469	\$ -	\$ (16,977,099)	\$ -	\$ (16,977,099)
Instructional Student Support	3,331,459	-	676,350	-	(2,655,109)	-	(2,655,109)
Admin. & Fin'l Support Services	3,885,820	-	523,707	-	(3,362,113)	-	(3,362,113)
Oper. & Maint. of Plant Svcs.	3,291,832	-	530,967	-	(2,760,865)	-	(2,760,865)
Pupil Transportation	2,609,219	-	816,991	-	(1,792,228)	-	(1,792,228)
Student Activities	980,203	102,431	100,951	-	(776,821)	-	(776,821)
Community Services	39,415	-	965	-	(38,450)	-	(38,450)
Scholarships and Awards	83,094	-	-	-	(83,094)	-	(83,094)
Interest on Long-Term Debt	768,037	-	-	36,637	(731,400)	-	(731,400)
Unallocated Depreciation Expense	1,861,829	-	-	-	(1,861,829)	-	(1,861,829)
TOTAL GOVERNMENTAL ACTIVITIES	39,824,520	102,475	8,646,400	36,637	(31,039,008)	-	(31,039,008)
BUSINESS-TYPE ACTIVITIES:							
Food Services	1,161,782	67,500	1,182,469	-	-	88,187	88,187
TOTAL PRIMARY GOVERNMENT	\$ 40,986,302	\$ 169,975	\$ 9,828,869	\$ 36,637	\$ (31,039,008)	\$ 88,187	\$ (30,950,821)
GENERAL REVENUES:							
Property Taxes. Levied for General Purposes, Net					\$ 18,536,741	\$ -	\$ 18,536,741
Taxes Levied for Specific Purposes					2,347,854	-	2,347,854
Grants, Subsidies, & Contributions not Restricted					9,728,218	-	9,728,218
Investment Earnings					1,078,160	-	1,078,160
Miscellaneous Income					225,889	59,472	285,361
Special Item - Gain (Loss) on Sale of Capital Assets					1,961	-	1,961
Transfers					-	-	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					31,918,823	59,472	31,978,295
CHANGES IN NET POSITION					879,815	147,659	1,027,474
NET POSITION - BEGINNING					6,425,162	22,013	6,447,175
NET POSITION - ENDING					\$ 7,304,977	\$ 169,672	\$ 7,474,649

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

Northern Lehigh School District
Balance Sheet
Governmental Funds
As of June 30, 2025

	GENERAL	NON-MAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and Cash Equivalents	\$ 12,747,614	\$ 260,876	\$ 13,008,490
Investments	8,000,000	-	8,000,000
Taxes Receivable, Net	1,732,881	-	1,732,881
Due from Other Funds	19,853	-	19,853
Due from Other Governments	2,094,988	-	2,094,988
Lease Receivable	19,078	-	19,078
Other Receivables	31,838	-	31,838
Inventories	47,316	-	47,316
Prepaid Expenditures	171,495	-	171,495
Other Current Assets	8,454	-	8,454
TOTAL ASSETS	24,873,517	260,876	25,134,393
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charges on Refundings, Net	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 24,873,517	\$ 260,876	\$ 25,134,393
<u>LIABILITIES</u>			
Due to Other Funds	\$ 127,331	\$ -	\$ 127,331
Due to Other Governments	455,026	-	455,026
Accounts Payable	410,797	32,519	443,316
Current Portion of Long-Term Debt	59,094	-	59,094
Accrued Salaries and Benefits	1,992,368	-	1,992,368
Payroll Deductions and Withholdings	1,665,154	-	1,665,154
Prepayments	24,008	-	24,008
Other Current Liabilities	75	-	75
TOTAL LIABILITIES	4,733,853	32,519	4,766,372
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Unearned Revenue from Property Taxes	1,553,824	-	1,553,824
Lease Receivable	19,078	-	19,078
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	6,306,755	32,519	6,339,274
FUND BALANCES:			
Nonspendable Fund Balance	157,214	-	157,214
Restricted Fund Balance	174,440	228,357	402,797
Committed Fund Balance	1,942,369	-	1,942,369
Assigned Fund Balance	13,820,234	-	13,820,234
Unassigned Fund Balance	2,472,505	-	2,472,505
TOTAL FUND BALANCES	18,566,762	228,357	18,795,119
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 24,873,517	\$ 260,876	\$ 25,134,393

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

**Northern Lehigh School District
Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
As of June 30, 2025**

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	18,795,119
 Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets – Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of these assets is \$81,631,200 and the accumulated depreciation and amortization totals \$36,503,142		45,128,058
Additional Receivables – Certain receivables are recognized in the statement of net position that do not meet the availability criteria for recognition in the governmental funds. This amount represents the change between prior year and current year receivables established under the accrual basis of accounting.		14,234
Deferred Property Taxes – Property taxes receivable are recognized as revenue in the statement of net position but are deferred in the governmental funds because they are not available to finance current period expenditures. These amounts will be collected in future periods.		1,553,824
Deferred Charges on Refunding – This amount represents deferred outflows of resources arising from the refunding of prior bond issues. These deferred amounts are		(151,370)
Pension and OPEB-Related Deferred Inflows and Outflows – This amount represents deferred outflows of resources, net of deferred inflows of resources, related to the District's net pension and OPEB liabilities. These amounts will be recognized in future		4,523,593
Long-Term Obligations – Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. These include bonds and notes payable, accrued interest, lease-purchase obligations, compensated absences, and net pension and OPEB liabilities		<u>(62,558,481)</u>
 TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	 \$	 <u>7,304,977</u>

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

Northern Lehigh School District
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2025

	<u>GENERAL</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES			
Local Sources	\$ 22,649,699	\$ 60,842	\$ 22,710,541
State Sources	16,883,902	-	16,883,902
Federal Sources	<u>1,174,463</u>	<u>-</u>	<u>1,174,463</u>
TOTAL REVENUES	<u>40,708,064</u> -----	<u>60,842</u> -----	<u>40,768,906</u> -----
EXPENDITURES			
Instruction	23,162,713	-	23,162,713
Support Services	13,384,641	-	13,384,641
Operation of Non-Instructional Services	1,114,486	-	1,114,486
Capital Outlay	277,519	2,201,070	2,478,589
Debt Service	<u>2,380,261</u>	<u>-</u>	<u>2,380,261</u>
TOTAL EXPENDITURES	<u>40,319,620</u>	<u>2,201,070</u>	<u>42,520,690</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>388,444</u>	<u>(2,140,228)</u>	<u>(1,751,784)</u>
OTHER FINANCING SOURCES (USES)			
Proceeds from Extended Term Financing	141,485	-	141,485
Interfund Transfers In	-	45,000	45,000
Sale/Compensation for Fixed Assets	32,000	-	32,000
Operating Transfers Out	<u>(45,000)</u>	<u>-</u>	<u>(45,000)</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>128,485</u>	<u>45,000</u>	<u>173,485</u>
SPECIAL/EXTRAORDINARY ITEMS			
Special Items - Insurance Proceeds	5,958	-	5,958
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	522,887	(2,095,228)	(1,572,341)
FUND BALANCES - BEGINNING	<u>18,043,875</u>	<u>2,323,585</u>	<u>20,367,460</u>
FUND BALANCES - ENDING	<u>\$ 18,566,762</u>	<u>\$ 228,357</u>	<u>\$ 18,795,119</u>

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

**Northern Lehigh 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, 2025**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ (1,572,341)

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

Capital Outlay and Depreciation – Governmental funds report capital outlays as expenditures, while in the statement of activities these amounts are capitalized and depreciated over the assets’ estimated useful lives. This amount represents the net effect of capital outlay and depreciation during the current period.	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="padding-right: 10px;">Depreciation expense</td> <td style="text-align: right;">\$ 2,251,274</td> <td></td> </tr> <tr> <td style="padding-right: 10px;">less - capital outlays</td> <td style="text-align: right;"><u>2,772,800</u></td> <td style="text-align: right; vertical-align: bottom;">521,526</td> </tr> </table>	Depreciation expense	\$ 2,251,274		less - capital outlays	<u>2,772,800</u>	521,526
Depreciation expense	\$ 2,251,274						
less - capital outlays	<u>2,772,800</u>	521,526					
Disposal of Capital Assets – In governmental funds, proceeds from the sale or disposal of capital assets are reported as an increase in financial resources, while in the statement of activities only the gain or loss on the disposal is recognized. This amount represents the difference between the proceeds and the net book value of the assets disposed of during the current period.	(30,039)						
Revenue Recognition Timing – In governmental funds, revenues are recognized when they are both measurable and available, while in the statement of activities revenues are recognized when earned, regardless of availability. This amount represents the difference between revenues earned and those considered available in the current period.	(71,584)						
Deferred Property Tax Revenues – Because certain property taxes are not collected soon enough after year-end to be considered available, they are deferred in the governmental funds. This amount represents the increase in deferred inflows of resources related to	(908)						
Repayment of Debt, Financed Purchases, and Lease Liabilities – In governmental funds, repayments of bonds, financed purchase, and lease principal are reported as expenditures, while in the statement of activities these payments reduce the related long-term liabilities.	1,459,508						
Compensated Absences and Termination Benefits – In governmental funds, expenditures for compensated absences and special termination benefits are recognized when financial resources are used, while in the statement of activities these costs are measured based on the amounts earned during the year. This amount represents the difference between benefits earned and benefits paid in the current period.	(541,321)						
Interest on Long-Term Debt – In governmental funds, interest on long-term debt is recognized when due, while in the statement of activities it is recognized as it accrues. This amount also includes the amortization of bond premiums and discounts and represents the net difference between accrued and paid interest for the current period.	152,716						
Capital Assets Financed by Debt – Some capital assets were acquired through the issuance of long-term debt. In governmental funds, the amount financed is reported as a source of financing, while in the statement of activities it results in the recognition of a long-term liability rather than revenue.	(141,485)						
Pension and OPEB Expense – In governmental funds, pension and OPEB contributions are reported as expenditures when paid, while in the statement of activities pension and OPEB expense is recognized based on the change in the net pension and OPEB liabilities. This amount represents the difference between current year expense and contributions made during the year.	<table style="margin-left: auto; margin-right: auto;"> <tr> <td style="text-align: right;"><u>1,103,743</u></td> </tr> </table>	<u>1,103,743</u>					
<u>1,103,743</u>							
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u>\$ 879,815</u>						

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

**Northern Lehigh School District
Statement of Fund Net Position - Proprietary Funds
As of June 30, 2025**

	FOOD SERVICE
<u>ASSETS</u>	
CURRENT ASSETS:	
Cash and Cash Equivalents	\$ 238,236
Due from Other Funds	127,564
Due From Other Governments	31,961
Other Receivables	509
Inventories	30,830
TOTAL CURRENT ASSETS	429,100
NON-CURRENT ASSETS:	
Machinery & Equipment (net)	809,836
TOTAL NON-CURRENT ASSETS	809,836
TOTAL ASSETS	1,238,936
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Deferred Outflows of Resources - Related to Pension	175,520
Deferred Outflows of Resources - Related to OPEB	3,041
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 1,417,497
<u>LIABILITIES</u>	
CURRENT LIABILITIES:	
Due to Other Funds	\$ 14,894
Accounts Payable	633
Accrued Salaries and Benefits	546
Unearned Revenue	1,782
Prepayments from Students	5,518
TOTAL CURRENT LIABILITIES	23,373
NON-CURRENT LIABILITIES:	
Long-Term Portion of Compensated Absences	12,913
Net Pension Liability	1,109,533
Net OPEB Liability - Multiple Employer Plan	47,143
TOTAL NON-CURRENT LIABILITIES	1,169,589
TOTAL LIABILITIES	1,192,962
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Inflows of Resources - Related to Pension	48,394
Deferred Inflows of Resources - Related to OPEB	6,469
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	1,247,825
<u>FUND NET POSITION</u>	
Net Investment in Capital Assets	809,836
Unrestricted	(640,164)
TOTAL FUND NET POSITION	169,672
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION	\$ 1,417,497

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

Northern Lehigh School District
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2025

	FOOD SERVICE
OPERATING REVENUES:	
Food Service Revenue	\$ 67,500
Other Operating Revenues	<u>59,472</u>
TOTAL OPERATING REVENUES	<u>126,972</u> -----
OPERATING EXPENSES:	
Salaries	496,630
Employee Benefits	87,875
Purchased Property Service	21,953
Other Purchased Services	1,423
Supplies	499,288
Depreciation	54,231
Other Operating Expenses	<u>382</u>
TOTAL OPERATING EXPENSES	<u>1,161,782</u>
OPERATING INCOME (LOSS)	(1,034,810) -----
NON-OPERATING REVENUES (EXPENSES)	
State Sources	189,211
Federal Sources	<u>993,258</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>1,182,469</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	147,659
Capital Contributions	-
Transfers in (out)	<u>-</u>
CHANGES IN FUND NET POSITION	147,659
FUND NET POSITION - BEGINNING	<u>22,013</u>
FUND NET POSITION - ENDING	<u>\$ 169,672</u>

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

**Northern Lehigh School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2025**

	FOOD SERVICE
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Users	\$ 66,991
Cash Received from Other Operating Revenue	59,472
Cash Payments to Employees for Services	(636,983)
Cash Payments to Suppliers for Goods and Services	(432,368)
Cash Payments to Other Operating Expenses	(382)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(943,270)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
State Sources	197,372
Federal Sources	901,799
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	1,099,171
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of Equipment	(155,346)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(155,346)
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	-
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	555
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	237,681
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 238,236
<u>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</u>	
OPERATING INCOME (LOSS)	\$ (1,034,810)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	
Depreciation and Net Amortization	54,231
Donated Commodities Used	103,281
CHANGE IN ASSETS AND LIABILITIES:	
(Increase) Decrease in Accounts Receivable	(509)
(Increase) Decrease in Advances to Other Funds	80,445
(Increase) Decrease in Inventories	(4,283)
(Increase) Decrease in Deferred Outflows of Resources - Current Year Pension Contributions	(16,656)
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	15,428
Increase (Decrease) in Accounts Payable	(2,223)
Increase (Decrease) in Accrued Salaries and Benefits	17,916
Increase (Decrease) in Advances from Other Funds	(5,510)
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	(853)
Increase (Decrease) in Net Pension Liability	(134,782)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	(2,722)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Change in Assumption	(18,357)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Change of Proportion of NPL	5,342
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	1,761
Increase (Decrease) in Other Current Liabilities	(969)
TOTAL ADJUSTMENTS	91,540
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (943,270)

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

Northern Lehigh School District
Statement of Fiduciary Net Position - Fiduciary Funds
As of June 30, 2025

	CUSTODIAL FUNDS
ASSETS	
Cash and Cash Equivalents	\$ 64,298
Due from Other Funds	105
Other Receivables	878
TOTAL ASSETS	65,281
DEFERRED OUTFLOWS OF RESOURCES	
	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 65,281

LIABILITIES	
Accounts Payable	\$ 3,826
Due to Other Funds	5,192
TOTAL LIABILITIES	9,018
DEFERRED INFLOWS OF RESOURCES	
	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	9,018
NET POSITION	
Restricted for Individuals, Organizations, and Other Governments	56,263
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 65,281

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

**Northern Lehigh School District
Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2025**

	CUSTODIAL FUNDS
ADDITIONS	
Contributions - Students	\$ 19,743
Special Events	57,937
Other Income	9,423
INVESTMENT EARNINGS:	-
Interest and Dividends	-
Net Increase (Decrease) in Fair Value of Investments	-
Less Investment Expense	-
Tax Collections for Other Governments	-
TOTAL ADDITIONS	87,103
 DEDUCTIONS	
Administrative Expense	-
Benefits Paid to Participants or Beneficiaries	130
Payments for Student Club Activities	86,591
TOTAL DEDUCTIONS	86,721
 NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	 382
 NET POSITION - BEGINNING OF YEAR	 55,881
 NET POSITION - END OF YEAR	 \$ 56,263

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

Northern Lehigh School District
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual -
General Fund
For the Year Ended June 30, 2025

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>GAAP BASIS</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 21,925,879	\$ 21,925,879	\$ 22,649,699	\$ 723,820
State Sources	16,173,144	16,175,144	16,883,902	708,758
Federal Sources	1,003,495	1,003,495	1,174,463	170,968
TOTAL REVENUES	<u>39,102,518</u>	<u>39,104,518</u>	<u>40,708,064</u>	<u>1,603,546</u>
EXPENDITURES				
Regular Instruction	14,634,835	14,634,834	14,693,488	(58,654)
Special Programs	6,443,006	6,443,004	6,801,957	(358,953)
Vocational Programs	1,488,858	1,488,858	1,392,095	96,763
Other Instructional Programs	101,789	101,789	83,844	17,945
Nonpublic School Programs	8,950	8,950	3,592	5,358
Adult Education Programs	166,703	166,703	166,703	-
Community/Junior College Ed. Programs	15,000	15,000	21,034	(6,034)
Pupil Personnel Services	1,352,636	1,352,636	1,319,696	32,940
Instructional Staff Services	1,472,443	1,472,444	1,438,081	34,363
Administrative Services	2,515,250	2,515,250	2,453,291	61,959
Pupil Health	678,886	678,886	588,211	90,675
Business Services	565,090	565,091	599,374	(34,283)
Operation & Maintenance of Plant Services	3,549,844	3,549,844	3,411,091	138,753
Student Transportation Services	2,435,348	2,435,348	2,628,600	(193,252)
Central Support Services	1,060,084	1,060,084	946,297	113,787
Other Support Services	17,554	17,554	-	17,554
Student Activities	897,215	897,216	991,853	(94,637)
Community Services	33,150	33,150	39,539	(6,389)
Scholarships and Awards	-	-	83,094	(83,094)
Facilities, Acquisition and Construction	471,139	471,139	277,519	193,620
Debt Service	2,370,812	2,370,812	2,380,261	(9,449)
TOTAL EXPENDITURES	<u>40,278,592</u>	<u>40,278,592</u>	<u>40,319,620</u>	<u>(41,028)</u>
Excess (deficiency) of Revenues over Expenditures	(1,176,074)	(1,174,074)	388,444	1,562,518
OTHER FINANCING SOURCES (USES)				
Proceeds From Leases and other Right to Use Arrangments	-	-	-	-
Proceeds From Extended Term Financing	140,000	140,000	141,485	1,485
Sale/Compensation for Fixed Assets	-	-	32,000	32,000
Fund Transfers Out	(45,460)	(45,460)	(45,000)	460
TOTAL OTHER FINANCING SOURCES (USES)	<u>94,540</u>	<u>94,540</u>	<u>128,485</u>	<u>33,945</u>
Special Items - Insurance Proceeds	-	-	5,958	5,958
Extraordinary Items	-	-	-	-
NET CHANGE IN FUND BALANCES	(1,081,534)	(1,079,534)	522,887	1,602,421
FUND BALANCE - JULY 1, 2024	<u>16,047,542</u>	<u>16,047,542</u>	<u>18,043,875</u>	<u>1,996,333</u>
FUND BALANCE - JUNE 30, 2025	<u>\$ 14,966,008</u>	<u>\$ 14,968,008</u>	<u>\$ 18,566,762</u>	<u>\$ 3,598,754</u>

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Note 1 - Description of the School District and Reporting Entity

School District

The Northern Lehigh School District is located in Slatington, Pennsylvania. The District tax base consists of the Boroughs of Slatington and Walnutport, along with Washington Township.

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

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

Board of School Directors

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

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

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

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

Administration

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

The Business Manager, 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 Northern Lehigh School District. The Business Manager is directly responsible to the superintendent.

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

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

Northern Lehigh 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 Northern Lehigh School District (the primary government) and organizations for which the primary government is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are financially dependent on the School District in that the School District approved the budget, the issuance of debt, or the levying of taxes. The Northern Lehigh School District does not have any component units.

Joint Ventures

Lehigh Career and Technical Institute

The School District is a participating member of the Lehigh Career and Technical Institute (LCTI). The LCTI is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the LCTI's annual operating budget. Each participating district pays a pro-rata share of the LCTI's operating costs based on the number of students attending the LCTI for each District. The District's share of the LCTI operating costs for 2024-25 was \$1,392,095.

On dissolution of the Lehigh Career and Technical Institute, the net position of LCTI will be shared on a pro-rata basis of each participating district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in LCTI as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the LCTI can be obtained from the LCTI's administrative office at 4500 Education Park Drive, Schnecksville, PA.

Lehigh-Carbon Community College

The District is a participating member of the Lehigh-Carbon Community College (LCCC). The LCCC is run by a Board of Trustees elected by the participating member districts' boards of directors. No participating district appoints a majority of the Board of Trustees. A vote of two-thirds of all member districts shall be required for approval of the LCCC's annual operating budget. The amount of the annual operating costs of the LCCC shall be apportioned among the member districts on the basis of the number of full-time equivalent students enrolled in LCCC and residing in the respective geographical areas of each of the member districts. The District's share of LCCC's operating costs for 2024-25 was \$166,703.

On dissolution of the Lehigh-Carbon Community College, the net position of LCCC will be shared on a pro-rata basis of each member district's current market value of taxable real property as certified by the Pennsylvania State Tax Equalization Board. However, the District does not have an equity interest in LCCC as defined by GASB Statement No. 14, except a residual interest in the net position upon dissolution that should not be reflected on the basic financial statements. Complete financial statements for the LCCC can be obtained from the LCCC's administrative office at 4525 Education Park Drive, Schnecksville, PA.

Jointly Governed Organizations

Carbon-Lehigh Intermediate Unit

The School District is a participating member of the Carbon-Lehigh Intermediate Unit (CLIU). The CLIU is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the CLIU's annual operating budget. The CLIU is a self-sustaining organization that provides

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

services for fees to participating districts. As such, the District has no on-going financial interest or financial responsibility in the CLIU. The CLIU contracts with participating districts to supply special education services, computer services, and acts as a conduit for certain federal programs.

Undivided Interest - Recreation Commission

The school district has an undivided interest with the Borough of Slatington and Township of Washington creating a Recreation and Park Board. The Board shall have the power to equip, operate, and maintain parks, playgrounds, playfields, gymnasiums, public baths, swimming pools, and indoor recreation. The Board shall have representatives of the above-mentioned government entities. Each government entity agreed to contribute \$500 per year to fund administrative expenses; however, no contribution has been made in recent years. The Northern Lehigh Recreation Commission may accept any grant, gift, bequest, or donation, or money from any individual or group to be used as specified by the donor.

Note 2 - Summary of Significant Accounting Policies

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

A. Basis of Presentation

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

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

The statement of net position presents the financial condition of the governmental and business-type activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities and for one business-type activity 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.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

B. Fund Accounting

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

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

General Fund

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

Special Revenue Funds

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

Under this definition, the District does not have any special revenue funds.

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 Reserve Fund (Reported as Non-Major)

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

Capital Project Fund (Reported as Non-Major)

This fund was created from the issuance of the General Obligation Notes Series of 2022 to finance various capital improvements to School District facilities.

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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

2022 Debt Service Fund

This fund was created with the issuance of General Obligation Bonds Series of 2022, General Obligations Notes Series of 2022 & General Obligations Bonds Series of 2023 to record the transactions of the refunding of the General Obligations Notes Series A of 2018, restructuring a portion of the General Obligations Notes Series B of 2018, restructuring a portion of the General Obligation Notes Series of 2020, and refunding a portion of the General Obligation Series of 2012.

Proprietary 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.

Enterprise Funds

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

Food Service Fund

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

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

HS & MS Student Activity Fund

These funds are considered custodial funds and are 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 reconciliation's with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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 net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.

D. Basis of Accounting

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

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

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

E. Budgetary Process

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

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

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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

Board Resolution Option

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2024-25 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 fiscal year ended June 30, 2025, the School District implemented new accounting standards issued by the Governmental Accounting Standards Board (GASB). The financial statements reflect adoption of the following:

GASB Statement No. 101, *Compensated Absences*

GASB Statement No. 101 establishes a unified model for the recognition and measurement of liabilities for compensated absences (for example, vacation, sick leave, and similar leave). Under this standard, liabilities are recognized for leave that has accumulated and is expected to be used or paid, as well as leave that has been used but not yet settled. The standard also updates related disclosure requirements, including eliminating the prior requirement to disclose which governmental funds typically liquidate compensated absence liabilities.

Statement No. 101 is effective for fiscal years beginning after December 15, 2023. Accordingly, the District adopted this standard beginning with the 2024–2025 fiscal year.

Impact of adoption: The adoption of GASB Statement No. 101 did not result in a material change to the District's beginning net position as of July 1, 2024. The District evaluated its compensated absences policies and recalculated the related liability in accordance with the new model.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

GASB Statement No. 102, *Certain Risk Disclosures*

GASB Statement No. 102 requires governments to assess and disclose certain concentrations and constraints that could expose the District to substantial risk of a significant impact. These disclosures are intended to improve transparency about vulnerabilities arising from dependencies on specific sources (such as a major revenue source, a significant supplier, or a limited labor pool) or restrictions that limit the District's ability to respond to events.

Statement No. 102 is effective for fiscal years beginning after June 15, 2024. The District adopted this standard for the 2024–2025 fiscal year.

Impact of adoption: GASB Statement No. 102 did not change recognition or measurement in the financial statements. Its effect is limited to new or expanded note disclosures regarding applicable risks. Management evaluated the District's activities and determined that no concentrations or constraints meeting the criteria for disclosure were present as of June 30, 2025.

H. *Pensions*

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

I. *Other Postemployment Benefits*

Multiple Employer Cost Sharing OPEB Plan

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

Single Employer OPEB Plan

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

J. *Assets, Liabilities, and Net Position*

Cash and Cash Equivalents

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

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

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

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, 2025, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

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

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

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. A physical inventory taken at June 30, 2025, shows \$47,316 as an asset in the governmental activities column of the government-wide financial statements; a physical inventory taken on June 30, 2025 shows \$30,830 as an asset in the business-type activities column of the government-wide financial statements.

Inventory type items in governmental funds utilize the consumption method, that is, they are charged to expenditures when used. A physical inventory was taken as of June 30, 2025; therefore, there is a nonspendable fund balance of \$47,316 in the General Fund.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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 is the Food Service Fund. Inventory within this fund consists of donated commodities, which are valued at U.S.D.A.'s approximate costs and purchased food and supplies.

Inventories on hand at June 30, 2025, consist of:

Purchased Food	\$	20,448
Supplies		8,600
Donated Commodities		1,782
TOTAL	\$	30,830

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 fair market values as of the date received. The School District maintains a capitalization threshold of two thousand-five hundred (\$2,500) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

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

Description	Governmental Activities Estimated Lives	Business-Type Activities Estimated Lives
Site Improvements	10 - 20 years	10 - 20 years
Buildings and Improvements	20 - 50 years	20 - 50 years
Furniture and Equipment	5 - 20 years	5 - 20 years
Right-to-use Equipment	Length of Lease	Length of Lease

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

Compensated Absences

The School District reports compensated absences in accordance with GASB Statement No. 101, *Compensated Absences*. Compensated absences include leave benefits, such as vacation and sick leave, that are provided to eligible employees in accordance with District policies and collective bargaining agreements.

Under GASB Statement No. 101, the District recognizes a liability for compensated absences that have been earned and are expected to be used or paid. The liability is measured based on the pay rates and applicable employer payroll taxes in effect at the financial statement date, net of any reimbursements.

Compensated absences are reported as liabilities in the government-wide financial statements. In the governmental fund financial statements, the portion of compensated absences that is expected to be liquidated with expendable available financial resources is reported as a fund liability, while the remaining portion is reported only in the government-wide financial statements.

Leases

Lessee:

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.
- 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:

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.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

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.

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 refunding's 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 refunding's 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, 2025, 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.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

Net Position

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

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

Fund Balance Categories

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

Nonspendable Fund Balance

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

Restricted Fund Balance

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

Committed Fund Balance

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

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

Assigned Fund Balance

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Unassigned Fund Balance

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

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

Contributions of Capital

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

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

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

The governmental fund balance sheet includes reconciliation between "fund balance - total governmental funds" and "net position - governmental activities" as reported in the government-wide statement of net position. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds". The details of this \$62,558,481 difference are:

Bonds payable	\$	19,930,000
Less: Issuance discount (to be amortized as interest expense)		(55,782)
Add: Issuance premium (to be amortized as a contra to interest expense)		273,072
Accrued interest payable		289,621
Lease & Finance Purchase Obligations		615,251
Compensated absences		714,237
Net OPEB Liability - Single Employer Plan		2,098,566
Net OPEB Liability - Multiple Employer Plan		1,653,970
Net Pension Liability		40,112,808
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	\$	65,631,743

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

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
<u>REVENUES AND OTHER SOURCES</u>					
LOCAL SOURCES:					
Property Taxes	\$ 18,537,648	\$ (907)	\$ -	\$ -	\$ 18,536,741
Taxes Levied for Specific Purposes	2,347,854	-	-	-	2,347,854
Interest and Investment Earnings	1,149,744	(71,584)	-	-	1,078,160
Miscellaneous	67,383	5,958	-	-	73,341
Contributions and Donations	152,548	-	-	-	152,548
Charges for Services	102,475	-	-	-	102,475
Grants, Subsidies & Contributions not Restricted	9,728,218	-	-	-	9,728,218
STATE SOURCES:					
Operating & Capital Grants and Contributions	7,155,684	-	-	-	7,155,684
FEDERAL SOURCES:					
Operating & Capital Grants and Contributions	1,527,353	-	-	-	1,527,353
SPECIAL AND EXTRAORDINARY SOURCES:					
Proceeds from Extended Term Financing	141,485	-	-	(141,485)	-
Insurance Proceeds	5,958	(5,958)	-	-	-
Gain or (Loss) on disposal of assets	32,000	-	(30,039)	-	1,961
TOTAL REVENUES	40,948,350	(72,491)	(30,039)	(141,485)	40,704,335
<u>EXPENDITURES/EXPENSES</u>					
Instruction	23,162,714	(329,867)	140,765	-	22,973,612
Instructional Student Support	3,345,988	(14,529)	-	-	3,331,459
Admin. & Fin'l Support Services	3,998,962	(148,163)	35,021	-	3,885,820
Oper. & Maint. Of Plant Svcs.	3,411,091	(37,425)	(81,834)	-	3,291,832
Pupil Transportation	2,628,600	(2,971)	(16,410)	-	2,609,219
Student Activities	991,853	(29,340)	17,690	-	980,203
Community Services	39,539	(124)	-	-	39,415
Scholarships and Awards	83,094	-	-	-	83,094
Capital Outlay	2,478,589	-	(2,478,589)	-	-
Debt Service	2,380,261	-	-	(1,612,224)	768,037
Depreciation - Unallocated	-	-	1,861,829	-	1,861,829
TOTAL EXPENDITURES/EXPENSES	42,520,691	(562,419)	(521,528)	(1,612,224)	39,824,520
NET CHANGE FOR THE YEAR	\$ (1,572,341)	\$ 489,928	\$ 491,489	\$ 1,470,739	\$ 879,815

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

No individual fund contains a deficit fund balance or net position at June 30, 2025.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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, 2025. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2025, \$12,383,343 of the District's bank balance of \$13,133,343 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		12,383,343
TOTAL	\$	12,383,343

Reconciliation to Financial Statements

Uncollateralized Amount above	\$	12,383,343
Plus: Insured Amount		750,000
Less: Outstanding Checks		(165,307)
Carrying Amount - Cash Balances		12,968,036
Plus: Petty Cash		556
Deposit in Pooled Investments Considered Cash Equivalents		8,342,432
Deposit in Money Market Mutual Funds Considered Cash Equivalents		-
Less: Certificates of Deposit Considered Investments by School Code		(8,000,000)
TOTAL CASH PER FINANCIAL STATEMENTS	\$	13,311,024

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

Investments

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

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

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

As of June 30, 2025, the District had the following investments:

<i>Investment</i>	Maturities	Fair Value
PLGIT		\$ 318,346
PSDLAF		8,024,086
Certificates of Deposit	7 Months	8,000,000
TOTAL		\$ 16,342,432

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 places no limit on the amount the District may invest in any one issuer. More than 5% of investments must be disclosed. Of the investments in the general fund, 49.45% are invested in The Neff's National Bank. Of the investments held entity wide, 48.95% are held in The Neff's National Bank.

Concentration of Credit Risk

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2025, the District did not have any investments subject to concentration of credit risk.

Custodial Credit Risk

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

Reconciliation to Financial Statements

Total Investments Above	\$ 16,342,432
Less: Deposits in Investment Pool Considered Cash Equivalents	(8,342,432)
Deposits in Money Market Funds Considered Cash Equivalents	-
Total Investments Per Financial Statements	\$ 8,000,000

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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.

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 \$705,319,600. In accordance with Act 1 of 2006, the District received \$1,436,508 in property tax reduction funds for the 2024-25 fiscal year. The tax rate for the year was \$2.53731 per \$100 of assessed valuation or 25.3731 mills for Lehigh County and \$7.56628 per \$100 of assessed valuation or 75.6628 mills for Northampton County. The District has decided to equalize the millage between the two counties.

- 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.
- April 30 - All unpaid Northampton County taxes become delinquent and are turned over to Portnoff Law Associates, Ltd.

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	FOOD SERVICE FUND	NON- MAJOR FUNDS	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	1,732,881	-	-	-	1,732,881
Accounts	31,838	509	-	878	33,225
Lease	19,078	-	-	-	19,078
Intergovernmental	2,094,988	31,961	-	-	2,126,949
GROSS RECEIVABLES	3,878,785	32,470	-	878	3,912,133
Less: Allowance for Uncollectibles	-	-	-	-	-
NET RECEIVABLES	\$ 3,878,785	\$ 32,470	\$ -	\$ 878	\$ 3,912,133

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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	\$ 1,553,824	\$ -
Lease Receivable - General Fund	-	19,078
TOTAL	\$ 1,553,824	\$ 19,078

Capital Assets

Capital asset balances and activity for the year ending June 30, 2025, were:

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated/amortized:				
Land	\$ 247,143	\$ -	\$ -	\$ 247,143
Construction in Progress	124,134	2,478,589	(277,519)	2,325,204
Total Capital Assets not being depreciated/amortized	371,277	2,478,589	(277,519)	2,572,347
Capital Assets being depreciated/amortized:				
Site Improvements	3,224,371	96,375	-	3,320,746
Buildings and Improvements	71,252,383	20,517	-	71,272,900
Furniture and Equipment	3,952,908	454,838	(226,876)	4,180,870
Right-to-use Equipment	284,337	-	-	284,337
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	78,713,999	571,730	(226,876)	79,058,853
Less accumulated depreciation/amortization for:				
Site Improvements	(1,984,479)	(143,017)	-	(2,127,496)
Buildings and Improvements	(29,954,831)	(1,694,492)	-	(31,649,323)
Furniture and Equipment	(2,452,529)	(356,897)	196,837	(2,612,589)
Right-to-use Equipment	(56,867)	(56,867)	-	(113,734)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	(34,448,706)	(2,251,273)	196,837	(36,503,142)
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	44,265,293	(1,679,543)	(30,039)	42,555,711
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	\$ 44,636,570	\$ 799,046	\$ (307,558)	\$ 45,128,058
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,200,984	\$ 155,346	\$ -	\$ 1,356,330
Less accumulated depreciation	(492,263)	(54,231)	-	(546,494)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	\$ 708,721	\$ 101,115	\$ -	\$ 809,836

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

Instruction	\$ 282,248
Admin. & Fin'l Support Services	35,021
Oper. & Maint. of Plant Svcs.	51,394
Pupil Transportation	3,090
Student activities	17,691
Depreciation - unallocated	1,861,829
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	\$ 2,251,273

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

The District's governmental activities disposed \$226,876 of capital assets during the year, with accumulated depreciation of \$196,837. The district was able to recoup \$32,000 from the sale of certain equipment, this resulted in a net gain on disposition of \$1,961. 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.

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 had the following Long-Term Construction Commitments as of June 30, 2025.

	<u>CONTRACT AMOUNT</u>	<u>EXPENDED 6/30/2025</u>	<u>OUTSTANDING COMMITMENTS</u>
HS Flooring Project			
Stonehard - Asbestos	\$ 799,000	\$ -	\$ 799,000
Neuber Enviromental Services - General	233,775	-	233,775
TOTAL	<u>\$ 799,000</u>	<u>\$ -</u>	<u>\$ 799,000</u>

Short-Term Debt

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

Interfund Receivables and Payables

The following interfund receivables and payables were in existence on June 30, 2025 were:

	<u>INTERFUND RECEIVABLES</u>	<u>INTERFUND PAYABLES</u>
General Fund	\$ 19,853	\$ 127,331
Enterprise (Food Service) Fund	127,564	14,894
Custodial (Activity) Funds	-	5,192
TOTAL	<u>\$ 147,417</u>	<u>\$ 147,417</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Interfund Transfers

The District also made the following interfund transfers during the fiscal year ended June 30, 2025 were:

	<u>TRANSFER IN</u>	<u>TRANSFER OUT</u>
General Fund	\$ -	\$ 45,000
Capital Reserve Fund	45,000	-
TOTAL	<u>\$ 45,000</u>	<u>\$ 45,000</u>

Finance Purchase – Technology Equipment #18

On March 1, 2023, the District entered a finance purchase arrangement with California First Leasing Corporations to purchase 600 Chromebooks and 300 Laptops. The present value of the lease rental payments was \$502,830 with an interest rate of 7.41%.

The remaining principle and interest lease payments as of June 30, 2025, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2025-26	\$ 129,995	\$ 9,971
TOTAL OUTSTANDING	<u>\$ 129,995</u>	<u>\$ 9,971</u>

Finance Purchase – Chromebooks #19

On August 1, 2023, the District entered a finance purchase arrangement with California First Leasing Corporations to purchase 325 Chromebooks and 28 LCD projectors. The present value of the lease rental payments was \$138,051 with an interest rate of 8.92%.

The remaining principal and interest lease payments as of June 30, 2025, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2025-26	\$ 45,905	\$ 4,095
TOTAL OUTSTANDING	<u>\$ 45,905</u>	<u>\$ 4,095</u>

Finance Purchase – Chromebooks #1

On July 15, 2024, the District entered a finance purchase arrangement with American First to purchase 325 Chromebooks and 30 LCD projectors. The present value of the lease rental payments was \$141,485 with an interest rate of 5.997%.

The remaining principal and interest lease payments as of June 30, 2025, are:

<u>FISCAL YEAR</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>
2025-26	\$ 44,379	\$ 5,621
2026-27	47,106	2,894
TOTAL OUTSTANDING	<u>\$ 91,485</u>	<u>\$ 8,515</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Lease – Ricoh Copiers – De Lage Landen

On July 1, 2023, the District entered into a 5-year agreement to lease Ricoh copiers. An initial lease liability was recorded in the amount of \$284,337. As of June 30, 2025, the value of the lease liability was \$174,844. The District is required to make monthly fixed payments of \$5,064. The lease has an interest rate of 2.736%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2025 was \$284,337 with accumulated amortization of \$113,735.

The future principal and interest lease payments as of June 30, 2025, are as follows:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 56,696	\$ 4,076
2026-27	58,267	2,505
2027-28	59,881	891
TOTAL OUTSTANDING	\$ 174,844	\$ 7,472

General Obligation Notes – Series of 2020

On August 19, 2020 the District issued \$4,695,000 of General Obligation Notes - Series of 2020. The proceeds of the notes will be used to refund a portion of the GOB Series 2012 currently outstanding in the principal amount of \$4,580,000, of which \$1,640,000 shall be refunded. Proceeds of the Notes also will be used for the refunding of all of the District's outstanding GOB Series of 2015 and to pay related costs of the issuing the debt.

In accordance with the Local Governmental Debt Act, a sinking fund was established with the paying agent. The bonds are scheduled to mature from March 1, 2020 to March 1, 2030. Interest rates range from 0.65% to 2.00% with a total interest indebtedness of \$850,251.

On October 19, 2022, the District issued \$8,900,000 of General Obligation Bonds - Series of 2022. The purpose of this issuance was to facilitate the restructuring of a portion of the GON Series A of 2018, a portion of GON Series B of 2018, and a portion of GON Series of 2020, with principal amounts refunded as follows: \$6,510,000, \$575,000, and \$1,620,000, respectively.

The remaining debt service requirements after partial refunding as of June 30, 2025 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 5,000	\$ 61,000
2026-27	5,000	60,900
2027-28	5,000	60,800
2028-29	1,500,000	60,700
2029-30	1,535,000	30,700
SUB - TOTAL	\$ 3,050,000	\$ 274,100
Unamortized Premium	31,171	
Unamortized Discount	-	
TOTAL OUTSTANDING	\$ 3,081,171	

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

General Obligation Notes – Series of 2022

On October 19, 2022, the District issued \$3,465,000 of General Obligation Notes - Series of 2022. The purpose of this issuance was to facilitate the restructuring of a portion of the GOB Series of 2020 in the amount of \$1,335,000. The remaining proceeds were used to fund various capital improvements to School District facilities.

In accordance with the Local Governmental Debt Act, a sinking fund was established with the paying agent. The notes are scheduled to mature from March 1, 2023 to March 1, 2037. Interest rate is fixed at 4.00% with a total interest indebtedness of \$1,832,220.

The outstanding debt service requirements as of June 30, 2025 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 25,000	\$ 135,600
2026-27	25,000	134,600
2027-28	30,000	133,600
2028-29	25,000	132,400
2029-30	25,000	
2030-35	185,000	645,000
2035-37	<u>3,075,000</u>	<u>326,000</u>
SUB - TOTAL	\$ 3,390,000	\$ 1,507,200
Unamortized Premium	-	
Unamortized Discount	<u>(32,035)</u>	
TOTAL OUTSTANDING	\$ 3,357,965	

General Obligation Bonds – Series of 2022 (Taxable)

On October 19, 2022, the District issued \$8,900,000 of General Obligation Bonds - Series of 2022. The purpose of this issuance was to facilitate the restructuring of a portion of the GON Series A of 2018, a portion of GON Series B of 2018, and a portion of GON Series of 2020, with principal amounts refunded as follows: \$6,510,000, \$575,000, and \$1,620,000, respectively.

In accordance with the Local Governmental Debt Act, a sinking fund was established with the paying agent. The bonds are scheduled to mature from March 1, 2023 to March 1, 2036. Interest rates range from 4.24% to 5.39% with a total interest indebtedness of \$4,744,722.

The outstanding debt service requirements as of June 30, 2025 are

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 40,000	\$ 444,394
2026-27	40,000	442,594
2027-28	40,000	440,774
2028-29	45,000	438,946
2029-30	45,000	436,831
2030-35	7,820,000	1,441,828
2035-36	<u>750,000</u>	<u>40,425</u>
SUB - TOTAL	\$ 8,780,000	\$ 3,685,792
Unamortized Premium	-	
Unamortized Discount	<u>(18,593)</u>	
TOTAL OUTSTANDING	\$ 8,761,407	

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

General Obligation Bonds – Series of 2023 (Taxable)

On June 5, 2023, the District issued \$4,645,000 of General Obligation Bonds - Series of 2023. The purpose of this issuance was to facilitate the refunding of the remaining GON Series A of 2018 with principal amounts refunded of \$4,800,000.

In accordance with the Local Governmental Debt Act, a sinking fund was established with the paying agent. The bonds are scheduled to mature from March 1, 2024 to March 1, 2028. Interest rates range from 4.25% to 5.00% with a total interest indebtedness of \$765,829.

The outstanding debt service requirements as of June 30, 2025 are

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 1,130,000	\$ 178,250
2026-27	1,190,000	121,750
2027-28	1,245,000	62,250
SUB - TOTAL	\$ 3,565,000	\$ 362,250
Unamortized Premium	143,226	
Unamortized Discount	-	
TOTAL OUTSTANDING	\$ 3,708,226	

Lease Rental Debt

The Lehigh Career and Technical Institute (LCTI), with authority of the nine participating school districts, have agreed to borrow \$45,865,000 to refinance the State Public School Building/Authority, Lehigh Career and Technical Institute Revenue Bonds Series of 2001 and 2003. The participating districts, such as Northern Lehigh School District, will be required to pay their proportionate shares of the incurred debt under the Articles of Agreement in subsequent years as “Capital Costs” under Sections 4.1 and 4.2 of the Articles. The District’s proportionate share is based on each district’s percentage of their respective market value to the total market value of all participating districts.

Specifically, Lehigh Career and Technical Institute is authorized to issue up to \$53,000,000 of long-term bonds through the State Public School Building Authority or other appropriate financing authority. This issue is to refund LCTI revenue bonds, Series of 2001 and 2003 which were originally issued to improve the Institute’s facilities.

The LCTI financing translates into an ongoing obligation of the participating districts for credit purposes; however, for purposes of the Local Governmental Unit Debt Act, this borrowing is not considered general obligation debt of the school districts; therefore, the future obligations of debt service are not recorded as a liability on Northern Lehigh's financial statements.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Combined Long-Term Debt

The combined general debt obligations for subsequent years are:

Bonds						
Fiscal Year	GO Bonds - 2022		GO Bonds - 2023		Totals	
Ended June 30	Interest	Principal	Interest	Principal	Interest	Principal
2026	\$ 444,394	\$ 40,000	\$ 178,250	\$ 1,130,000	\$ 622,644	\$ 1,170,000
2027	442,594	40,000	121,750	1,190,000	564,344	1,230,000
2028	440,774	40,000	62,250	1,245,000	503,024	1,285,000
2029	438,946	45,000	-	-	438,946	45,000
2030	436,831	45,000	-	-	436,831	45,000
2031-2035	1,441,828	7,820,000	-	-	1,441,828	7,820,000
2036-2037	40,425	750,000	-	-	40,425	750,000
TOTAL	<u>\$ 3,685,792</u>	<u>\$ 8,780,000</u>	<u>\$ 362,250</u>	<u>\$ 3,565,000</u>	<u>\$ 4,048,042</u>	<u>\$ 12,345,000</u>

Direct Borrowing						
Fiscal Year	GO Notes - 2020		GO Notes 2022		Totals	
Ended June 30	Interest	Principal	Interest	Principal	Interest	Principal
2026	\$ 61,000	\$ 5,000	\$ 135,600	\$ 25,000	\$ 196,600	\$ 30,000
2027	60,900	5,000	134,600	25,000	195,500	30,000
2028	60,800	5,000	133,600	30,000	194,400	35,000
2029	60,700	1,500,000	132,400	25,000	193,100	1,525,000
2030	30,700	1,535,000	131,400	25,000	162,100	1,560,000
2031-2035	-	-	638,200	185,000	638,200	185,000
2036-2037	-	-	201,400	3,075,000	201,400	3,075,000
TOTAL	<u>\$ 274,100</u>	<u>\$ 3,050,000</u>	<u>\$ 1,507,200</u>	<u>\$ 3,390,000</u>	<u>\$ 1,781,300</u>	<u>\$ 6,440,000</u>

Bonds and Direct Borrowing		
Fiscal Year	Totals	
Ended June 30	Interest	Principal
2026	\$ 819,244	\$ 1,200,000
2027	759,844	1,260,000
2028	697,424	1,320,000
2029	632,046	1,570,000
2030	598,931	1,605,000
2031-2035	2,080,028	8,005,000
2036-2037	241,825	3,825,000
TOTAL	<u>\$ 5,829,342</u>	<u>\$ 18,785,000</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Long-Term Liabilities

Long-term liability balances and activity for the year ended June 30, 2025 were:

Changes in Long-Term Liabilities

	BEGINNING		ENDING		AMOUNTS
	BALANCE	ADDITIONS	REDUCTIONS	BALANCE	DUE WITHIN ONE YEAR
GOVERNMENTAL ACTIVITIES					
<i>General Obligation Debt:</i>					
<i>Bonds and notes payable:</i>					
Bonds	\$ 13,674,110	\$ 2,251	\$ 121,728	\$ 13,554,633	\$ 1,170,000
Notes	6,473,180	2,903	1,121,946	5,354,137	30,000
Total general obligation debt	20,147,290	5,154	1,243,674	18,908,770	1,200,000
<i>Other liabilities:</i>					
Finance Purchases	385,241	141,485	259,340	267,386	220,280
Lease Obligations	230,010	-	55,167	174,843	55,167
<i>Vested employee benefits:</i>					
Compensated Absences	841,891	472,763	-	1,314,654	59,094
Net OPEB Liability - Single Employer Plan	2,098,566	29,190	-	2,127,756	-
Net OPEB Liability - Multiple Employer Plan	1,653,970	-	42,114	1,611,856	-
Net Pension Liability	40,112,808	-	2,171,341	37,941,467	-
Total other liabilities	45,322,486	643,438	2,527,962	43,437,962	334,541
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	\$ 65,469,776	\$ 648,592	\$ 3,771,636	\$ 62,346,732	\$ 1,534,541
BUSINESS TYPE ACTIVITIES					
<i>Other liabilities:</i>					
<i>Vested employee benefits:</i>					
Vacation pay	-	-	-	-	-
Compensated Absences	2,691	10,222	-	12,913	-
Net OPEB Liability - Multiple Employer Plan	47,996	-	853	47,143	-
Net Pension Liability	1,244,315	-	134,782	1,109,533	-
TOTAL BUSINESS-TYPE ACTIVITY					
LONG-TERM LIABILITIES	\$ 1,295,002	\$ 10,222	\$ 135,635	\$ 1,169,589	\$ -

Payments on bonds and notes are made by the general fund. Vested employee benefits will be liquidated by governmental and the proprietary (food service) fund.

Total interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:	EXPENSE	PAID
General obligation debt	\$ 723,129	\$ 875,845
Finance Purchases	30,625	30,625
Lease Obligations	5,605	5,605
Refunds of Prior Year Receipts	8,678	8,678
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 768,037	\$ 920,753

Compensated Absences

The District provides compensated absences in the form of sick leave and vacation leave to eligible employees in accordance with collective bargaining agreements and administrative policies. Sick leave may accumulate and may be paid upon retirement or separation for eligible employees. Vacation leave is earned based on employee classification and length of service and is paid upon termination.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

In accordance with GASB Statement No. 101, *Compensated Absences*, the District recognizes a liability for compensated absences that have been earned and are expected to be used or paid. The liability is measured based on pay rates and applicable employer payroll taxes, net of reimbursement, in effect at the financial statement date.

As of June 30, 2025, the District's total compensated absences liability was \$1,327,567. Of this amount:

- \$59,094 is reported as a current liability in governmental activities and the General Fund, and
- \$1,255,560 is reported as a long-term liability in governmental activities.

The portion attributable to business-type activities is reported in the applicable enterprise fund.

Defined Benefit Pension Plan

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

Pensions

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

General Information about the Pension Plan

Plan Description

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

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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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.

Contributions

Member Contributions:

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

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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, 2025 was 32.92% 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 \$5,163,479 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$39,051,000 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 rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2025, the District's proportion was 0.0933 percent, which was a decrease of 0.0009 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$3,930,237. At June 30, 2025, 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	\$ -	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual contributions made	-	-
Net difference between projected and actual earnings on pension plan investments	646,000	-
Difference between expected and actual experience	-	614,000
Changes in proportion of the Net Pension Liability	-	697,000
District contributions subsequent to the measurement date	5,163,479	-
Total	\$ 5,809,479	\$ 1,311,000

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

\$5,163,479 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2025	\$ (1,296,000)
2026	687,000
2027	75,000
2028	(131,000)
Thereafter	<u>-</u>
Total	<u>\$ (665,000)</u>

Changes in Actuarial Assumptions

The Total Pension Liability as of June 30, 2024 was determined by rolling forward the System's Total Pension Liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation Date - June 30, 2023
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- 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, 2024 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,

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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%	4.8%
Private Equity	12.0%	6.7%
Fixed Income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	9.5%	5.9%
	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, 2024.

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	\$ 51,442,000	\$ 39,051,000	\$ 28,587,000

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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.pa.gov/PSERS.

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, 2025, the School District recognized revenue of \$3,103,390 as reimbursement from the State for its current year pension payments

Payables to the Pension Plan

As of June 30, 2025, the School had \$1,926,981 included in accrued wages liability, of which \$1,466,407 is for the contractually required contribution for the second quarter of 2025 and \$460,574 is related to the accrued payroll liability for wages incurred as of June 30, 2025.

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, 2024 there were no assumed future benefit increases to participating eligible retirees.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Premium Assistance Eligibility Criteria

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

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

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

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

Pension Plan Description

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

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.

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% 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 \$98,815 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$1,685,999 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, 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, 2023 to June 30, 2024. 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, 2025, the District's proportion was 0.0934 percent, which was a decrease of 0.0009 percent from its proportion measured as of June 30, 2024.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

For the year ended June 30, 2025, the District recognized OPEB expense of \$67,113. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ -	\$ -
Changes in Assumptions	-	152,000
Net difference between projected and actual contributions made	-	-
Net difference between projected and actual investment earnings	1,000	-
Difference between expected and actual experience	-	19,000
Changes in proportion of the Net OPEB Liability	-	30,000
District contributions subsequent to the measurement date	<u>98,815</u>	<u>-</u>
Total	<u>\$ 99,815</u>	<u>\$ 201,000</u>

\$98,815 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, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2025	\$ (42,000)
2026	(64,000)
2027	(66,000)
2028	(20,000)
2029	(8,000)
Thereafter	<u>-</u>
Total	<u>\$ (200,000)</u>

Actuarial Assumptions

The Total OPEB Liability as of June 30, 2024, was determined by rolling forward the System's Total OPEB Liability as of June 30, 2023 to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.21% - 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.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

The actuarial assumptions used in the June 30, 2023 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, 2022 determined the employer contribution rate for fiscal year 2024.
- 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%	1.7%
	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, 2024.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. 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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

to be sufficient to meet projected future benefit payments, therefore the plan is considered a “pay-as-you-go” plan. A discount rate of 4.21% which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, 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, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 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, 2024, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 1,706,000	\$ 1,706,000	\$ 1,706,000

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 4.21%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.21%) or 1-percentage-point higher (5.21%) than the current rate:

	<u>1% Decrease 3.21%</u>	<u>Current Discount Rate 4.21%</u>	<u>1% Increase 5.21%</u>
District’s proportionate share of the net OPEB liability	\$ 1,874,000	\$ 1,659,000	\$ 1,479,000

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.pa.gov/PSERS.

Payables to the Multiple Employer OPEB Plan

As of June 30, 2025, the School had \$36,877 included in accrued wages liability, of which \$28,063 is for the contractually required contribution for the second quarter of 2025 and \$8,814 is related to the accrued payroll liability for wages incurred as of June 30, 2025.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Single Employer OPEB Plan

Plan Description – Northern Lehigh School District has one single-employer defined OPEB plan.

1. *In accordance with the PA School Code 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 based upon GASB Statement NO. 45, since the retiree pays the premium at the insurance carrier's global rate charge to the School District versus an age-adjusted rate, as defined by the GASB statements. The following table reflects the benefits provided:*

Summary of Plan Provisions			
Group	Eligibility	Coverage And Premium Sharing	Duration
<u>I. ADMINISTRATORS</u>	Age 55 and at least 10 full years of service with the District At least 10 full years of District and 35 years of PSERS service.	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, and Dental. ● Premium Sharing: District will pay full premium less the premium share determined by the Act 93 agreement for the Member only. The spouse may elect medical, prescription drug, and dental coverage by paying the full premiums. If an active member becomes disabled, the member and spouse may elect coverage by paying the full premiums ● Dependents: Spouse included. 	Member and spouse coverage continues until Medicare age.
<u>II. ALL OTHER EMPLOYEES</u>	PSERS Retirement	<ul style="list-style-type: none"> ● Coverage: Medical, Prescription Drug, and Dental. ● Premium Sharing: Member and spouse may elect medical, prescription drug, and dental coverage by paying the full premiums. If an active member becomes disabled, the member and spouse may elect coverage by paying the full premiums ● Dependents: Spouse included. 	Same as I

Notes: Act 110/43: 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 Retirement:

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

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms:

Active Participants	179
Vested Former Participants	0
Retired Participants	<u>20</u>
Total	199

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$2,127,756, was measured as of June 30, 2025, 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:

	State-mandated Healthcare Benefit
Actuarial Valuation Date	7/1/2023
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.29%
Projected salary increases	3.50% to 6.25%
Healthcare inflation rate	7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% 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 the S&P Municipal Bond 20-year High Grade Rate Index at July 1, 2024.

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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>2024-25</u>
Total OPEB Liability	
Service Cost	\$ 105,808
Interest	87,329
Changes in Benefit Terms	-
Difference between expected and actual experience	-
Changes in assumptions	1,962
Benefit payments	<u>(165,909)</u>
Net change in total OPEB Liability	29,190
Total OPEB Liability - beginning	<u>2,098,566</u>
Total OPEB Liability - ending	\$ <u>2,127,756</u>
Covered employee payroll	<u>\$ 13,192,155</u>

Total OPEB Liability as a percentage of covered employee payroll 16.13%

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

For the year ended June 30, 2025, the School recognized OPEB expense of \$195,765. At June 30, 2025, 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	\$ -	\$ 223,271
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	287,866	-
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>185,401</u>	<u>-</u>
Total	<u>\$ 473,267</u>	<u>\$ 223,271</u>

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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>
2026	\$ 2,628
2027	2,628
2028	2,628
2029	2,628
2030	(1,520)
Thereafter	<u>55,603</u>
Total	<u>\$ 64,595</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 (3.29%) or 1-percentage point higher (5.29%) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
District's proportionate share of the net OPEB liability	\$ 2,273,763	\$ 2,127,756	\$ 1,990,664

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

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

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 1,921,946	\$ 2,127,756	\$ 2,367,035

**Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other postemployment 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>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE
Change in Proportion	\$ (666,296)	\$ -	\$ (29,178)	\$ (695,474)
Current Year Contributions	5,006,180	185,401	95,805	5,287,386
Change in Assumption	-	(223,271)	(146,891)	(370,162)
Diff in Projected Vs Actual Contributions	-	-	-	-
Difference in Investment Earnings	627,779	-	969	628,748
Diff. between Expected vs Actual Experience	(596,310)	287,866	(18,462)	(326,906)
Diff. between Prop. Share vs Actual POS	-	-	-	-
Net Pension Liability	\$ 37,941,467	\$ -	\$ -	\$ 37,941,467
Net OPEB Liability	\$ -	\$ 2,127,756	\$ 1,611,856	\$ 3,739,612

BUSINESS-TYPE ACTIVITIES				
	<i>Pension - GASB 68</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE	DR OR (CR) CURRENT YR BALANCE
Change in Proportion	\$ (30,704)	\$ -	\$ (822)	\$ (31,526)
Current Year Contributions	157,299	-	3,010	160,309
Change in Assumption	-	-	(5,109)	(5,109)
Diff in Projected Vs Actual Contributions	-	-	-	-
Difference in Investment Earnings	18,221	-	31	18,252
Diff. between Expected vs Actual Experience	(17,690)	-	(538)	(18,228)
Diff. between Prop. Share vs Actual POS	-	-	-	-
Net Pension Liability	\$ 1,109,533	\$ -	\$ -	\$ 1,109,533
Net OPEB Liability	\$ -	\$ -	\$ 47,143	\$ 47,143

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
RECONCILIATION OF NET CHANGE IN DEFERRED OUTFLOWS/INFLOWS	DR OR (CR) CURRENT YR BALANCE
Change in Proportion	\$ (727,000)
Current Year Contributions	5,447,695
Change in Assumption	(375,271)
Diff in Projected Vs Actual Contributions	-
Difference in Investment Earnings	647,000
Diff. between Expected vs Actual Experience	(345,134)
Diff. between Prop. Share vs Actual POS	-
Net Pension Liability	\$ 39,051,000
Net OPEB Liability	\$ 3,786,755

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental Activities	Business-Type Activities
<i>Pension Plan</i>		
Net Pension Liability	\$ 37,941,467	\$ 1,109,533
Deferred Outflow Related to Pension	(5,633,959)	(175,520)
Deferred Inflows Related to Pension	1,262,606	48,394
Total liab. Net deferred inflows/outflows	\$ 33,570,114	\$ 982,407
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 3,739,612	\$ 47,143
Deferred Outflows Related to OPEB	(570,041)	(3,041)
Deferred Inflows Related to OPEB	417,802	6,469
Total liab. Net deferred inflows/outflows	\$ 3,587,373	\$ 50,571

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

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 \$157,214, in nonspendable fund balance at June 30, 2025, comprised, of inventories on hand at year-end, and prepaid expenditures.

Restricted Fund Balance

The Capital Reserve Fund's fund balance of \$228,283 at year-end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes. The General Fund has \$174,440 restricted for contributions not yet spent.

Committed Fund Balance

The School Board has chosen to commit \$942,369 for future health insurance rate increases, and \$1,000,000 for future retirement rate increases.

Assigned Fund Balance

The General Fund has the following assignments:

- Replacement Equipment - \$2,364,518
- Long Range Maintenance - \$2,758,144
- Future Debt Service Payments - \$2,200,000
- Technology - \$1,455,311
- Refreshment Stand - \$29,613
- Future Curriculum Needs - \$650,000
- To be Transferred to the Capital Reserve Fund - \$3,000,000
- Elementary School Activity Funds - \$41,774
- Balance 25-26 Budget - \$1,320,874

Note 8 - Net Asset Restrictions

Net Investment in Capital Assets

The components of this restriction are total capital assets of \$45,128,057, \$74 in unspent proceeds with related debt of \$19,703,738, which includes unamortized bond discounts, premiums. The business-type activities column reflects \$809,836 invested in capital assets with no related debt. In addition, \$228,357 has been restricted for future capital projects in the governmental activities.

Northern Lehigh School District
Notes To Basic Financial Statements
Fiscal Year Ended June 30, 2025

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, 2025.

Litigation

In accordance with the solicitor's legal letter, there is no pending litigation or contingent liabilities as of June 30, 2025, which would materially affect the financial position of the District.

Note 10 - New Accounting Pronouncements

The Governmental Accounting Standards Board (GASB) has issued the following Statements that will be effective for the School District in future fiscal years. Management has not yet completed its evaluation of the impact of these pronouncements on the District's financial statements.

- **GASB Statement No. 103, Financial Reporting Model Improvements.** This Statement updates certain components of the financial reporting model, including presentation and disclosure requirements related to management's discussion and analysis, unusual or infrequent items, major component unit information, and budgetary comparison information. The requirements are effective for fiscal years beginning after June 15, 2025 (the District's year ending June 30, 2026). Earlier application is encouraged.
- **GASB Statement No. 104, Disclosure of Certain Capital Assets.** This Statement requires additional note disclosures for (1) capital assets recognized in connection with leases and other intangible right-to-use arrangements and (2) capital assets held for sale. The requirements are effective for fiscal years beginning after June 15, 2025 (the District's year ending June 30, 2026). Earlier application is encouraged.

In addition, GASB issued Implementation Guide No. 2025-1, Implementation Guidance Update—2025, which provides interpretive guidance on multiple Topics, including Statements 103 and 104. The School District will consider this guidance when implementing the related Statements.

**REQUIRED
SUPPLEMENTAL INFORMATION SECTION**

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024-25</u>	<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>
District's proportion of the net pension liability (asset)	0.0933%	0.0942%	0.0964%	0.0957%	0.0954%	0.0970%	0.0922%	0.0912%	0.0956%	0.0932%
District's proportionate share of the net pension liability (asset)	\$ 39,051,000	\$ 41,906,000	\$ 42,858,000	\$ 39,291,000	\$ 46,974,000	\$ 45,379,000	\$ 44,261,000	\$ 45,042,000	\$ 47,376,000	\$ 40,370,000
District's covered employee payroll	\$ 15,684,929	\$ 14,989,570	\$ 14,578,132	\$ 14,199,364	\$ 13,533,746	\$ 13,417,331	\$ 13,332,997	\$ 12,500,677	\$ 12,131,466	\$ 12,022,556
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	248.97%	279.57%	293.99%	276.71%	347.09%	338.21%	331.97%	360.32%	390.52%	335.79%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024-25</u>	<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>
Contractually required contribution	\$ 5,163,479	\$ 4,960,049	\$ 5,001,757	\$ 4,847,663	\$ 4,559,519	\$ 4,488,097	\$ 4,346,557	\$ 3,967,715	\$ 3,542,388	\$ 3,005,639
Contributions in relation to the contractually required contribution	<u>5,163,479</u>	<u>4,960,049</u>	<u>5,001,757</u>	<u>4,847,663</u>	<u>4,559,519</u>	<u>4,488,097</u>	<u>4,346,557</u>	<u>3,967,715</u>	<u>3,542,388</u>	<u>3,005,639</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 15,684,929	\$ 14,989,570	\$ 14,578,132	\$ 14,199,364	\$ 13,533,746	\$ 13,417,331	\$ 13,332,997	\$ 12,500,677	\$ 12,131,466	\$ 12,022,556
Contributions as a percentage of covered employee payroll	32.92%	33.09%	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024-25</u>	<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	0.0934%	0.0943%	0.0968%	0.0957%	0.0955%	0.0970%	0.0922%	0.0912%	0.0956%
District's proportionate share of the net OPEB liability (asset)	\$ 1,659,000	\$ 1,706,000	\$ 1,782,000	\$ 2,267,000	\$ 2,063,000	\$ 2,063,000	\$ 1,922,000	\$ 1,858,000	\$ 2,059,000
District's covered-employee payroll	\$ 14,834,613	\$ 14,440,806	\$ 14,230,189	\$ 13,562,275	\$ 13,533,746	\$ 13,417,331	\$ 13,332,997	\$ 12,500,677	\$ 12,131,466
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	11.18%	11.81%	12.52%	16.72%	15.24%	15.38%	14.42%	14.86%	16.97%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
MULTIPLE EMPLOYER OPEB PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024-25</u>	<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>
Contractually required contribution	\$ 98,815	\$ 95,933	\$ 109,336	\$ 113,595	\$ 110,977	\$ 112,706	\$ 110,664	\$ 103,756	\$ 100,691	\$ 100,989
Contributions in relation to the contractually required contribution	<u>98,815</u>	<u>95,933</u>	<u>109,336</u>	<u>113,595</u>	<u>110,977</u>	<u>112,706</u>	<u>110,664</u>	<u>103,756</u>	<u>100,691</u>	<u>100,989</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	\$ 15,684,929	\$ 14,989,570	\$ 14,578,132	\$ 14,199,364	\$ 13,533,746	\$ 13,417,331	\$ 13,332,997	\$ 12,500,677	\$ 12,131,466	\$ 12,022,556
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%

**NORTHERN LEHIGH SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
SINGLE EMPLOYER HEALTH INSURANCE PLAN
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025**

	<u>2024-25</u>	<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	\$ 105,808	\$ 83,646	\$ 124,456	\$ 135,340	\$ 100,870	\$ 111,366	\$ 105,199	\$ 74,183
Interest	87,329	66,958	46,068	33,435	50,348	52,003	51,539	27,146
Changes in Benefit Terms	-	-	-	-	-	-	-	429,368
Difference between expected and actual experience	-	389,603	-	185,127	-	(297,556)	-	-
Changes in assumptions	1,962	29,720	(420,945)	(53,351)	168,202	(37,406)	3,542	49,800
Benefit payments	<u>(165,909)</u>	<u>(80,553)</u>	<u>(79,514)</u>	<u>(51,613)</u>	<u>(58,480)</u>	<u>(71,676)</u>	<u>(63,653)</u>	<u>(45,023)</u>
Net change in total OPEB Liability	29,190	489,374	(329,935)	248,938	260,940	(243,269)	96,627	535,474
Total OPEB Liability - beginning	<u>2,098,566</u>	<u>1,609,192</u>	<u>1,939,127</u>	<u>1,690,189</u>	<u>1,429,249</u>	<u>1,672,518</u>	<u>1,575,891</u>	<u>1,040,417</u>
Total OPEB Liability - ending	<u>\$ 2,127,756</u>	<u>\$ 2,098,566</u>	<u>\$ 1,609,192</u>	<u>\$ 1,939,127</u>	<u>\$ 1,690,189</u>	<u>\$ 1,429,249</u>	<u>\$ 1,672,518</u>	<u>\$ 1,575,891</u>
Covered employee payroll	<u>\$ 13,192,155</u>	<u>\$ 13,192,155</u>	<u>\$ 11,505,416</u>	<u>\$ 11,505,416</u>	<u>\$ 11,973,846</u>	<u>\$ 11,973,846</u>	<u>\$ 11,406,681</u>	<u>\$ 11,406,681</u>
Total OPEB Liability as a percentage of covered employee payroll	16.13%	15.91%	13.99%	16.85%	14.12%	11.94%	14.66%	13.82%

SUPPLEMENTAL INFORMATION SECTION

Northern Lehigh School District
Combining Balance Sheet
All Non-Major Governmental Funds
For the Year Ended June 30, 2025

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
<u>ASSETS</u>			
Cash and cash equivalents	\$ 260,802	\$ 74	\$ 260,876
Other Receivables	-	-	-
TOTAL ASSETS	260,802	74	260,876
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 260,802	\$ 74	\$ 260,876
<u>LIABILITIES</u>			
Accounts Payable	32,519	-	32,519
Due to other funds	-	-	-
TOTAL LIABILITIES	32,519	-	32,519
<u>DEFERRED INFLOWS OF RESOURCES</u>			
	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	32,519	-	32,519
FUND BALANCES:			
Restricted	228,283	74	228,357
Assigned	-	-	-
TOTAL FUND BALANCES	228,283	74	228,357
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 260,802	\$ 74	\$ 260,876

Northern Lehigh School District
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
All Non-Major Governmental Funds
For the Year Ended June 30, 2025

	CAPITAL RESERVE FUND	CAPITAL PROJECTS FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES			
Local Sources	\$ 7,327	\$ 53,515	\$ 60,842
TOTAL REVENUES	7,327	53,515	60,842
EXPENDITURES			
Capital Outlay	96,519	2,104,551	2,201,070
Debt Service	-	-	-
TOTAL EXPENDITURES	96,519	2,104,551	2,201,070
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	(89,192)	(2,051,036)	(2,140,228)
OTHER FINANCING SOURCES (USES)			
Transfers in	45,000	-	45,000
Transfers out	-	-	-
TOTAL OTHER FINANCING SOURCES AND USES	45,000	-	45,000
NET CHANGE IN FUND BALANCES	(44,192)	(2,051,036)	(2,095,228)
FUND BALANCES - BEGINNING	272,475	2,051,110	2,323,585
FUND BALANCES - ENDING	\$ 228,283	\$ 74	\$ 228,357

**Northern Lehigh School District
Combining Statement of Fiduciary Net Position
All Custodial Funds
As of June 30, 2025**

	High School Activity Fund	Middle School Activity Fund	Total
ASSETS			
Cash and cash equivalents	\$ 48,043	\$ 16,255	\$ 64,298
Due from Other Funds	-	105	105
Other Receivables	878	-	878
TOTAL ASSETS	48,921	16,360	65,281
DEFERRED OUTFLOWS OF RESOURCES			
	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 48,921	\$ 16,360	\$ 65,281

LIABILITIES			
Accounts Payable	3,582	244	3,826
Due to Other Funds	4,959	233	5,192
TOTAL LIABILITIES	8,541	477	9,018
DEFERRED INFLOWS OF RESOURCES			
	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	8,541	477	9,018
NET POSITION			
Restricted for			
Individuals, organizations, and other governments	40,380	15,883	56,263
TOTAL LIABILITIES, DEFERRED INFLOWS & NET POSITION	\$ 48,921	\$ 16,360	\$ 65,281

Northern Lehigh School District
Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
For the Year Ended June 30, 2025

	High School Activity Fund	Middle School Activity Fund	Total
ADDITIONS			
Contributions - Members	\$ 17,438	\$ 2,305	\$ 19,743
Special Events	43,958	13,979	57,937
Other Income	4,792	4,631	9,423
INVESTMENT EARNINGS:	-	-	-
Interest and Dividends	-	-	-
Net increase (decrease) in fair value of investments	-	-	-
Less investment expense	-	-	-
TOTAL ADDITIONS	66,188	20,915	87,103
DEDUCTIONS			
Administrative expense	-	-	-
Benefits paid to participants or beneficiaries	-	130	130
Payments for student club activities	67,614	18,977	86,591
TOTAL DEDUCTIONS	67,614	19,107	86,721
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	(1,426)	1,808	382
NET POSITION - BEGINNING OF YEAR	41,806	14,075	55,881
NET POSITION - END OF YEAR	\$ 40,380	\$ 15,883	\$ 56,263

**Northern Lehigh School District
General Fund
Schedule on Tax Collectors' Receipts
For the Year Ended June 30, 2025**

	<u>SLATINGTON BOROUGH</u>	<u>WASHINGTON TOWNSHIP</u>	<u>WALNUTPORT BOROUGH</u>	<u>TOTAL</u>
<u>CURRENT REAL ESTATE TAXES</u>				
Assessed Value	\$ 174,746,200	\$ 487,613,700	\$ 42,959,700	\$ 705,319,600
Millage Rate	0.0253731	0.0253731	0.0756628	Avg.
TOTAL TAX ASSESSMENT	4,433,853	12,372,557	3,250,451	20,056,861
Plus: Act 4 Properties	-	40,187	-	40,187
Less: Act 1 Deduction	337,548	866,666	232,294	1,436,508
TOTAL TAXABLE DUPLICATE	4,096,305	11,546,078	3,018,157	18,660,540
 PLUS - Additions	 2,801	 4,004	 -	 6,805
- Penalties	14,394	26,318	7,802	48,514
 CURRENT REAL ESTATE TAXES TO BE COLLECTED	 4,113,500	 11,576,400	 3,025,959	 18,715,859
 LESS - Discount	 68,363	 191,502	 50,164	 310,029
- Refunds	3,178	1,193	896	5,267
- Returned to County	127,014	451,674	69,229	647,917
- Exonerations	-	9,244	-	9,244
 NET CURRENT REAL ESTATE TAXES COLLECTED	 \$ 3,914,945	 \$ 10,922,787	 \$ 2,905,670	 \$ 17,743,402
 <u>CURRENT INTERIM REAL ESTATE TAXES COLLECTED</u>	 \$ 6,772	 \$ 22,162	 \$ 336	 \$ 29,270
<u>CURRENT PER CAPITA TAXES</u>				
No. of Persons Assessed	2,117	4,772	1,397	8,286
Tax Rate	\$ 10	\$ 10	\$ 10	\$ 10
Taxable Valuation	21,170	47,720	13,970	82,860
 PLUS - Additions	 -	 -	 -	 -
District Collections	-	21	11	32
Penalties	124	282	119	525
Taxes to be Collected	21,294	48,023	14,100	83,417
 LESS - Discounts	 209	 609	 162	 980
Exonerations	20	1,240	380	1,640
Refunds	-	-	-	-
Collections	7,190	10,281	2,940	20,411
Reductions	-	-	-	-
 NET CURRENT PER CAPITA TAXES COLLECTED	 \$ 13,875	 \$ 35,893	 \$ 10,618	 \$ 60,386

Northern Lehigh School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2025

6000 - Revenue from Local Sources		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111	Current Real Estate Taxes	\$ 17,687,955	\$ 17,743,402	\$ 55,447
6112	Interim Real Estate Taxes	-	29,270	29,270
6113	Public Utility	17,000	18,918	1,918
6114	Payment in Lieu of Taxes	28,000	59,814	31,814
6120	Current Per Capita Taxes - 511	30,000	30,193	193
6141	Current Per Capita Taxes - 679	30,000	30,193	193
6143	Local Services Tax	9,000	14,270	5,270
6151	Earned Income Tax	1,775,000	1,912,044	137,044
6153	Real Estate Transfer Tax	190,000	260,760	70,760
6411	Delinquent Real Estate Taxes	775,000	764,976	(10,024)
6420	Delinquent Per Capita Taxes - 511	5,000	10,831	5,831
6441	Delinquent Per Capita Taxes - 679	5,000	10,831	5,831
6510	Interest	700,000	1,088,901	388,901
6690	Other Food Service Revenues	-	543	543
6710	Admissions	59,328	55,511	(3,817)
6720	Bookstore Sales	-	2,376	2,376
6740	Fees	1,000	1,785	785
6790	Other Student Activity Income	29,825	42,216	12,391
6831	Federal Revenue Received From Other PA Public Schools	9,865	15,443	5,578
6832	I/U Services - Federal	326,700	337,447	10,747
6910	Rentals	23,000	29,755	6,755
6920	Contributions	30,000	152,548	122,548
6944	Receipts from Other LEA's - Education	-	44	44
6991	Refunds of Prior Yr. Expenditures	5,000	1,914	(3,086)
6999	Other Revenue not specified	189,206	35,714	(153,492)
TOTAL REVENUE FROM LOCAL SOURCES		21,925,879	22,649,699	723,820
7000 - Revenue from State Sources				
7111	Basic Education Funding - Formula	8,459,600	8,291,692	(167,908)
7144	Reimbursement to School District for Charter Schoo	-	129,631	129,631
7160	Orphan Tuition	50,000	46,851	(3,149)
7271	Special Education	1,586,575	1,824,895	238,320
7311	Transportation (Regular and Additional)	666,000	751,704	85,704
7312	Transportation (Nonpublic and Charter School)	-	19,250	19,250
7320	Rentals	37,235	36,637	(598)
7331	Health Services	26,000	28,366	2,366
7332	Feminine Hygiene Products Grant	-	2,797	2,797
7340	State Property Tax Allocation Reduction	1,436,526	1,436,526	-
7361	School Safety and Security Grants	211,100	211,747	647
7362	School Mental Health & Safety and Security Grants	98,500	-	(98,500)
7531	Ready to Learn Block Grant	298,608	298,608	-
7599	Other State revenue not listed elsewhere in the 70	-	25,000	25,000
7810	State Share of Social Security and Medicare Taxes	613,000	676,808	63,808
7820	State Share of Retirement Contributions	2,692,000	3,103,390	411,390
TOTAL REVENUE FROM STATE SOURCES		16,175,144	16,883,902	708,758
8000 - Revenue from Federal Sources				
8514	Title I	469,594	488,002	18,408
8515	Title II	63,123	62,620	(503)
8517	Title IV	35,778	35,201	(577)
8744	ARP ESSER (ESSER III)	430,000	429,695	(305)
8749	Other CARES Act Funding	-	92,206	92,206
8751	ARP ESSER Learning Loss	-	23,249	23,249
8752	ARP ESSER Summer Programs	-	8,870	8,870
8753	ARP ESSER Afterschool Programs	-	10,220	10,220
8820	Medical Assistance	5,000	24,400	19,400
TOTAL REVENUE FROM FEDERAL SOURCES		\$ 1,003,495	\$ 1,174,463	\$ 170,968

Northern Lehigh School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
9000 - Other Financing Sources			
9290 Other Extended Term Financing Proceeds	\$ 140,000	\$ 141,485	\$ 1,485
9990 Insurance Proceeds	-	5,958	5,958
9400 Sale of or Compensation for Loss of Fixed Assets	-	32,000	32,000
TOTAL OTHER FINANCING SOURCES	<u>140,000</u>	<u>179,443</u>	<u>39,443</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	<u>\$ 39,244,518</u>	<u>\$ 40,887,507</u>	<u>\$ 1,642,989</u>
1000 - Instruction			
1110 Regular Programs - Elem./Secondary	\$ 13,997,359	\$ 14,143,923	\$ (146,564)
1190 Federally Funded Regular Programs	637,475	549,565	87,910
1211 Life Skills Support	641,329	623,892	17,437
1221 Deaf or Hearing Impaired Support	250	-	250
1225 Speech & Language Impaired	212,200	154,127	58,073
1231 Emotional Support - Public	1,058,005	983,228	74,777
1233 Autistic Support	-	1,335	(1,335)
1241 Learning Support - Public	2,160,115	2,325,095	(164,980)
1243 Gifted Support	57,368	32,810	24,558
1260 Physical Support	115,000	86,535	28,465
1270 Multi-Handicapped Support	2,750	-	2,750
1280 Early Intervention Support	163,269	163,651	(382)
1290 Other Support	2,032,718	2,431,284	(398,566)
1390 Other Vocational Education Programs	1,488,858	1,392,095	96,763
1420 Summer School	85,855	82,924	2,931
1430 Homebound Instruction	15,934	920	15,014
1500 Nonpublic School Programs	8,950	3,592	5,358
1693 Community College Sponsorship	166,703	166,703	-
1700 Higher Education Programs	15,000	21,034	(6,034)
Total Instruction	<u>22,859,138</u>	<u>23,162,713</u>	<u>(303,575)</u>
2000 - Support Services			
2120 Guidance Services	777,369	761,693	15,676
2125 Record Maintenance Services	27,600	37,330	(9,730)
2140 Psychological Services	376,825	338,731	38,094
2142 Psychological Testing Services	-	11,550	(11,550)
2142 Psychological Services	-	2,000	(2,000)
2152 Speech Pathology Services	-	5,000	(5,000)
2153 Audiology Services	-	55	(55)
2160 Social Work Services	89,004	80,656	8,348
2170 Student Accounting Services	81,838	82,681	(843)
2220 Technology Support Services	219,120	223,005	(3,885)
2250 School Library Services	364,659	313,847	50,812
2260 Instructional & Curriculum Dev. Service	633,863	640,949	(7,086)
2271 Instructional Staff Development Services	103,959	125,576	(21,617)
2272 Instructional Staff Development Services (Non-Certified)	200	-	200
2290 Other Instructional Staff Services	150,643	134,704	15,939
2310 Board Services	66,950	55,937	11,013
2320 Board Treasurer Services	300	269	31
2330 Tax Assessment & Collection Services	99,024	99,457	(433)
2340 Staff Relations and Negotiations Services	2,500	158	2,342
2350 Legal Services	94,500	113,383	(18,883)
2360 Office of the Superintendent Services	748,771	752,472	(3,701)
2370 Community Relations Services	4,265	7,621	(3,356)
2380 Office of the Principal Services	1,487,940	1,414,391	73,549
2390 Other Administration Services	11,000	9,603	1,397
2420 Medical Services	678,886	585,414	93,472
2490 Nonpublic Health Services	-	2,797	(2,797)
2511 Supervision of Fiscal Service	153,098	157,073	(3,975)
2514 Payroll Services	135,748	137,027	(1,279)
2515 Financial Accounting Services	136,753	140,820	(4,067)
SUB-TOTAL - SUPPORT SERVICES	<u>\$ 6,444,815</u>	<u>\$ 6,234,199</u>	<u>\$ 210,616</u>

**Northern Lehigh School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
SUB-TOTAL - SUPPORT SERVICES (CARRIED FORWARD)	\$ 6,444,815	\$ 6,234,199	\$ 210,616
2519 Other Fiscal Services	2,000	1,870	130
2530 Warehousing and Distribution Services	137,492	162,584	(25,092)
2611 Supervision of Operation and Maintenance of Plant	190,444	191,783	(1,339)
2620 Operation of Building Services	2,668,584	2,570,926	97,658
2630 Care and Upkeep of Grounds Services	150,489	147,732	2,757
2640 Care and Upkeep of Equipment Services	142,564	130,330	12,234
2650 Vehicle Operation and Maintenance Services	35,900	13,119	22,781
2660 Security Services	361,863	357,201	4,662
2711 Supervision of Student Transportation Services	92,759	60,773	31,986
2720 Vehicle Operation Services	1,682,490	1,867,868	(185,378)
2730 Monitoring Services	328,895	319,324	9,571
2740 Vehicle Servicing and Maintenance Services	145,000	142,181	2,819
2750 Nonpublic Transportation Services	186,204	238,454	(52,250)
2818 System-Wide Technology Services	764,194	651,794	112,400
2823 Public Information Services	3,188	3,780	(592)
2831 Supervision of Staff Services	234,918	239,111	(4,193)
2832 Recruitment and Placement Services	500	-	500
2833 Staff Accounting Services	14,218	14,420	(202)
2834 Staff Development Services - Non-Instructional, Ce	26,280	28,977	(2,697)
2836 Staff Development Services - Non-Instructional, Non	15,400	8,215	7,185
2840 Data Processing Services	1,386	-	1,386
2910 Support services not listed elsewhere in the 2000	17,554	-	17,554
	<hr/>	<hr/>	<hr/>
Total Support Services	13,647,137	13,384,641	262,496
 <u>3000 - Operation of Non-Instructional Services</u>			
3210 Student Activities	176,351	169,614	6,737
3250 School Sponsored Athletics	720,865	822,239	(101,374)
3350 Welfare Activities	10,000	15,515	(5,515)
3390 Other Community Services	23,150	24,024	(874)
3400 Scholarships and Awards	-	83,094	(83,094)
	<hr/>	<hr/>	<hr/>
Total Non-Instructional Services	930,366	1,114,486	(184,120)
 <u>4000 - Facilities Acquisition, Construction, and Improvement Services</u>			
4400 Architecture and Engineering Services/ Educational	20,000	-	20,000
4600 Existing Building Improvement Services	451,139	277,519	173,620
	<hr/>	<hr/>	<hr/>
Total Facilities Acquisition, Construction, and Improvement Services	471,139	277,519	193,620
 <u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	2,345,812	2,310,811	35,001
5130 Refund of Prior Yr. Receipts	25,000	8,678	16,322
5140 Short Term Borrowing - Interest and Cost	-	60,772	(60,772)
5230 Capital Projects Fund Transfers Out	45,460	45,000	460
	<hr/>	<hr/>	<hr/>
Total Other Expenditures and Financing Uses	2,416,272	2,425,261	(8,989)
	<hr/>	<hr/>	<hr/>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 40,324,052	\$ 40,364,620	\$ (40,568)

**Northern Lehigh School District
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual
For the Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 39,244,518	\$ 40,887,507	\$ 1,642,989
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>40,324,052</u>	<u>40,364,620</u>	<u>(40,568)</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	(1,079,534)	522,887	1,602,421
Special Items	-	-	-
Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	(1,079,534)	522,887	1,602,421
FUND BALANCE - JULY 1, 2024	<u>16,047,542</u>	<u>18,043,875</u>	<u>1,996,333</u>
FUND BALANCE - JUNE 30, 2025	<u>\$ 14,968,008</u>	<u>\$ 18,566,762</u>	<u>\$ 3,598,754</u>

**Northern Lehigh School District
Capital Reserve Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025**

FUND BALANCE - JULY 1, 2024		\$ 272,475
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$ 7,327	
Transfer from General Fund	<u>45,000</u>	<u>52,327</u>
TOTAL FUNDS AVAILABLE		324,802
 <u>EXPENDITURES</u>		
CAPITAL OUTLAY:		
Professional Services	96,519	<u>96,519</u>
 FUND BALANCE - JUNE 30, 2025		 <u>\$ 228,283</u>

**Capital Projects Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025**

FUND BALANCE - JULY 1, 2024		\$ 2,051,110
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest	\$ 53,515	
Transfer from Debt Service Fund	<u>-</u>	<u>53,515</u>
TOTAL FUNDS AVAILABLE		2,104,625
 <u>EXPENDITURES</u>		
CAPITAL OUTLAY:		
Professional Services	<u>2,104,551</u>	<u>2,104,551</u>
 FUND BALANCE - JUNE 30, 2025		 <u>\$ 74</u>

**Northern Lehigh School District
Food Service Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2025**

REVENUES

Adult Sales	\$ 11,315	
Milk	13	
Ala Carte Sales	56,172	
Special Events	43,249	
Miscellaneous	16,223	
State Subsidies	189,211	
Federal Subsidies	889,977	
Donated Commodities	<u>103,281</u>	
TOTAL REVENUES		\$ 1,309,441

COST OF COMMODITIES

Beginning Inventory	26,547	
Purchases	459,758	
Ending Inventory	<u>(30,830)</u>	
TOTAL COST OF COMMODITIES SOLD		<u>455,475</u>
GROSS PROFIT		853,966

OPERATING EXPENSES

Salaries	496,630	
Benefits	87,875	
Repairs and Maintenance	21,728	
Other Purchased Services	225	
Communications	497	
Supplies - Technology	5,940	
Travel	926	
Supplies	37,873	
Depreciation	54,231	
Other	<u>382</u>	
TOTAL EXPENSES		<u>706,307</u>

CHANGES IN FUND NET POSITION **147,659**

FUND NET POSITION - JULY 1, 2024 **22,013**

FUND NET POSITION - JUNE 30, 2025 **\$ 169,672**

**Northern Lehigh School District
High School Student Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025**

ADDITIONS

Admissions	\$ 8,841	
Student Fees	8,597	
Special Events	43,958	
Other Activity Income	4,792	
TOTAL ADDITIONS		\$ 66,188

DEDUCTIONS

Professional and Technical Services	15,504	
Rental	135	
Transportation	5,615	
General Supplies	8,306	
Food	17,759	
Donations	1,850	
Scholarships	4,959	
Miscellaneous Expenses	13,486	
TOTAL DEDUCTIONS		<u>67,614</u>

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **\$ (1,426)**

FUND NET POSITION - JULY 1, 2024 **41,806**

FUND NET POSITION - JUNE 30, 2025 **\$ 40,380**

**Statement of Fiduciary Net Position
As of June 30, 2025**

ASSETS

Cash and Cash Equivalents	\$ 48,043	
Other Receivables	878	
TOTAL ASSETS		<u><u>\$ 48,921</u></u>

LIABILITIES

Accounts Payable	\$ 3,582	
Due to Other Funds	4,959	
TOTAL LIABILITIES		\$ 8,541

NET POSITION

Restricted for Individuals, organizations, and other governments		40,380
TOTAL LIABILITIES AND FUND NET POSITION		<u><u>\$ 48,921</u></u>

**Northern Lehigh School District
Middle School Student Activity Fund
Statement of Changes in Fiduciary Net Position**

ADDITIONS

Admissions	\$ 985	
Book Store Sales	1,320	
Special Events	13,979	
Other Activitiy Income	4,631	
TOTAL ADDITIONS		\$ 20,915

DEDUCTIONS

Professional and Technical Services	3,210	
General Supplies	11,979	
Food	3,710	
Donations	130	
Miscellaneous Expenses	78	
TOTAL DEDUCTIONS		19,107

NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION **\$ 1,808**

FUND NET POSITION - JULY 1, 2024 **14,075**

FUND NET POSITION - JUNE 30, 2025 **\$ 15,883**

**Statement of Fiduciary Net Position
As of June 30, 2025**

ASSETS

Cash and Cash Equivalents	\$ 16,255	
Due From Other Funds	105	
TOTAL ASSETS		<u>\$ 16,360</u>

LIABILITIES

Accounts Payable	\$ 244	
Due to Other Funds	233	
TOTAL LIABILITIES		\$ 477

NET POSITION

Restricted for		
Individuals, organizations, and other governments		15,883
TOTAL LIABILITIES AND FUND NET POSITION		<u>\$ 16,360</u>

Northern Lehigh School District
Schedule on General Obligation Notes - Series of 2020
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 61,000	\$ 5,000
2026-27	60,900	5,000
2027-28	60,800	5,000
2028-29	60,700	1,500,000
2029-30	30,700	1,535,000
TOTAL OUTSTANDING	\$ 274,100	\$ 3,050,000

Schedule on General Obligation Bonds - Series of 2022
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 444,394	\$ 40,000
2026-27	442,594	40,000
2027-28	440,774	40,000
2028-29	438,946	45,000
2029-30	436,831	45,000
2030-31	434,698	1,425,000
2031-32	366,441	1,485,000
2032-33	293,824	1,555,000
2033-34	215,452	1,635,000
2034-35	131,413	1,720,000
2035-36	40,425	750,000
TOTAL OUTSTANDING	\$ 3,685,792	\$ 8,780,000

**Northern Lehigh School District
Schedule on General Obligation Notes - Series of 2022
For the Year Ended June 30, 2025**

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 135,600	\$ 25,000
2026-27	134,600	25,000
2027-28	133,600	30,000
2028-29	132,400	25,000
2029-30	131,400	25,000
2030-31	130,400	30,000
2031-32	129,200	35,000
2032-33	127,800	40,000
2033-34	126,200	40,000
2034-35	124,600	40,000
2035-36	123,000	1,115,000
2036-37	78,400	1,960,000
TOTAL OUTSTANDING	\$ 1,507,200	\$ 3,390,000

**Schedule on General Obligation Bonds - Series of 2023
For the Year Ended June 30, 2025**

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 178,250	\$ 1,130,000
2026-27	121,750	1,190,000
2027-28	62,250	1,245,000
TOTAL OUTSTANDING	\$ 362,250	\$ 3,565,000

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

**Northern Lehigh School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS-THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/24	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/25	FOOT NOTES
U.S DEPARTMENT OF THE TREASURY											
<u>PASSED THROUGH THE PA COMMISSION ON CRIME AND DELINQUENCY (PCCD)</u>											
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	I	21.027	2023-CM-01-41463	5/1/24 - 6/30/26	\$ 119,849	\$ 49,874	\$ -	\$ 92,206	\$ 92,206	\$ 42,332	2
TOTAL U.S DEPARTMENT OF THE TREASURY						49,874	-	92,206	92,206	42,332	
U.S. DEPT. OF EDUCATION											
<u>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)</u>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-24-0299	07/01/23 - 09/30/24	\$ 475,087	67,880	45,598	22,282	22,282	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-25-0299	07/01/24 - 09/30/25	\$ 469,049	134,170	-	465,720	465,720	331,550	
TOTAL TITLE I PROGRAM						202,050	45,598	488,002	488,002	331,550	
<u>PASSED THROUGH THE PDE</u>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0299	07/01/22 - 09/30/23	\$ 71,476	279	279	-	-	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-24-0299	07/01/23 - 09/30/24	\$ 60,163	3,956	3,956	-	-	-	
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-25-0299	07/01/24 - 09/30/25	\$ 63,611	18,035	-	62,620	62,620	44,585	
TOTAL TITLE II PROGRAM						22,270	4,235	62,620	62,620	44,585	
<u>PASSED THROUGH CARBON-LEHIGH I.U.</u>											
TITLE III - ENGLISH LANGUAGE ACQUISITION	I	84.365	N/A	07/01/23 - 09/30/24	\$ 8,590	6,955	5,759	1,196	1,196	-	2
TITLE III - ENGLISH LANGUAGE ACQUISITION	I	84.365	N/A	07/01/24 - 09/30/25	\$ 9,865	3,008	-	8,842	8,842	5,834	4
TOTAL TITLE III PROGRAM						9,963	5,759	10,038	10,038	5,834	
<u>PASSED THROUGH THE PDE</u>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0299	07/01/22 - 09/30/23	\$ 30,710	1,136	1,136	-	-	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-24-0299	07/01/23 - 09/30/24	\$ 37,499	-	(49)	-	-	(49)	5
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-25-0299	07/01/24 - 09/30/25	\$ 35,778	10,222	-	35,201	35,201	24,979	
TOTAL TITLE IV PROGRAM						11,358	1,087	35,201	35,201	24,930	
<u>PASSED THROUGH THE PDE</u>											
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	223-21-0299	03/13/20 - 09/30/24	\$ 2,950,778	536,505	95,314	441,191	441,191	-	2
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0299	03/13/20 - 09/30/24	\$ 163,816	26,806	3,557	23,249	23,249	-	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0299	03/13/20 - 09/30/24	\$ 32,763	5,361	(3,508)	8,869	8,869	-	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0299	03/13/20 - 09/30/24	\$ 32,763	5,361	(4,858)	10,219	10,219	-	
TOTAL EDUCATION STABILIZATION FUND						574,033	90,505	483,528	483,528	-	
<u>PASSED THROUGH CARBON-LEHIGH I.U.</u>											
IDEA, PART B	I	84.027	N/A	07/01/23 - 09/30/24	\$ 331,246	222,516	222,516	-	-	-	2
IDEA, PART B	I	84.027	N/A	07/01/24 - 09/30/25	\$ 330,302	263,519	-	330,302	330,302	66,783	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	07/01/24 - 09/30/25	\$ 2,145	2,145	-	2,145	2,145	-	1
<u>PASSED THROUGH INTERMEDIATE UNIT I</u>											
INDIVIDUALS WITH DISABILITIES EDUCATION ACT - IDEA, PART B	I	84.027	N/A	7/1/24 - 9/30/25	\$ 5,000	5,000	-	5,000	5,000	-	2
TOTAL IDEA CLUSTER						493,180	222,516	337,447	337,447	66,783	1
TOTAL U.S. DEPARTMENT OF EDUCATION						1,312,854	369,700	1,416,836	1,416,836	473,682	

SOURCE: D - DIRECT; I - INDIRECT

**Northern Lehigh School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025 (continued)**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS-THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/24	REVENUE	EXPEN- DITURES	ACCRUED OR (DEFERRED) AT 6/30/25	FOOT NOTES
U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES											
<u>PASSES THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE</u>											
TITLE 19 - MEDICAL REIMBURSEMENT	I	93.778	N/A	07/01/24 - 06/30/25	N/A	-	-	24,400	24,400	24,400	2
TOTAL U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES						-	-	24,400	24,400	24,400	
U.S. DEPARTMENT OF AGRICULTURE											
<u>PASSED THROUGH THE PDE</u>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/23 - 06/30/24	N/A	80,285	80,285	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/24 - 06/30/25	N/A	643,331	-	664,108	664,108	20,777	
SEVERE NEED BREAKFAST PROGRAM	I	10.553	N/A	07/01/23 - 06/30/24	N/A	26,461	26,461	-	-	-	
SEVERE NEED BREAKFAST PROGRAM	I	10.553	N/A	07/01/24 - 06/30/25	N/A	197,259	-	205,623	205,623	8,364	
<u>PASSED THROUGH THE PA DEPARTMENT OF AGRICULTURE</u>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	07/01/24 - 06/30/25	N/A	103,446	(1,618)	103,281	103,281	(1,783)	2 3
TOTAL CHILD NUTRITION CLUSTER						1,050,782	105,128	973,012	973,012	27,358	
<u>PASSED THROUGH THE PENN STATE UNIVERSITY</u>											
PSU SCHOOL BREAKFAST EXPANSION GRANT	I	10.579	N/A	N/A	N/A	8,751	-	8,751	8,751	-	2
TOTAL U.S. DEPARTMENT OF AGRICULTURE						1,059,533	105,128	981,763	981,763	27,358	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 2,422,261	\$ 474,828	\$ 2,515,205	\$ 2,515,205	\$ 567,772	

SOURCE: D - DIRECT; I - INDIRECT

**Northern Lehigh School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025**

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Northern Lehigh School District under programs of the federal government for the year ended June 30, 2025. 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 Northern Lehigh School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northern Lehigh School District.

Note 2 - Significant Accounting Policies

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

Note 3 - Organization and Scope

The District recognized 3.7% of its total general fund revenue in federal awards, and 75.9% of its total enterprise fund revenue.

Note 4 - Indirect Costs

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

Note 5 - Program Disclosure - Footnotes

1. The federal awards passed through the Carbon-Lehigh Intermediate Unit, under the U.S. Department of Education heading, 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 revenue.
2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	4,423,493	1,939,082
PA Commission on Crime and Delinquency	119,849	92,206
Carbon-Lehigh I.U.	682,148	342,485
Intermediate Unit I	5,000	5,000
PA Department of Public Welfare	N/A	24,400
PA Department of Agriculture	N/A	112,032
Totals	\$ 5,230,490	\$ 2,515,205

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$103,446 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2024-25 fiscal year, the District used \$103,281 in commodities and established a year-end inventory of \$1,783 at June 30, 2025.

**Northern Lehigh School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025**

4. The award amount for Title III – English Language Acquisition has been updated based on the total funding available to the District of the total award of \$8,590, \$7,394 was reported in the prior fiscal year.
5. Due to an overpayment, the District owes \$49 back to the Pennsylvania Department of Education as of June 30, 2025.
6. The Transportation Access passed through the Carbon Lehigh I.U. is reflected as federal local source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA it is not reported as revenue on the Schedule of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 1,174,463
Federal Grants in Local Sources	352,890
Food Service Fund Federal Revenue	<u>993,258</u>
Total Federal Revenue, per financial statements	2,520,611
Less - Medical Access Reimbursement	-
Less - Transportation Access Reimbursement	(5,406)
Total Federal Revenue on SEFA	<u>\$ 2,515,205</u>



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

Board of School Directors
Northern Lehigh School District
1201 Shadow Oaks Lane
Slatington, PA 18080-1299

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 Northern Lehigh School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Northern Lehigh School District's basic financial statements, and have issued our report thereon dated December 3, 2025.

Report On Internal Control over Financial Reporting

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

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

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

Report On Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Lehigh School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests 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 3, 2025



**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
Northern Lehigh School District
1201 Shadow Oaks Lane
Slatington, PA 18080-1299

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northern Lehigh 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 Northern Lehigh School District's major federal programs for the year ended June 30, 2025. Northern Lehigh School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northern Lehigh School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

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 Northern Lehigh School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Northern Lehigh School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Northern Lehigh 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,

Manna & Associates, P.C.

Northampton, Pennsylvania
December 3, 2025

**Northern Lehigh School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

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
21.027	COVID-19 Coronavirus State and Local Fiscal Recovery Funds
84.010	Title I Program

Percentage of programs tested to total awards 23.1%

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

Auditee qualified as low-risk auditee? yes no

**Northern Lehigh School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025**

Section II - Financial Statement Findings

There were no findings discovered relating to the 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

There were no findings discovered, relating to the federal awards, which are required to be reported in accordance with Uniform Guidance, Section 200.516.

Audit Follow-up Procedures

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