

NORTHERN LEBANON SCHOOL DISTRICT
FREDERICKSBURG, PENNSYLVANIA

BASIC FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION

JUNE 30, 2024

NORTHERN LEBANON SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
BASIC FINANCIAL STATEMENTS	
Entity-wide Financial Statements:	
- Statement of Net Position	14
- Statement of Activities	15
Fund Financial Statements:	
- Balance Sheet - Governmental Funds	16
- Reconciliation of Balance Sheet - Governmental Funds to Statement of Net Position	17
- Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	18
- Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to Statement of Activities	19
- Statement of Net Position - Proprietary Fund	20
- Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Fund	21
- Statement of Cash Flows - Proprietary Fund	22
- Statement of Net Position - Fiduciary Fund	23
- Statement of Changes in Net Position - Fiduciary Fund	24
NOTES TO FINANCIAL STATEMENTS	25

NORTHERN LEBANON SCHOOL DISTRICT

TABLE OF CONTENTS

	PAGE
REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Statement – General Fund	63
Schedule of the District's Proportionate Share of the Net Pension Liability - PSERS	65
Schedule of District Pension Contributions - PSERS	66
Schedule of the District's Proportionate Share of the Net OPEB Liability - PSERS	67
Schedule of District OPEB Contributions - PSERS	68
Schedule of Changes in the District's Net OPEB Liability - Single Employer Plan	69
Notes to Required Supplementary Information	70
SINGLE AUDIT SUPPLEMENT	
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*	72
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	74
Schedule of Expenditures of Federal Awards	77
Notes to Schedule of Expenditures of Federal Awards	79
Schedule of Findings and Recommendations	80

INDEPENDENT AUDITOR'S REPORT

January 16, 2025

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying 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 Lebanon School District, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison statement for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Lebanon 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.

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To the Board of School Directors
Northern Lebanon School District

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 Lebanon 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 Lebanon 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 Northern Lebanon 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.

Emphasis of a Matter

As discussed in Note 1 to the financial statements, the Northern Lebanon School District has adopted the requirements of Statement No. 103, Financial Reporting Model Improvements. The purpose of this statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 13 and the schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of changes in the District's net OPEB liability - single employer plan on pages 63 through 70 be presented to supplement the basic financial statements. Such information, 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 Northern Lebanon School District's basic financial statements. The schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is also 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such

information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 16, 2025, on our consideration of the Northern Lebanon 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 Northern Lebanon 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 the Northern Lebanon School District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

This discussion and analysis of the Northern Lebanon School District's ("the District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024.

OVERVIEW OF THE FINANCIAL STATEMENTS

The District's financial report contains basic financial statements. The entity-wide statement of net position and the statement of activities provide information about the activities of the District as a whole and present a long-term view of the District's finances. Fund financial statements follow and explain how services were financed in the short term as well as what remains for future spending. Fund financial statements report the District's operations in more detail than the entity-wide statements by providing information about the District's most significant funds. Notes to the financial statements provide additional disclosures that will assist the reader in understanding the District's financial condition. The report also includes supplementary information such as pension and OPEB plan funding.

Reporting the District as a Whole

Statement of Net Position and the Statement of Activities

The analysis of the District as a whole begins with the statement of net position and the statement of activities.

These statements provide information that will help the reader to determine if the District is better or worse off financially as a result of the year's activities. These statements include all assets, deferred outflows of resources, liabilities, and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are considered regardless of when cash is received or paid.

These two statements report the District's net position and change during the year. The reader can think of the District's net position – the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources – as one way to measure the District's financial health or financial position. Over time, increases or decreases in the District's net position is one indicator of whether its financial health is improving or deteriorating. The reader will need to consider other nonfinancial factors, however, such as changes in the District's property base and the condition of the District's assets, to assess the overall financial health of the District.

In the statement of net position and the statement of activities, the District is divided into two kinds of activities:

- **Governmental Activities**

  Most of the District's basic services are reported here, including general administration, capital projects, and debt service. Property taxes, the earned income tax, and intergovernmental revenues finance most of these activities.

- **Business-type Activities**

  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. In the funds financial statements it is reported in more detail and with additional information, such as cash flows.

Table 1: Contents of the District's Basic Financial Statements

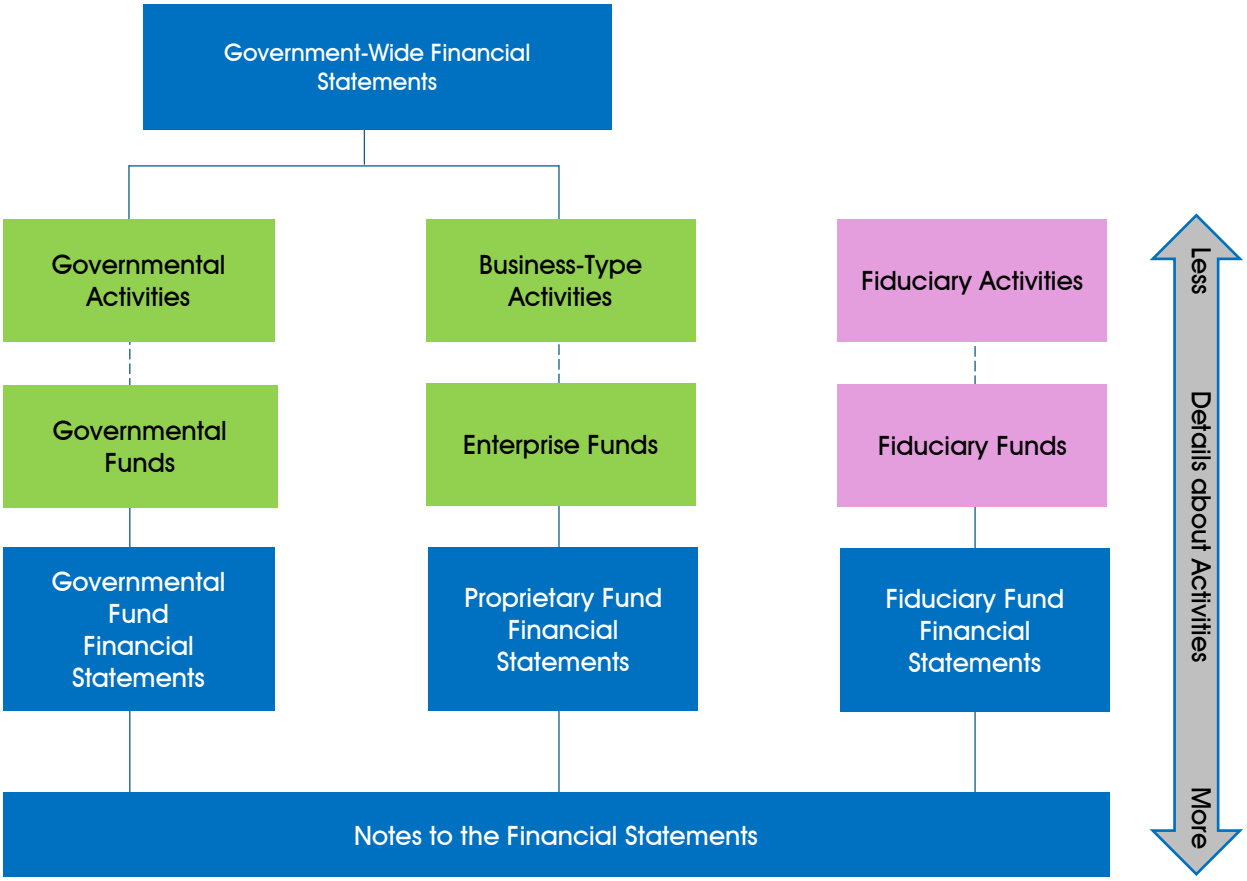


Table 2: Types of Information Reported in the District's Financial Statements

	Financial Statements			
	Government Wide	Proprietary Fund	Fiduciary Fund	Governmental Fund
Types of Assets and Liabilities	All assets and liabilities, both financial and nonfinancial, short-term and long-term			Only current financial resources, such as cash, taxes receivable, and accounts payable
Types of Revenues/Additions	All types of revenues/additions that flow into the government during the year that relate to that year, regardless of when cash is received			Only revenues that are measurable and available to finance expenditures of that year
Types of Expenses/Deductions/ Expenditures	All types of expenses/deductions that flow out of the government during the year that relate to that year, regardless of when cash is paid			Only expenditures for which the related governmental fund liability is incurred that year
Types of Deferred Outflows of Resources and Deferred Inflows of Resources	All types of resources that flow into and out of the government during the year that relate to a future year			Current financial resources that flow into and out of the governmental funds during the year that relate to a future year

FINANCIAL SUMMARY

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The fund financial statements provide detailed information about the most significant funds - not the District as a whole. Some funds are required to be established by State law and by bond covenants.

Other funds have been established to demonstrate compliance with legal responsibilities for using certain taxes, grants, and other money (Capital Projects Funds). The District has three kinds of funds - governmental, proprietary, and fiduciary.

- **Governmental Funds**

  Most of the District's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year end that are available for spending. These funds are reported using the modified accrual accounting method, 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 general governmental operations and the basic services it provides. Governmental fund information helps 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 are described in the reconciliation after the fund financial statements.

- **Proprietary Funds**

  When the District charges customers for the services it provides, these services generally are reported in proprietary funds. Proprietary funds are reported in the same way that all activities are reported in the statement of net position and the statement of activities. In fact, the District's enterprise funds (a component of proprietary funds) are the same as the business-type activities reported in the entity-wide statements but provide more detail and additional information, such as cash flows.

- **Fiduciary Funds**

  The District is the custodian, or fiduciary, responsible for other assets that, because of a custodial arrangement, can be used only for the custodial beneficiaries. All of the District's fiduciary activities (such as the Student Activities Fund) are reported in a separate statement of fiduciary net position and statement of changes in fiduciary net position. These activities are excluded from the District's other financial statements because the District cannot use these assets to finance its operations. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes.

DETAILED ANALYSIS

As shown in Table 3, the 2024 net deficit increased by $13,580,518 or 34.74% compared to 2023. The decrease is mainly due to a $13,758,617 loss on assets disposed of in the current year. This was offset by proceeds from the sale of assets in the amount of $8,938,880. The remaining increase in net deficit is due to large current year purchases of non-capital equipment. The following sections of MD&A analyze the finances of the governmental activities and business-type activities separately.

TABLE 3
NORHTERN LEBANON SCHOOL DISTRICT'S NET POSITION
June 30, 2024 and 2023

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
Current assets	$ 44,303,238	$ 225,906	$ 44,529,144	$ 19,597,012	$ 147,635	$ 19,744,647
Capital assets	66,032,548	140,575	66,173,123	76,519,322	19,064	76,538,386
Deferred outflows	9,845,473	-	9,845,473	10,381,046	-	10,381,046
Total Assets and Deferred Outflows of Resources	120,181,259	366,481	120,547,740	106,497,380	166,699	106,664,079
Current liabilities	17,558,611	235,847	17,794,458	16,037,887	101,055	16,138,942
Noncurrent liabilities	151,061,423	-	151,061,423	124,980,296	-	124,980,296
Deferred inflows	4,238,725	-	4,238,725	4,576,179	-	4,576,179
Total Liabilities and Deferred Inflows of Resources	172,858,759	235,847	173,094,606	145,594,362	101,055	145,695,417
Net Investment in capital assets	2,222,451	140,575	2,363,026	3,820,086	19,064	3,839,150
Unrestricted (deficit)	(54,899,951)	(9,941)	(54,909,892)	(42,917,068)	46,580	(42,870,488)
Total Net Position (Deficit)	$ (52,677,500)	$ 130,634	$ (52,546,866)	$ (39,096,982)	$ 65,644	$ (39,031,338)

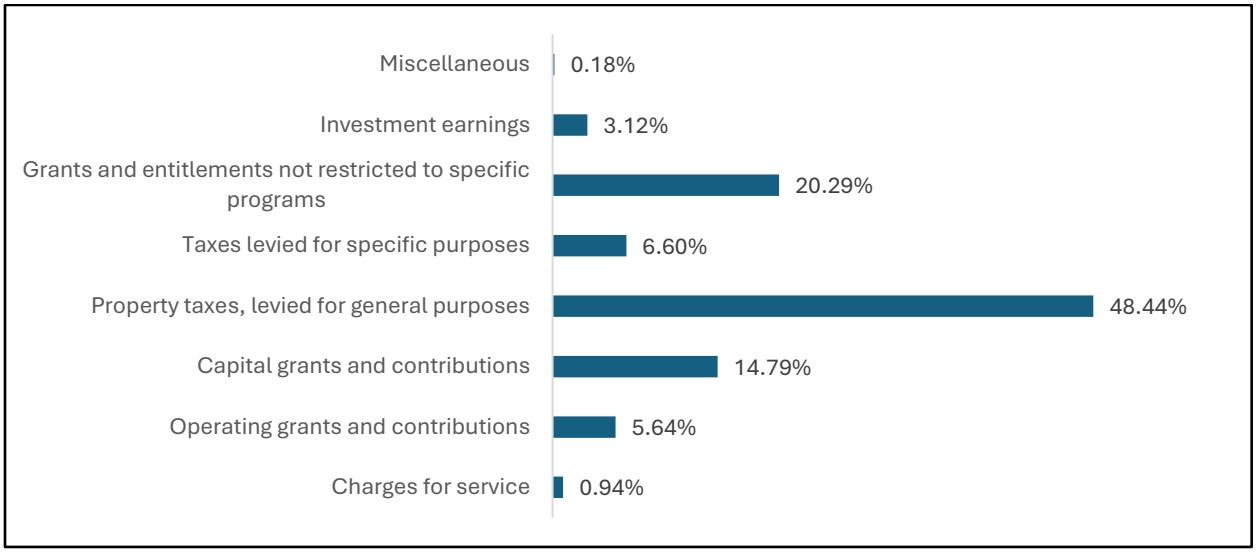
TABLE 4
NORHTERN LEBANON SCHOOL DISTRICT'S CHANGES IN NET POSITION
June 30, 2024 and 2023

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
REVENUES						
Program revenues:						
Charges for services	$ 471,794	$ 397,834	$ 869,628	$ 866,791	$ 413,908	$ 1,280,699
Operating grants and contributions	2,832,261	759,926	3,592,187	3,488,002	862,685	4,350,687
Capital grants and contributions	7,428,938	-	7,428,938	6,459,675	-	6,459,675
General revenues:						
Property taxes, levied for general purposes	24,330,846	-	24,330,846	22,268,711	-	22,268,711
Taxes levied for specific purposes	3,316,464	-	3,316,464	3,336,290	-	3,336,290
Grants for entitlements not restricted to specific programs	10,192,211	-	10,192,211	9,530,975	-	9,530,975
Investment earnings	1,564,981	233	1,565,214	185,613	409	186,022
Miscellaneous	88,103	68,549	156,652	20,954	-	20,954
TOTAL REVENUES	50,225,598	1,226,542	51,452,140	46,157,011	1,277,002	47,434,013

TABLE 4
NORHTERN LEBANON SCHOOL DISTRICT'S CHANGES IN NET POSITION
June 30, 2024 and 2023

	2024			2023		
	Governmental Activities	Business-type Activities	Total	Governmental Activities	Business-type Activities	Total
(cont'd)						
EXPENSES						
Instruction	39,445,488	-	39,445,488	36,749,791	-	36,749,791
Instructional student support	2,600,669	-	2,600,669	2,055,562	-	2,055,562
Administrative and financial support services	5,496,973	-	5,496,973	4,649,758	-	4,649,758
Operation and maintenance of plant services	3,406,373	-	3,406,373	3,007,192	-	3,007,192
Pupil transportation	2,981,509	-	2,981,509	2,924,288	-	2,924,288
Student activities	1,624,904	-	1,624,904	946,982	-	946,982
Community services	11,706	-	11,706	50,102	-	50,102
Interest on long-term debt	3,418,747	-	3,418,747	2,162,914	-	2,162,914
Loss on disposal of capital assets	4,819,737	-	4,819,737	-	-	-
Food services	-	1,161,552	1,161,552	-	1,381,964	1,381,964
TOTAL EXPENSES	63,806,116	1,161,552	64,967,668	52,546,589	1,381,964	53,928,553
CHANGE IN NET POSITION (DEFICIT)	(13,580,518)	64,990	(13,515,528)	(6,389,578)	(104,962)	(6,494,540)
NET POSITION (DEFICIT), BEGINNING	(39,096,982)	65,644	(39,031,338)	(32,707,404)	170,606	(32,536,798)
NET POSITION (DEFICIT), ENDING	$ (52,677,500)	$ 130,634	$ (52,546,866)	$ (39,096,982)	$ 65,644	$ (39,031,338)

TABLE 5
GOVERNMENTAL ACTIVITIES REVENUES BY SOURCE



Governmental Activities

As shown in Table 4, expenses exceeded revenues in the current year, resulting in an increase in net deficit. The total net deficit of the governmental activities was $52,677,500, an increase of $13,500,518 or 34.74% from 2023. Various events contributed to this decrease; however, the primary factor in the increase in net deficit was the large current year disposal of fixed assets based on the current year inventory valuation report.

Increased Property Tax Revenue

Real Estate Transfer Tax revenue represents over 44% of the District's overall revenue budget; therefore, its performance is a key driver to the District's financial health. Property Taxes for 2024 increased by $2,062,135 or 9.26%.

Increased Investment Earnings

As discussed above, there was a significant increase in mortgage rates. There was also a corresponding increase in interest rates on deposits. The District's average interest rate ranges from 4.50% - 5.50% on various accounts during 2024. These rate changes were the driver behind the $1,564,981 in investment earnings in 2024. When compared to 2023, this represents a $1,379,368 or 743.14% increase.

Growth In Expenses (Gross)

While revenue increased from the prior year, the District's expenses also grew by $11,259,527 or 21.43%. In addition to an increase in the operating expenses for the library, the District also recognized a large loss related to the write off of capital assets no longer in service based on the data from a full inventory valuation completed during 2024.

Business-type Activities

Business-type activities consist of the District's Food Service Fund.

The Proprietary Fund, Food Services, had a net position at June 30, 2024 of $130,634, an increase of $64,990 from the prior year's net position of $65,644. The amount due to the general fund from the food service fund was decreased to $21,457 from $71,317 in 2023.

Governmental Funds

The District's fund financial statements provide detailed information about its significant funds rather than the District as a whole. Some funds are required by state law and some by bond requirements.

Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a

detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Proprietary Funds

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

Fiduciary Funds

The District acts as agent for various student groups or extra-classroom activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

SIGNIFICANT CAPITAL ASSET AND LONG-TERM FINANCING ACTIVITY

Capital Assets

The District has $66,173,123 invested in capital assets net of depreciation and amortization. The District purchased $2,906,157 of capital assets and had construction in progress for the 2024 capital project, a new elementary school building and renovations and improvements to athletic facilities within the District, of $1,600,208. Depreciation and amortization of Capital Assets was $2,008,714 for Governmental Activities, and $13,398 for Business Type Activities for the fiscal year 2024. Accumulated amortization related to the right-to-use assets was $279,322. A durable single-item purchase or a group purchase of durable items with a purchase price of at least $1,000 and an expected life greater than one year are defined as capital assets.

Additional information on the District's capital assets can be found in Note 6 of this report.

Long-term Debt

As of June 30, 2024, the District had $95,336,000 in outstanding bonds and notes payable. The District made scheduled debt payments of $1,664,000 in principal and paid $2,162,914 in interest on bonds and notes payable during the 2023- 2024 fiscal year.

TABLE 6
DEBT

Maturity	Description	Series	Principal	Interest	Total P&I
2/15/2029	General Obligation Notes	Series 2020B	$ 5,956,000	$ 284,876	$ 6,240,876
6/30/2051	General Obligation Notes	Series 2021	24,755,000	12,450,525	37,205,525
6/30/2051	General Obligation Notes	Series 2022	35,735,000	25,981,875	61,716,875
6/30/2043	General Obligation Notes	Series 2023	14,515,000	8,864,375	23,379,375
6/30/2050	General Obligation Notes	Series 2024	14,375,000	11,025,092	25,400,092
			$ 95,336,000	$ 58,606,743	$153,942,743

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District had an enrollment of 2,130 for the period ending June 30, 2024. Enrollment for the period ending June 30, 2023 was 2,254. Enrollments have been mixed. There have been both ups and downs in the year-to-year enrollment numbers. Enrollment trends have trended with the community's economy as it expands and contracts. Pennsylvania Department of Education forecast of growth has been realized and enrollment has begun to decrease as anticipated.

In the Governmental Funds Statements: Total revenues exceeded expenses in the amount of $24,424,404 in the 2023- 2024 period. Total Revenues increase was $42,339,537 or 91.45%. Expenditures also decreased by $18,496,502 or 22.36%.

In the Government-Wide Statements: Governmental Activities General Revenues increased 11.74% from $35,342,543 to $39,492,605 and Program Revenues decreased 0.75% from $10,814,468 to $10,732,993 in the 2023-2024 period. Expenses exceeded Revenues by $13,580,518 for the Governmental Activities. The outlook for the 2024-2025 period remains cautious given the general economic conditions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Business Affairs, Northern Lebanon School District, 345 School Drive, Fredericksburg, PA 17026, or call 717-865-0541.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024

	Governmental Activities	Business-type Activities	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	$ 27,448,038	$ 124,770	$ 27,572,808
Investments	9,344,071	-	9,344,071
Taxes receivable, net	942,600	-	942,600
Due from other governments	1,333,613	-	1,333,613
Prepaid expenses	712,713	-	712,713
Internal balances	21,457	(21,457)	-
Other receivables	4,500,746	113,262	4,614,008
Inventories	-	9,331	9,331
Land	1,313,142	-	1,313,142
Construction-in-progress	1,600,208	-	1,600,208
Buildings and improvements	77,361,421	-	77,361,421
Furniture and equipment	1,384,882	387,821	1,772,703
Vehicles	355,416	-	355,416
Accumulated depreciation	(15,989,318)	(247,246)	(16,236,564)
Right to use assets	266,819	-	266,819
Right to use subscription asset	19,300	-	19,300
Accumulated amortization	(279,322)	-	(279,322)
TOTAL ASSETS	110,335,786	366,481	110,702,267
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts on bond refunding	25,919	-	25,919
Deferred outflows relating to pension	8,747,153	-	8,747,153
Deferred outflows relating to OPEB	1,072,401	-	1,072,401
TOTAL DEFERRED OUTFLOWS OF RESOURCES	9,845,473	-	9,845,473
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 120,181,259	$ 366,481	$ 120,547,740
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES:			
Accounts payable	$ 6,930,656	$ 235,847	$ 7,166,503
Accrued salaries and benefits	5,217,569	-	5,217,569
Retainage payable	1,846,943	-	1,846,943
Accrued interest	1,218,914	-	1,218,914
Long-term liabilities:			
Portion due or payable within one year:			
Bonds/notes payable in future years, net	2,336,817	-	2,336,817
Leases payable	6,767	-	6,767
Subscription payable	945	-	945
Portion due or payable after one year:			
Bonds/notes payable in future years, net	97,539,154	-	97,539,154
Subscription payable	950	-	950
Accumulated compensated absences	1,098,830	-	1,098,830
Net pension liability	48,090,000	-	48,090,000
Net OPEB liability	4,332,489	-	4,332,489
TOTAL LIABILITIES	168,620,034	235,847	168,855,881
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows relating to pension	2,629,000	-	2,629,000
Deferred inflows relating to OPEB	1,609,725	-	1,609,725
TOTAL DEFERRED INFLOWS OF RESOURCES	4,238,725	-	4,238,725
NET POSITION (DEFICIT):			
Net investment in capital assets	2,222,451	140,575	2,363,026
Unrestricted (deficit)	(54,899,951)	(9,941)	(54,909,892)
TOTAL NET DEFICIT	(52,677,500)	130,634	(52,546,866)
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	$ 120,181,259	$ 366,481	$ 120,547,740

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues			Net (Expense) Revenue and Changes in Net Position (Deficit)		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
GOVERNMENTAL ACTIVITIES:							
Instruction	$ 39,445,498	$ 423,242	$ 1,628,609	$ 5,725,433	$ (31,668,214)	$ -	$ (31,668,214)
Instructional student support	2,600,669	-	149,056	44,040	(2,407,573)	-	(2,407,573)
Administrative and financial support services	5,496,973	-	333,192	-	(5,163,781)	-	(5,163,781)
Operation and maintenance of plant services	3,406,373	-	202,932	-	(3,203,441)	-	(3,203,441)
Pupil transportation	2,981,509	-	175,603	1,659,465	(1,146,441)	-	(1,146,441)
Student activities	1,624,904	36,513	91,960	-	(1,496,431)	-	(1,496,431)
Community services	11,706	12,039	89	-	422	-	422
Interest on long-term debt	3,418,747	-	250,820	-	(3,167,927)	-	(3,167,927)
Loss on disposal of capital assets	4,819,737	-	-	-	(4,819,737)	-	(4,819,737)
TOTAL GOVERNMENTAL ACTIVITIES	63,806,116	471,794	2,832,261	7,428,938	(53,073,123)	-	(53,073,123)
BUSINESS-TYPE ACTIVITIES:							
Food service	1,161,552	397,834	759,926	-	-	(3,792)	(3,792)
TOTAL BUSINESS-TYPE ACTIVITIES	1,161,552	397,834	759,926	-	-	(3,792)	(3,792)
TOTAL PRIMARY GOVERNMENT	$ 64,967,668	$ 869,628	$ 3,592,187	$ 7,428,938	(53,073,123)	(3,792)	(53,076,915)
GENERAL REVENUES							
Property taxes, levied for general purposes					24,330,846	-	24,330,846
Taxes levied for specific purposes					3,316,464	-	3,316,464
Grants and entitlements not restricted to specific programs					10,192,211	-	10,192,211
Investment earnings					1,564,981	233	1,565,214
Miscellaneous					88,103	68,549	156,652
TOTAL GENERAL REVENUES					39,492,605	68,782	39,561,387
CHANGE IN NET POSITION (DEFICIT)					(13,580,518)	64,990	(13,515,528)
NET POSITION (DEFICIT), BEGINNING OF YEAR					(39,096,982)	65,644	(39,031,338)
NET POSITION (DEFICIT), END OF YEAR					$ (52,677,500)	$ 130,634	$ (52,546,866)

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

NORTHERN LEBANON SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Miscellaneous Special Revenue Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 4,946,098	$ 22,468,616	$ -	$ 33,324	$ 27,448,038
Investments	9,344,071	-	-	-	9,344,071
Taxes receivable, net	942,600	-	-	-	942,600
Due from other funds	1,589,104	500,000	-	-	2,089,104
Due from other governments	1,333,613	-	-	-	1,333,613
Prepaid expenditures	712,713	-	-	-	712,713
Other receivables	4,500,746	-	-	-	4,500,746
TOTAL ASSETS	$ 23,368,945	$ 22,968,616	$ -	$ 33,324	$ 46,370,885
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 1,500,900	$ 5,429,756	$ -	$ -	$ 6,930,656
Retainage payable	-	1,846,943	-	-	1,846,943
Due to other funds	-	2,067,647	-	-	2,067,647
Accrued salaries and benefits	5,217,569	-	-	-	5,217,569
TOTAL LIABILITIES	6,718,469	9,344,346	-	-	16,062,815
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues - delinquent taxes	642,366	-	-	-	642,366
TOTAL DEFERRED INFLOWS OF RESOURCES	642,366	-	-	-	642,366
FUND BALANCES:					
Nonspendable	712,713	-	-	-	712,713
Committed	949,275	-	-	-	949,275
Assigned	9,290,748	-	-	33,324	9,324,072
Unassigned	5,055,374	13,624,270	-	-	18,679,644
TOTAL FUND BALANCES	16,008,110	13,624,270	-	33,324	29,665,704
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 23,368,945	$ 22,968,616	$ -	$ 33,324	$ 46,370,885

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

NORTHERN LEBANON SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2024

TOTAL GOVERNMENTAL FUND BALANCES		$ 29,665,704
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 1,313,142	
Vehicles	355,416	
Construction-in-progress	1,600,208	
Buildings and improvements	77,361,421	
Furniture and equipment	1,384,882	
Accumulated depreciation	(15,989,318)	
Right to use assets	266,819	
Right to use subscription	19,300	
Accumulated amortization	(279,322)	66,032,548
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds/Notes payable in future years, net	(99,875,971)	
Leases payable	(6,767)	
Subscription payable	(1,895)	
Accumulated compensated absences	(1,098,830)	
Accrued interest	(1,218,914)	
Net OPEB liability	(4,332,489)	
Net pension liability	(48,090,000)	(154,624,866)
Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:		
Deferred outflows of resources:		
Deferred outflows related to pension	8,747,153	
Deferred outflows related to OPEB	1,072,401	
Deferred inflows of resources:		
Deferred inflows related to pension	(2,629,000)	
Deferred inflows related to OPEB	(1,609,725)	5,580,829
Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		642,366
NET DEFICIT OF GOVERNMENTAL ACTIVITIES		$ (52,677,500)

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	General Fund	Capital Projects Fund	Debt Service Fund	Miscellaneous Special Revenue Fund	Total Governmental Funds
REVENUES					
Local sources	$ 28,831,357	$ 725,278	$ -	$ 138	$ 29,556,773
State sources	18,409,096	-	-	-	18,409,096
Federal sources	2,063,499	-	-	-	2,063,499
TOTAL REVENUES	49,303,952	725,278	-	138	50,029,368
EXPENDITURES					
Current:					
Instruction	27,923,982	-	-	-	27,923,982
Support services	14,351,234	315,549	-	-	14,666,783
Operation of noninstructional services	1,568,184	-	-	10,194	1,578,378
Capital outlays	16,452	15,525,665	-	-	15,542,117
Debt service	-	-	4,273,095	-	4,273,095
TOTAL EXPENDITURES	43,859,852	15,841,214	4,273,095	10,194	63,984,355
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,444,100	(15,115,936)	(4,273,095)	(10,056)	(13,954,987)
OTHER FINANCING SOURCES (USES)					
Proceeds from sale of assets	8,938,880	-	-	-	8,938,880
Proceeds from bond issuance	-	28,890,000	-	-	28,890,000
Premium on bond issuance	-	778,122	-	-	778,122
Refund of prior year revenues	(227,611)	-	-	-	(227,611)
Interfund transfers	(4,273,095)	-	4,273,095	-	-
TOTAL OTHER FINANCING SOURCES (USES)	4,438,174	29,668,122	4,273,095	-	38,379,391
NET CHANGES IN FUND BALANCES	9,882,274	14,552,186	-	(10,056)	24,424,404
FUND BALANCES (DEFICIT), BEGINNING OF YEAR	6,125,836	(927,916)	-	43,380	5,241,300
FUND BALANCES, END OF YEAR	$ 16,008,110	$ 13,624,270	$ -	$ 33,324	$ 29,665,704

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

NORTHERN LEBANON SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ 24,424,404
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the amount by which capital outlays were exceeded by depreciation/amortization expense and writeoffs in the period.	(10,486,775)
Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues increased by this amount this year.	(129,689)
The issuance of long-term debt (e.g. bonds/notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.	(27,309,250)
Governmental funds report bond discounts as other financing uses and deferred bond refunding option proceeds and bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt.	(778,122)
In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	151,174
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(625,560)
In the statement of activities, OPEB expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, OPEB expenditures reflect payments made to fund the OPEB plan. This is the amount by which the change in net OPEB liability and deferred inflows and outflows of resources related to OPEB exceeded OPEB expenditures in the governmental funds during the year.	(16,906)
In the statement of activities, pension expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in net pension liability and related deferrals exceeded pension contributions during the year.	1,190,206
CHANGE IN NET DEFICIT OF GOVERNMENTAL ACTIVITIES	$ (13,580,518)

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2024

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash and cash equivalents	$ 124,770
Accounts receivable	113,262
Inventories	9,331
Total Current Assets	247,363
PROPERTY AND EQUIPMENT:	
Net furniture and equipment	140,575
TOTAL ASSETS	$ 387,938
LIABILITIES AND NET POSITION	
LIABILITIES:	
Accounts payable	$ 235,847
Due to other funds	21,457
Total Liabilities	257,304
NET POSITION:	
Investment in capital assets	140,575
Unrestricted (deficit)	(9,941)
Total Net Position	130,634
TOTAL LIABILITIES AND NET POSITION	$ 387,938

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

OPERATING REVENUES	
Food service revenues	$ 397,834
TOTAL OPERATING REVENUES	397,834
OPERATING EXPENSES	
Purchased professional and technical services	1,071,555
Supplies	76,599
Depreciation	13,398
TOTAL OPERATING EXPENSES	1,161,552
OPERATING INCOME (LOSS)	(763,718)
NONOPERATING REVENUES	
Earnings on investments	233
State sources	103,920
Federal sources	656,006
Gain on disposal of assets	68,549
TOTAL NONOPERATING REVENUES	828,708
CHANGE IN NET POSITION	64,990
NET POSITION, BEGINNING OF YEAR	65,644
NET POSITION, END OF YEAR	$ 130,634

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	$ 339,291
Payments to suppliers	(1,055,818)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(716,527)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	103,920
Federal sources	651,482
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	755,402
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
Equipment acquisition	(66,360)
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(66,360)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on investments	233
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	233
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(27,252)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	152,022
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 124,770
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income (loss)	$ (763,718)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	13,398
Donated commodities	4,524
(Increase) Decrease in:	
Accounts receivable	(58,543)
Inventories	2,880
Increase (Decrease) in:	
Accounts payable	134,792
Due to other funds	(49,860)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (716,527)
SUPPLEMENTAL DISCLOSURE	
NONCASH NONCAPITAL FINANCING ACTIVITY:	
USDA donated commodities	$ 4,524

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2024

	Custodial Fund Student Activities
ASSETS	
Cash and cash equivalents	$ 274,389
TOTAL ASSETS	$ 274,389
LIABILITIES AND NET POSITION	
LIABILITIES:	
Other current liabilities	$ 76,297
NET POSITION:	
Reserved for student activities	198,092
TOTAL LIABILITIES AND NET POSITION	$ 274,389

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Custodial Fund Student Activities
ADDITIONS	
Interest	$ 4,618
Fundraising	514,830
TOTAL ADDITIONS	519,448
DEDUCTIONS	
Student activities	503,456
TOTAL DEDUCTIONS	503,456
CHANGE IN NET POSITION	15,992
NET POSITION, BEGINNING OF YEAR	182,100
NET POSITION, END OF YEAR	$ 198,092

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northern Lebanon School District ("the District") operates four elementary schools and one Junior/Senior High School in Lebanon County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provision of the School laws of Pennsylvania. The District operates under a locally elected nine-member Board form of government.

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

Reporting Entity

GASB has established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used to evaluate component units for possible inclusion as part of the District's reporting entity are financial accountability and the nature and significance of the relationship. In evaluating the District as a reporting entity, management has addressed all potential component units which may or may not fall within the District's financial accountability. This report presents the activities of the District. The District is not a component unit of another reporting entity, nor does it have any component units.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental grants, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given function or segment and 2) grants and/or contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

The fund statements provide information about the District's funds, including fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. If the District believes a fund is "particularly important to financial statement users" it may report the fund as a major fund. All remaining governmental funds are aggregated and reported as non-major.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Governmental fund revenues accrued on this basis include real estate taxes, deed transfer tax, and fees. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Unearned revenue has been recorded for certain receivables that are measurable but not available to finance current liabilities. Revenues from intergovernmental grants are recognized on the basis of actual expenditures incurred and to the extent amounts are available.

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

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for transfers from other funds and related investment earnings for capital outlays not accounted for in another fund.

The *Debt Service Fund* is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

The District reports the following non-major fund as a major governmental fund, displayed in a separate column.

The *Miscellaneous Special Revenue Fund* is used to account for activities in the various scholarship accounts, whose sole purpose is to provide scholarships as prescribed by donor stipulations.

The District has one business-type activity:

The *Food Service Fund* is used to account for the activities of the District's food service program.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. The District reports the following Fiduciary Funds:

Custodial Funds: These funds accounts for the receipt and disbursement of monies from student groups or extra classroom activity funds. These organizations exist with explicit approval and are subject to revocation of the District governing body. This accounting reflects the District's custodial relationship with the student groups or extra classroom activity funds.

Inter-fund Activity in the Government-wide Statements

As a general rule, the effect of Inter-fund activity has been eliminated from the government-wide financial statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Revenue Classification on Government-wide Statement of Activities

Amounts reported as *program revenues* include 1) charges to customers for services provided and rents, 2) operating grants, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Budget and Budgetary Accounting

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

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

- The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
- The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.
- Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. 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.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program-by-program basis by the federal and state funding agencies.

Cash and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

months or less. Cash and cash equivalents consist of demand deposits at various financial institutions, certificates of deposit, money market funds, and deposits with the Pennsylvania Local Government Investment Trust (PLGIT). The fair values of deposits are equal to the cost of the deposits including accrued interest which approximates fair value.

Short-term Inter-fund Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Any residual balances outstanding between the governmental activities and fiduciary funds are reported in the government-wide financial statements as "Due from other governments" or "Due to other governments."

Inventories

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2024. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first- in, first-out (FIFO) method.

Capital Assets

Capital assets, which include buildings, building improvements, furniture and equipment, and vehicles, are reported at cost. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $1,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. To the extent the District's capitalization threshold is met, capital outlays are recorded and depreciated/amortized using the straight-line method over the following estimated useful lives:

Building and building improvements	40 years
Furniture and equipment	5 - 12 years
Vehicles	12 years
Right-to-use lease assets	Life of lease
Right-to-use subscription asset	Life of arrangement

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Maintenance and repairs are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over its useful life 7-12 years.

Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of $1,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's estimated incremental borrowing rate is based on the risk free rate for tax exempt bonds that were issued by the District in the past adjusted for the terms of the various leases.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, post-employment benefits, pensions, potential contingent liabilities, and useful lives of long-lived assets.

Pensions

District employees participate in the Public School Employees' Retirement System (PSERS). 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 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms.

Vested Employee Benefits - Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Other Postemployment Benefits

The District's other post-employment benefits (OPEB) include a single-employer defined benefit plan that provides medical and prescription drug benefits to eligible retired employees, spouses, and dependents. In addition, the District participates in a multiple-employer OPEB health insurance premium assistance program administered by the Public School Employees' Retirement System (PSERS). For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the 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.

The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 for additional information.

Equity Classifications - District-wide Statements

In the District-wide statements there are three classes of net position:

- **Net investment in capital assets** – consists of net capital assets (cost less accumulated depreciation/amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- **Restricted net position** – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

- **Unrestricted net position** – reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Equity Classifications - Governmental Statements

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision making authority, i.e., the Board of Directors. The District has committed fund balances of $950,000 at June 30, 2024 for health care.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District has assigned fund balances of $9,000,000 at June 30, 2024 for future capital projects. All encumbrances of the General fund are also classified as Assigned Fund Balance in the General Fund.

Unassigned – Includes all other General Fund amounts that do not meet definition of the above four classifications and are deemed to be available for general use by the District.

Deferred Inflows and Outflows of Resources

The statement of net position (deficit) in addition to reporting assets and liabilities will sometimes report a separate section for deferred inflows/outflows of resources. Deferred inflows/outflows of resources represent either a consumption or acquisition of net position that applies to future period(s) and will not be recognized as an inflow/outflow (revenue/expense) of resources until that period.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

The District's deferred inflows/outflows of resources are reported on the government-wide statement of net position (deficit) for Pension and Other Post-Employment Benefits (OPEB) and the deferred effect of bond defeasance.

The District also reports unavailable revenue only in the governmental funds balance sheet, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes.

Implementation of GASB Statement

During the year ended June 30, 2024, the District implemented Governmental Accounting Standards Board ("GASB") Statement No. 103, Financial Reporting Model Improvements. The purpose of this statement is to improve key components of the financial reporting model to enhance their effectiveness in providing information that is essential for decision making and assessing a government's accountability.

The most significant change for the District was the reclassification of the budget statement and the disclosures related to variances between original and final budgeted amounts and between final budget amounts and actual to required supplementary information.

NOTE 2 CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT RISK

Section 440.1 of the Pennsylvania Public School Code of 1949, as amended (the Code), permits the District to hold deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. The District complied with these requirements at June 30, 2024.

The Code also permits the District to invest its monies in obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

The District invests in certificates of deposit and the PSDLAF as authorized by the Board. PSDLAF was established to enable school districts to pool funds for investment in instruments authorized by the Code. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

The District invests in money market funds, which are collateralized as prescribed by Act 72 of the Commonwealth of Pennsylvania.

NOTE 2 CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT RISK (cont'd)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to them. The District does not have a deposit policy for custodial credit risk. As of June 30, 2024, $28,192,998 of the District's bank balances of $28,772,599 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	28,192,998
	$ 28,192,998

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured amount above	$ 28,192,998
Insured amount	579,601
Bank balance	28,772,599
Outstanding checks	(926,687)
Carrying amount - bank balances	27,845,912
Petty cash	1,285
Total Cash and Cash Equivalents per Financial Statements	$ 27,847,197

NOTE 3 REAL ESTATE AND PER CAPITA TAXES AND UNEARNED INCOME

Based upon assessments provided by the County, the tax collector bills and collects property taxes and remits them to the District. The District tax rate for the year ended June 30, 2024 was 15.2927 mills as levied by the Board of School Directors. The Board of School Directors also levies per capita taxes based on the census of residents in the District. The tax rate under Section 679 is $5/person and under Act 511 is $5/person. The total per capita tax levied by the District is $10/person. The schedule for real estate and per capita taxes levied for each fiscal year is as follows:

July 1	Levy Date
July 1 - August 31	2% Discount Period
September 1 - October 31	Face Payment Period
November 1 - December 31	10% Penalty Period
January 1	Lien Date

NOTE 3 REAL ESTATE AND PER CAPITA TAXES AND UNEARNED INCOME (cont'd)

The District, in accordance with accounting principles generally accepted in the United States of America, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. The District has determined that a $150,816 allowance is necessary. A portion of the net amount estimated to be collectable which was measurable and available within 60 days was recognized as revenue and the balance as deferred inflows of resources.

The balances at June 30, 2024 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Inflows of Resources
Real estate	$ 1,046,797	$ 150,816	$ 895,981	$ 255,563	$ 640,418
Per capita	1,948	-	1,948	-	1,948
Earned income tax	1,297	-	1,297	-	-
Realty transfer	43,374	-	43,374	-	-
TOTALS	$ 1,093,416	$ 150,816	$ 942,600	$ 255,563	$ 642,366

In the Balance Sheet - Governmental Funds, the General Fund deferred inflows of resources consists of the following at June 30, 2024:

Deferred inflows of resources - tax related	$ 642,366
TOTAL	$ 642,366

NOTE 4 DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2024, the following amounts are due from other governmental units:

	General Fund
Federal (through the state)	$ 584,521
State	749,092
TOTAL	$ 1,333,613

NOTE 5 TAX ABATEMENTS/PAYMENTS IN LIEU OF TAXES

The District enters into property tax abatement agreements with the Pennsylvania Game Commission for State Game Lands located within the school district. This payment is made in part from Game Fund revenues in accordance with the Act of May 17, 1929, as amended by Act 1995-49 and provides $0.40 per acre. This payment is also made in part from Pennsylvania Gaming Control Board's State Gaming Fund revenue in accordance with Act 102, which provides an additional $0.80 per acre for State Gaming lands located within the district. The payment in lieu of tax amounted to $23,607 for the year ended June 30, 2024. The District also receives a payment in lieu of taxes on property acquired by the state for the purpose of water conservation on the Swatara Gap State Park project, based on the assessed value of the property of $419,650 at the tax rate of 16.2880. The payment in lieu of taxes amounted to $6,835.

NOTE 6 CHANGES IN CAPITAL ASSETS

Governmental Activities	Beginning Balance	Increases	Decreases	Reclass	Ending Balance
Capital assets not being depreciated/ amortized:					
Land	$ 538,950	$ 774,192	$ -	$ -	$ 1,313,142
Construction in progress	53,800,959	1,600,208	-	(53,800,959)	1,600,208
Total Capital Assets Not Being Depreciated	54,339,909	2,374,400	-	(53,800,959)	2,913,350
Capital assets being depreciated/ amortized:					
Right-to-use subscription assets	19,300	-	-	-	19,300
Right-to-use computers and equipment	266,819	-	-	-	266,819
Building and building improvements	43,070,472	2,787,903	22,297,913	53,800,959	77,361,421
Furniture and equipment	9,263,569	112,254	7,990,941	-	1,384,882
Vehicles	554,700	6,000	205,284	-	355,416
Total Capital Assets Being Depreciated/ Amortized	53,174,860	2,906,157	30,494,138	53,800,959	79,387,838
Less accumulated depreciation/ amortization for:					
Right-to-use assets:					
Subscription assets	(10,977)	(6,433)	-	-	(17,410)
Computers and equipment	(208,941)	(52,971)	-	-	(261,912)
Building and building improvements	(22,600,269)	(1,859,499)	(9,539,486)	-	(14,920,282)
Furniture and equipment	(7,762,408)	(70,578)	(7,052,847)	-	(780,139)
Vehicles	(412,852)	(19,233)	(143,188)	-	(288,897)
Total accumulated depreciation/amortization	(30,995,447)	(2,008,714)	(16,735,521)	-	(16,268,640)
Total Capital Assets Being Depreciated/ Amortized, Net	22,179,413	897,443	13,758,617	53,800,959	63,119,198
Governmental Activities Assets, Net	$76,519,322	$ 3,271,843	$ 13,758,617	$ -	$ 66,032,548

NOTE 6 CHANGES IN CAPITAL ASSETS (cont'd)

Depreciation/amortization expense was charged to functions/program of primary government as follows:

Governmental Activities:

Instruction	$ 1,652,784
Instructional student support	71,258
Administrative and financial support services	7,446
Operation and maintenance of plan services	39,453
Pupil transportation	137,391
Student activities	100,382
Total Depreciation/Amortization Expense - Governmental Activities	$ 2,008,714

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment	$ 1,060,531	$ 66,360	$ 739,070	$ 387,821
Less accumulated depreciation	(1,041,467)	(13,398)	(807,619)	(247,246)
Total Capital Assets Being Depreciated, Net	19,064	52,962	(68,549)	140,575
Business-type Activities Assets, Net	$ 19,064	$ 52,962	$ (68,549)	$ 140,575

NOTE 7 GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2024, general long-term debt changed as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds and Notes:					
Series A of 2020	$ 381,000	$ -	$ (381,000)	$ -	$ -
Series B of 2020	6,804,000	-	(848,000)	5,956,000	1,153,000
Series of 2021	24,925,000	-	(170,000)	24,755,000	175,000
Series of 2022	36,000,000	-	(265,000)	35,735,000	260,000
Series of 2023	-	14,515,000	-	14,515,000	375,000
Series of 2024	-	14,375,000	-	14,375,000	220,000
Bond premium	3,616,747	1,020,960	(97,736)	4,539,971	153,817
Total Bonds and Notes Payable	71,726,747	29,910,960	(1,761,736)	99,875,971	2,336,817

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Other Liabilities:					
Leases payable	62,178	-	(55,411)	6,767	6,767
Subscription payable	8,336	-	(6,441)	1,895	945
Compensated absence benefits	1,250,004	-	(151,174)	1,098,830	-
Net OPEB liability	4,266,907	65,582	-	4,332,489	-
Net pension liability	49,527,000	-	(1,437,000)	48,090,000	-
TOTAL LONG-TERM LIABILITIES	$126,841,172	$ 29,976,542	$ (3,411,762)	$153,405,952	$ 2,344,529

The payments of general long-term debt are to be funded by the General Fund and Debt Service Fund.

Interest on long-term debt for the year was composed of:

Interest paid on bonds	$ 2,879,044
Interest paid on leases	887
Interest paid on subscriptions	8
Change in accrued interest	(9,320)
Recognition of loss on refunding	10,984
Amortization of bond premium	(97,736)
Total Interest Expense	$ 2,783,867

The future annual payments required to amortize the bonds and notes outstanding as of June 30, 2024, including total interest payments, are as follows:

Year Ending June 30,	Principal	Interest	Total
2025	$ 2,183,000	$ 3,595,895	$ 5,778,895
2026	2,255,000	3,586,649	5,841,649
2027	2,321,000	3,515,158	5,836,158
2028	2,403,000	3,460,157	5,863,157
2029	2,474,000	3,343,883	5,817,883
2030 - 2034	14,190,000	15,258,063	29,448,063
2035 - 2039	17,455,000	12,047,413	29,502,413
2040 - 2044	21,705,000	8,289,081	29,994,081
2045 - 2049	21,730,000	4,915,579	26,645,579
2050 - 2052	8,620,000	594,865	9,214,865
TOTAL	$ 95,336,000	$ 58,606,743	$ 153,942,743

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

General Obligation Notes, Series B of 2020

On November 23, 2020, the District issued $6,902,000 general obligation Notes. The District issued the Notes (1) to refund the outstanding aggregate principal amount of $6,795,000 of the series general obligation Notes, Series B of 2012, and (2) pay the costs of issuing the notes $43,330. The Notes bear interest rates at 1.578% with principal maturities from February 2021 to February 2029. The balance outstanding at June 30, 2024 was $5,956,000.

General Obligation Bonds, Series of 2021

On April 15, 2021, the District issued $24,995,000 general obligation Bonds. The District issued the Bonds (1) for planning, designing and construction of a new elementary school and renovations and improvements to athletic facilities within the District, and (2) pay the costs of issuing the bonds $359,986. The Bonds bear interest rates ranging from 3% to 4% with principal maturities from September 2022 to September 2050. The balance outstanding at June 30, 2024 was $24,755,000.

General Obligation Bonds, Series of 2022

On May 9, 2022, the District issued $36,000,000 general obligation Bonds. The District issued the Bonds (1) for planning, designing and construction of a new elementary school and renovations and improvements to athletic facilities and installation of related equipment, machinery and furnishings; and (2) pay the costs of issuing the bonds $1,052,167. The Bonds bear interest rates ranging from 4% to 5% with principal maturities from September 2023 to September 2051. The balance outstanding at June 30, 2024 was $35,735,000.

General Obligation Bonds, Series of 2023

On November 2, 2023, the District issued $14,515,000 general obligation Bonds. The District issued the Bonds (1) for planning, designing and construction of a new elementary school and renovations and improvements to athletic facilities and installation of related equipment, machinery and furnishings, (2) pay the costs of issuing the bonds $306,572. The bonds bear interest rates ranging from 4.5% to 5% with principal maturities from September 2024 to September 2043. The balance outstanding at June 30, 2024 was $14,515,000.

General Obligation Bonds, Series of 2024

On April 2, 2024, the District issued $14,375,000 general obligation Bonds. The District issued the Bonds (1) for planning, designing and construction of a new elementary school and renovations and improvements to athletic facilities and installation of related equipment, machinery and furnishings, and (2) pay the costs of issuing the bonds $340,022. The Bonds bear interest rates ranging from 4% to 5% with principal maturities from September 2024 to September 2050. The balance outstanding at June 30, 2024 was $14,375,000.

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

Compensated Absences

Vacation – The District administrators, and classified staff are granted vacation in varying amounts based on individual contracts and on length of service. Employees are allowed to accumulate vacation days and upon termination or retirement, the employee receives a lump sum payout based on the number of days accumulated multiplied by the authorized rate.

Personal Days – The District administrators and professional staff are granted 3 days of personal leave annually. A maximum of 2 days may be accumulated and carried over to the following school year. Days accumulated in excess of 2 at the end of a school year will be forfeited.

Sick Leave – The District allows all employees to accumulate their unused sick leave as specified in negotiated labor contracts, employee handbooks or individual employment contracts. Employees are entitled to a payout of unused sick leave. Sick leave provisions for each employee group are:

Group	Days per Year	Accumulation	Lump Sum Payout
Administrators	per contract	unlimited	per contract
Teachers and Other Licensed Professionals	10	unlimited	per negotiated labor contract
Classified Personnel	8 - 10	unlimited	per negotiated labor contract

Post Employment Benefits Other than Pension Benefits

The Board of School Directors adopted a policy to permit members of the administrative team who retire on or after July 1, 1988 to continue group insurance coverage, at the District's expense, on the basis of three months of paid coverage for each full year, or major fraction thereof, of service in the Northern Lebanon School District. Retirement is defined as qualifying for pension or annuity from the Pennsylvania Public School Employees' Retirement System. Persons eligible for dependent coverage at the time of retirement shall be included in such coverage. In the event of death of the retired member before such benefits are exhausted, surviving eligible dependents shall be entitled to continue coverage until such time as the retired member's benefits would have been exhausted. Currently, there are three participants receiving benefits.

NOTE 8 LEASES

On July 11, 2019, the District entered into a lease agreement for the use of copiers/printers. The lease is for five years starting July 11, 2019 and ending June 11, 2024. An initial lease liability was recorded in the amount of $225,602. The District is required to make monthly payments over the lease term. During the year ended June 30, 2024, the District made $47,899 in lease payments. The lease has an imputed interest rate of 2.377%. The copiers/printers estimated useful life is 5 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2024 is $225,602 with accumulated amortization of $182,117 which is included as right-to-use lease asset – computers and equipment in the capital asset Note 6.

On February 14, 2020, the District entered into a lease agreement for the use of office equipment. The lease is for five years starting February 14, 2020 and ending June 3, 2025. An initial lease liability was recorded in the amount of $41,217. The District is required to make quarterly payments over the lease term. During the year ended June 30, 2024, the District made $8,388 in lease payments. The lease has an imputed interest rate of 2.39%. The office equipment estimated useful life is 5 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2024 is $41,217 with accumulated amortization of $34,675 which is included as right-to-use lease asset – computers and equipment in the capital asset Note 6.

The following is a summary of the maturity of long-term lease obligations:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	$ 6,767	$ 69	$ 6,836
TOTAL	$ 6,767	$ 69	$ 6,836

NOTE 9 SUBSCRIPTIONS

On July 31, 2021, the District entered into a subscription agreement for a school wide messaging system. The agreement is for three years starting July 31, 2021 and ending July 30, 2024. An initial subscription liability was recorded in the amount of $13,675. The District is required to make yearly payments over the subscription term. During the year ended June 30, 2024, the District made $4,558 in subscription payments. The lease has an imputed interest rate of 1.89%. The subscription estimated useful life is 3 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2024, is $13,632 with accumulated amortization of $13,632 which is included as right-to-use subscription asset in the capital asset Note 6.

On December 8, 2022 , the District entered into a subscription agreement for a school wide messaging system. The agreement is for three years starting December 8, 2022 and ending

NOTE 9 SUBSCRIPTIONS (cont'd)

December 7, 2025. An initial subscription liability was recorded in the amount of $5,668. The District is required to make yearly payments over the subscription term. During the year ended June 30, 2024, the District made $1,900 in subscription payments. The lease has an imputed interest rate of 3.44%. The subscription estimated useful life is 3 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2024 is $5,668 with accumulated amortization of $3,778 which is included as right-to-use subscription asset in the capital asset Note 6.

The following is a summary of the maturity of long-term subscription obligations:

Fiscal Year Ended June 30,	Principal	Interest	Total
2025	$ 945	$ 8	$ 953
2026	950	3	953
TOTAL	$ 1,895	$ 11	$ 1,906

NOTE 10 PENSION PLAN

General Information about the Pension Plan

Plan Description

The District contributes to a governmental cost-sharing multi-employer defined benefit pension plan administered by Public School Employees' Retirement System (PSERS). PSERS provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 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

NOTE 10 PENSION PLAN (cont'd)

T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with 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 has retired on the day before death.

Contributions

Member contributions rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contributions rates are as follows:

Member Contributions

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

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

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

NOTE 10 PENSION PLAN (cont'd)

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Employees who became an active member of PSERS on or after July 1, 2019 are enrolled in a hybrid plan that has a defined benefit and defined contribution component. Members who joined the system after June 30, 2019 automatically contribute at the Membership Classes T-G rate of 8.25% (base rate), including a 2.75% defined contribution component, of the member's qualifying compensation. All new hires after June 30, 2019 who elect T-H membership contribute at 7.50% (base rate), including a 3.00% defined contribution component, of the member's qualifying compensation. Membership Class T-G and T-H are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-G contribution rate to fluctuate between 5.50% and 8.50% and Membership Class T-H contribution rate to fluctuate between 4.50% and 7.50%. All new members can also elect DC membership and contribute at 7.50% (base rate) to a defined contribution plan that has no defined benefit component.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were $5,639,325 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $48,090,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2023, the District's proportion was .1081%, which was an decrease of .0033% from its proportion measured as of June 30, 2022.

NOTE 10 PENSION PLAN (cont'd)

For the year ended June 30, 2024, the District recognized pension expense of $4,438,135. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 11,000	$ 658,000
Changes in assumptions	718,000	-
Net difference between projected and actual investment earnings	1,361,000	-
Net change in proportions	963,000	1,971,000
Difference between employer contributions and proportionate share of total contributions	54,828	-
Contributions subsequent to the date of measurement	5,639,325	-
	$ 8,747,153	$ 2,629,000

Reported deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date of $5,639,325 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,	
2025	$ 653,176
2026	(1,732,824)
2027	1,096,176
2028	462,300
TOTAL	$ 478,828

Actuarial Assumptions

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

- Valuation date – June 30, 2022
- Actuarial cost method – entry age normal, level percentage of pay

NOTE 10 PENSION PLAN (cont'd)

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

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2021.

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

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

NOTE 10 PENSION PLAN (cont'd)

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

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

Discount Rate

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

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

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 62,338,000	$ 48,090,000	$ 36,069,000

NOTE 10 PENSION PLAN (cont'd)

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 PSERS' website at www.psers.state.pa.us.

Payable to the Pension Plan

At June 30, 2024, the District reported a payable of $1,454,588 for outstanding amount of employer contribution to PSERS required for the year ended June 30, 2024. These amounts relate to the second quarter of 2024 and are payable to PSERS within five business days of the District receiving its related retirement subsidy from the Commonwealth of Pennsylvania. In addition, the District also reported a payable of $119,536 for the employee contributions withheld during June 2024 which are payable to PSERS by July 10, 2024.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

General Information About the OPEB Plan – Multiple Employer OPEB Plan

Cost Sharing Multiple-Employer Defined Benefit 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 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 (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance 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 lessor of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023 there were no assumed future benefit increases to participating eligible retirees.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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

- Have 24½ or more years of service, or
- Are a disability retiree, or
- Have 15 more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' Health Option Program or employer-sponsored health insurance program.

OPEB Plan Description

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

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS's Health Option Program. As of June 30, 2023 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost 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 $121,001 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of $1,958,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2023, the District's proportion was 0.1082%, which was an decrease of 0.0034% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the District recognized an OPEB expense of $68,047. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 13,000	$ 19,000
Changes in assumptions	169,000	370,000
Net difference between projected and actual investment earnings	4,000	-
Changes in proportion of the net OPEB liability	108,000	129,000
Difference between employer contributions and proportionate share of total contributions	84,377	-
Contributions subsequent to the date of measurement	112,480	-
	$ 490,857	$ 518,000

Reported deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of $121,001 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 expenses as follows:

Year Ended June 30,	
2025	$ (15,132)
2026	(36,132)
2027	(43,132)
2028	(46,132)
2029	905
TOTAL	$ (139,623)

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

Actuarial Assumptions

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

- Actuarial cost method – entry age normal – level percentage of pay
- Investment return – 4.13% – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases
- Premium assistance reimbursement is capped at $1,200 per year.
- Assumed healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
- Eligible retirees will elect to participate pre-age 65 at 50%.
- Eligible retirees will elect to participate post-age 65 at 70%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date
- Asset valuation method – market value
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality Tables for Males and Females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments

Investments consist primarily of short term assets designed to protect the principal for the OPEB 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 health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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

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

Discount Rate

The discount rate used to measure the total OPEB liability was 4.13%, an increase from 4.09% in the prior year. Under the plan's funding policy, contributions are structured for short-term funding of premium assistance. The funding policy sets contribution rates necessary to assure solvency of premium assistance through the third fiscal year after the actuarial valuation date. The premium assistance account is funded to establish reserves that are sufficient for the payment of premium assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments; therefore, the plan is considered a "pay-as-you-go" plan. A discount rate of 4.13%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual premium assistance. As of June 30, 2023, retirees' premium assistance benefits are not subject to future healthcare cost increases. The annual premium assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2023, 92,677 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2023, 522 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the system's net OPEB liability for June 30, 2023, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

cost trends were one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 1,958,000	$ 1,958,000	$ 1,958,000

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

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

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's proportionate share of the net OPEB liability	$ 2,214,000	$ 1,958,000	$ 1,744,000

OPEB Plan Fiduciary Net Position

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

General Information About the OPEB Plan – Single Employer OPEB Plan

Single-Employer Defined Benefit OPEB Plan

The District's other post-employment benefits (OPEB) include a single employer defined benefit plan (the Plan) that provides medical and prescription drug benefits to eligible retired employees, spouses, and dependents. The benefits, benefits level, employee contributions and employer contribution are administered by School District board members and can be amended by the District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, an irrevocable trust has not been established to account for the plan. The OPEB Plan does not issue a stand-alone financial report and is not included in the report of any public employee retirement system or any other entity.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

OPEB Plan Membership

Membership in the OPEB plan at July 1, 2023 consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	22
Active plan members	274
Total	296

Funding Policy and Funding Status

The District negotiates the contribution percentage between the district and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the application agreement. The District contributes enough money to the plan to satisfy current obligations on pay-as-you-go basis. The costs of administering the plan are paid by the District. The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments.

Plan Benefits Provided

The medical, prescription drug, vision, dental, and life insurance plan is a single employer defined benefit plan. Participants must be eligible to retire under the Public School Employees' Retirement System (PSERS) and meet the minimum requirements of age 55 with 5 years of service (or 10 years for individuals who become members after July 1, 2011). For early retirement, employees must attain age 55 with 25 years of PSERS service. For normal retirement, employees must attain age 62 with one year of PSERS service, attain age 60 with 30 years of PSERS service, or reach 35 years of service regardless of age. For individuals who became members of PSERS on or after July 1, 2011, employees are eligible upon reaching age 65 with 3 years of service or upon an attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. For disability, employees must reach 5 years of PSERS service.

Administrator members and spouses may elect benefits for medical, prescription drug, and dental. For each year of service with the District, the member and spouse may receive 3 months of full paid medical and prescription drug coverage. If the member and/or spouse reach Medicare age and have exhausted benefits at the District's expense, the District will reimburse the member and/or spouse for a Medicare supplement plan (chosen by the member) but not to exceed the amount of the current premiums. In addition to the reimbursements, if the member retired prior to July 1, 2019, the District will also contribute $4,000/year into an HSA during the period that member is receiving fully subsidized coverage.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

Upon the death of a retiree, the spouse may continue coverage only if benefits at the District's expense are not exhausted. When this benefit is exhausted, the spouse is no longer eligible to remain on the group plan. If the member retires before age 70, the member may elect to continue life insurance in the amount of $10,000 at the group rate by paying the full premium until age 75. Otherwise, if the member retires before age 75, the member may elect to continue life insurance in the amount of $5,000 at the group rate by paying the full premium until age 75.

All other District employees and spouses may elect medical, prescription drug, dental, and vision coverage by paying the full premium. For retirees who pay the full premium and have spouse covered, there is an additional $1,200 spousal surcharge applied. Member coverage ceases upon Medicare age; spouses' coverage ceases upon the earlier of Medicare age and member Medicare age.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2024, the District recognized $0 for its share of insurance premiums for currently enrolled retirees because the retirees are paying 100% of the premiums.

Actuarial Methods and Significant Assumptions

- Discount rate – 4.13% - based on S&P Municipal Bond 20 year high grade rate index at July 1, 2023.
- Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.50% cost of living adjustment, 1.50% for real wage growth, and for teachers and administrators a merit increase which varies from 0.00% to 2.75%.
- Withdrawal – Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.90% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate
25	4.55%	3.90%
30	4.55%	3.90%
35	1.68%	1.68%
40	1.42%	1.42%
45	1.41%	1.60%
50	1.89%	2.08%
55	3.63%	3.66%
60	5.49%	5.94%

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

- Mortality – Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- Disability – No disability was assumed.
- Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service, and gender.
- Percent of Eligible Retirees Electing Coverage in Plan – 100% of Administrators eligible for a subsidy, 60% of Administrators not eligible for a subsidy, 60% of Teachers, and 50% of the Support Staff are assumed to elect coverage.
- Percent Married at Retirement – 80% of Administrators eligible for a subsidy and 30% of all other employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- Spouse Age – Wives are assumed to be two years younger than their husbands.
- Retiree Contributions – Retiree contributions are assumed to increase at the same rate as the Health Care cost Trend Rate.
- Health Care Cost Trend Rate – 6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial Value of Assets – Equal to the market value of assets.
- Actuarial Cost method – Entry Age Normal – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued liability over the Actuarial Value of Assts. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Changes in Assumptions and benefit terms – The discount rate changed from 4.06% to 4.13%.

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2023. The total OPEB liability was determined by an actuarial valuation as of July 1, 2022. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is $2,374,489, all of which is unfunded. As of June 30, 2024, the OPEB liability of $2,237,489 is related to governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The District's change in its OPEB liability reported for the year ended June 30, 2024 was as follows:

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

Balances as of July 1, 2022	$ 2,212,907
Changes for the year:	
Interest on total OPEB obligation	93,527
Service costs	156,847
Changes in assumptions	33,294
Benefit payments	(122,086)
Net changes	161,582
Balances as of July 1, 2023	$ 2,374,489

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

The following presents the OPEB liability, calculated using current healthcare cost trends as well as what the OPEB liability would be if its health cost trends were one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's net OPEB liability	$ 2,108,977	$ 2,374,489	$ 2,687,348

Sensitivity of the OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (3.13%)	Current Trend Rate (4.13%)	1% Increase (5.13%)
District's net OPEB liability	$ 2,553,466	$ 2,374,489	$ 2,206,104

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

For the year ended June 30, 2024, the District recognized OPEB credit of $(18,437). At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 157,109	$ 444,051
Changes in assumptions	283,912	647,674
Benefit payments subsequent to the date of measurement	140,523	-
	$ 581,544	$ 1,091,725

Reported deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date of $140,523 will be recognized as a reduction of the net OPEB liability at July 1, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ended June 30,	
2025	$ (48,512)
2026	(48,512)
2027	(48,512)
2028	(48,512)
2029	(48,512)
Thereafter	(408,144)
TOTAL	$ (650,704)

NOTE 12 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS

Joint Ventures

Lebanon County Career and Technology Center (LCCTC) – is a separate legal entity. It was organized by the six public school districts in Lebanon County to provide services in the county. Each of the public school districts appoints one member to serve on the joint operating committee, and each has an ongoing financial responsibility to fund the LCCTC. The District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The amount paid to LCCTC for the year ended June 30, 2024 was $687,693.

NOTE 12 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS (cont'd)

Lebanon County Vo-Tech School Authority (Vo-Tech Authority) – is a separate legal entity. The District is also a member of the Vo-Tech Authority (the "Authority) a joint venture with other Lebanon County school districts for the operation of the Authority. The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings. The Authority is controlled by a joint board comprised of representatives school board members of the participating school districts in the LCCTC. The participating schools districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The agreement expires on September 1, 2032, unless the related debt is retired earlier. Each district's share was calculated using assessed market value of real estate. Northern Lebanon School District's allocation is 14.068% of the Series of 2020 bonds and amounts to $898,945 with annual principal payments and semi-annual interest payments at 2.09%.

The principal of the bonds matures from September 1, 2020 to 2032. For the year ended June 30, 2024, the district had $80,541 in expenditures under this arrangement.

The District's portion of the future annual rental debt payments are as follows:

Year Ended June 30,		
2025	$	88,552
2026		79,836
2027		79,802
2028		80,435
2029		83,435
2030-2033		287,713
TOTAL	$	699,773

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 833 Metro Drive, Lebanon, PA 17042.

Jointly Governed Organizations

Lancaster-Lebanon Intermediate Unit #13 (LLIU) – is a separate legal entity. It was organized by the constituent school districts in Lancaster and Lebanon counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the LLIU. The District contracts with the LLIU for special education services for District students. The amount paid for these services for the year ended June 30, 2024 was $1,385,582.

NOTE 12 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS (cont'd)

Lancaster-Lebanon Joint Authority (Joint Authority) – is a separate legal entity. The Joint Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purpose of acquiring, holding, constructing, improving, maintaining, operating, owning, and/or leasing projects for public school purposes and for purposes of the LLIU. The District paid $0 to the Joint Authority during the year ended June 30, 2024.

Lebanon County Earned Income Tax Bureau) – is a separate legal entity. The District and the other Lebanon County school districts and the municipalities represented by those school districts are participating members of the Lebanon County Earned Income Tax Bureau ("the Bureau") for collection of earned income taxes. The Bureau is governed by a 12 member board with 2 members from each school district consisting of one member from the School Board and one member representing all the municipalities in the District. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility.

NOTE 13 CONTINGENT LIABILITIES

Grant Programs

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

Construction-in-progress

As of June 30, 2024, the District had ongoing construction projects yet to be completed. The commitments and amounts completed to date are as follows:

	Project Amount	Completed as of 06/30/2024	Commitments
High School Construction	$ 2,228,800	$ 1,379,852	$ 848,948
Totals	$ 2,228,800	$ 1,379,852	$ 848,984

In addition to the amounts above the District had $220,356 in expenditures not under formal contract.

NOTE 14 PARTICIPATION IN RISK SHARING POOL

The District has elected to become a member of a self-insurance pool for worker's compensation insurance with the Lancaster-Lebanon Intermediate Unit No. 13 and twenty-two other school districts. The District entered into an agreement which states that the District pays an annual premium to the fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and to pool worker's compensation and occupational disease insurance risks, reserves, claims and losses and to provide self-insurance and re-insurance thereof. Each member is assessed an amount based on their covered payroll and prior experience of worker's compensation claims. All claims are then paid from the pool with reinsurance being purchased by the pool for claims in excess of $250,000 per occurrence. Claims are paid on an aggregate basis, and separate accounts for each member are not maintained. If there is a deficiency in the pooled funds, each member is assessed an amount equal to their proportional share as described above. As of June 30, 2024, the District is not aware of any additional assessments relating to the fund.

NOTE 15 INTERFUND RECEIVABLE/PAYABLE

Interfund receivable and payable balances as of June 30, 2024 consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	$ 1,589,104	$ -
Capital projects fund	500,000	2,067,647
Proprietary fund - food services	-	21,457
	$ 2,089,104	$ 2,089,104

These balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 16 INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2024 consisted of the following:

	Transfer to Other Funds	Transfer from Other Funds
General fund	$ 4,273,095	$ -
Debt service fund	-	4,273,095
	$ 4,273,095	$ 4,273,095

NOTE 16 INTERFUND TRANSFERS (cont'd)

Transfers are used to use revenues collected in the general fund to finance debt payments accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, the benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims.

The District has recorded a liability in the General Fund for claims incurred through June 30, 2024 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2024:

Insurance claims liability - beginning of year	$ 679,680
Current year insurance claims and changes in estimates	5,374,211
Insurance claims paid	(4,930,120)
Insurance claims liability - end of year	$ 1,123,471

The medical claims liability is shown as part of accrued salaries and benefits as of June 30, 2024.

Other Risks

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District participates in the Lancaster-Lebanon Public Schools Insurance Pool for property/casualty insurance, a self-funded property casualty program designed to provide oversight, administrative support, and cost containment strategies. The District has purchased various insurance policies to safeguard its assets from risk or loss. During the year ended June 30, 2024 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 18 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 16, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN LEBANON SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Variance with Original Budget Positive (Negative)	Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
REVENUE FROM LOCAL SOURCES					
Current real estate taxes	$ 23,389,719	$ 23,389,719	$ -	$ 23,715,307	$ 325,588
Interim real estate taxes	75,000	75,000	-	60,472	(14,528)
Public utility realty tax	21,000	21,000	-	21,919	919
Payment in lieu of current taxes	29,000	29,000	-	30,442	1,442
Current per capita taxes - sec. 679	32,000	32,000	-	33,519	1,519
Current act 511 taxes - flat rate assessments	32,000	32,000	-	33,519	1,519
Current act 511 taxes - proportional assessments	2,824,559	2,824,559	-	3,118,778	294,219
Delinquencies on taxes levied/assessed by the LEA	425,000	425,000	-	763,043	338,043
Interest on investments	250,000	250,000	-	839,565	589,565
Revenues from LEA activities	30,000	30,000	-	48,552	18,552
Tuition from patrons	5,000	5,000	-	70,844	65,844
Refunds and other miscellaneous revenue	100,000	100,000	-	95,397	(4,603)
TOTAL REVENUE FROM LOCAL SOURCES	27,213,278	27,213,278	-	28,831,357	(1,618,079)
REVENUE FROM STATE SOURCES					
Basic instructional funding - subsidy	8,716,983	8,716,983	-	9,403,017	686,034
Basic instructional funding - social security	620,000	620,000	-	725,792	105,792
Tuition for orphans subsidy	50,000	50,000	-	56,677	6,677
Vocational education	100,000	100,000	-	225,163	125,163
Education of migratory children	-	-	-	160	160
Special education funds for school aged pupils	1,612,080	1,612,080	-	1,649,047	36,967
Pupil transportation subsidy	1,450,000	1,450,000	-	1,593,245	143,245
Nonpublic and charter school pupil transportation subsidy	75,000	75,000	-	66,220	(8,780)
Rental and sinking fund subsidy	109,800	109,800	-	947,096	837,296
Health services	40,000	40,000	-	44,040	4,040
State property tax reduction allocation	815,674	815,674	-	815,674	-
School mental health & safety & security	-	-	-	307,944	307,944
Ready to learn block grant	305,011	305,011	-	305,011	-
Supplemental equipment grant	-	-	-	41,003	41,003
State share of retirement contributions	2,950,000	2,950,000	-	2,106,468	(843,532)
E-rate reimbursement	-	-	-	122,539	122,539
TOTAL REVENUE FROM STATE SOURCES	16,844,548	16,844,548	-	18,409,096	(1,564,548)
REVENUE FROM FEDERAL SOURCES					
Title I grant	450,000	450,000	-	350,995	(99,005)
Title II grant	68,000	68,000	-	15,376	(52,624)
Title IV grant	25,000	25,000	-	9,882	(15,118)
ARP ESSER - elementary and secondary school emergency relief fund	-	-	-	1,068,314	1,068,314
Individuals with disabilities act (IDEA)	653,000	653,000	-	618,932	(34,068)
TOTAL REVENUE FROM FEDERAL SOURCES	1,196,000	1,196,000	-	2,063,499	(867,499)
OTHER FINANCING SOURCES					
Proceeds from sale of fixed assets	8,000,000	8,000,000	-	8,938,880	(938,880)
TOTAL OTHER FINANCING SOURCES					
TOTAL REVENUES	53,253,826	53,253,826	-	58,242,832	(4,989,006)

(Continued on next page.)

NORTHERN LEBANON SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

	Budgeted Amounts		Variance with Original Budget Positive (Negative)	Actual (GAAP Basis)	Variance with Final Budget Positive (Negative)
	Original	Final			
EXPENDITURES					
Instruction:					
Regular programs	15,688,480	17,828,799	(2,140,319)	18,041,807	(213,008)
Special programs	7,254,427	7,697,392	(442,965)	8,903,151	(1,205,759)
Vocational programs	906,170	936,699	(30,529)	917,962	18,737
Nonpublic school programs	37,835	37,635	200	52,202	(14,567)
Other instructional programs	-	-	-	8,860	(8,860)
Total Instruction	23,886,912	26,500,525	(2,613,613)	27,923,982	(1,423,457)
Support Services:					
Pupil personnel services	1,338,822	1,511,908	(173,086)	1,648,594	(136,686)
Instructional staff services	524,462	545,388	(20,926)	482,026	63,362
Administrative services	2,341,175	2,625,483	(284,308)	2,839,008	(213,525)
Pupil health	362,880	409,317	(46,437)	408,774	543
Business services	564,886	632,062	(67,176)	691,511	(59,449)
Operation and maintenance of plant services	2,767,306	2,945,640	(178,334)	3,457,257	(511,617)
Student transportation services	662,549	2,756,783	(2,094,234)	2,991,663	(234,880)
Support services - central	1,708,764	1,787,779	(79,015)	1,826,354	(38,575)
Other support services	27,540	27,540	-	6,047	21,493
Total Support Services	10,298,384	13,241,900	(2,943,516)	14,351,234	(1,109,334)
Operation of Noninstructional Activities:					
Student activities	793,543	872,975	(79,432)	1,566,672	(693,697)
Community services	6,120	6,120	-	1,512	4,608
Total Operation of Noninstructional Services	799,663	879,095	(79,432)	1,568,184	(689,089)
Capital outlay	-	15,000	(15,000)	16,452	(1,452)
Debt service	2,160,600	80,600	2,080,000	-	80,600
TOTAL EXPENDITURES	37,145,559	40,717,120	(3,571,561)	43,859,852	(3,142,732)
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	16,108,267	12,536,706	3,571,561	14,382,980	1,846,274
OTHER FINANCING USES					
Budgetary reserve	(3,772,560)	(200,000)	(3,572,560)	-	200,000
Refund of prior year expenditures	-	-	-	(227,611)	(227,611)
Transfers out	(4,027,390)	(4,027,390)	-	(4,273,095)	(245,705)
TOTAL OTHER FINANCING USES	(7,799,950)	(4,227,390)	(3,572,560)	(4,500,706)	(273,316)
NET CHANGE IN FUND BALANCE	8,308,317	8,309,316	(999)	9,882,274	1,572,958
FUND BALANCE, BEGINNING OF YEAR	6,125,836	6,125,836	-	6,125,836	-
FUND BALANCE, END OF YEAR	$ 14,434,153	$ 14,435,152	$ (999)	$ 16,008,110	$ 1,572,958

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

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE								
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.1081%	0.1114%	0.1152%	0.1072%	0.1090%	0.1094%	0.1055%	0.1037%	0.1048%
District's proportion of the net pension liability - dollar value	$ 48,090,000	$ 49,527,000	$ 47,297,000	$ 52,784,000	$ 50,993,000	$ 52,517,000	$ 52,105,000	$ 51,390,000	$ 45,394,000
District's covered employee payroll	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065	$ 13,644,764	$ 13,093,674
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	290.21%	300.92%	287.69%	350.20%	340.04%	359.21%	365.57%	376.63%	346.69%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 5,639,325	$ 5,685,459	$ 5,594,186	$ 5,509,119	$ 5,028,238	$ 4,888,762	$ 4,640,487	$ 4,161,895	$ 3,411,191
Contributions in relation to the contractually required contribution	5,639,325	5,685,459	5,594,186	5,509,119	5,028,238	4,888,762	4,640,487	4,161,895	3,411,191
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 17,042,384	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065	$ 13,644,764
Contributions as a percentage of covered employee payroll	33.09%	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%

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

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE						
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.1082%	0.1116%	0.1154%	0.1074%	0.1090%	0.1094%	0.1055%
District's proportion of the net OPEB liability - dollar value	$ 1,958,000	$ 2,054,000	$ 2,736,000	$ 2,321,000	$ 2,318,000	$ 2,281,000	$ 2,149,000
District's covered employee payroll	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	11.82%	12.48%	16.64%	15.40%	15.46%	15.60%	15.08%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	$ 121,001	$ 124,281	$ 131,541	$ 134,514	$ 126,442	$ 124,758	$ 122,264
Contributions in relation to the contractually required contribution	$ 121,001	124,281	131,541	134,514	126,442	124,758	122,264
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 17,042,384	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312
Contributions as a percentage of covered employee payroll	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY - SINGLE EMPLOYER PLAN

	MEASUREMENT DATE						
	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY							
Service cost	$ 156,847	$ 268,011	$ 269,174	$ 213,986	$ 213,134	$ 151,853	$ 149,137
Interest on total OPEB liability	93,527	74,953	59,137	86,907	73,316	63,561	46,841
Change in benefit terms		54,689	-	(35,105)	-	-	-
Differences between expected and actual experience		(524,787)	-	37,591	-	243,448	-
Effect of assumption changes or inputs	33,294	(623,101)	(98,702)	336,933	(72,324)	1,720	37,974
Benefit payments	(122,086)	(122,734)	(117,807)	(84,574)	(93,640)	(90,754)	(82,779)
NET CHANGE IN TOTAL OPEB LIABILITY	161,582	(872,969)	111,802	555,738	120,486	369,828	151,173
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	2,212,907	3,085,876	2,974,074	2,418,336	2,297,850	1,928,022	1,776,849
TOTAL OPEB LIABILITY, END OF YEAR	$ 2,374,489	$ 2,212,907	$ 3,085,876	$ 2,974,074	$ 2,418,336	$ 2,297,850	$ 1,928,022
PLAN FIDUCIARY NET POSITION							
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -	$ -
DISTRICT'S NET OPEB LIABILITY	$ 2,374,489	$ 2,212,907	$ 3,085,876	$ 2,974,074	$ 2,418,336	$ 2,297,850	$ 1,928,022
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ 15,536,567	$ 15,536,567	$ 14,082,893	$ 14,082,893	$ 14,382,972	$ 14,382,972	$ 13,014,467
District's net OPEB liability as a percentage of covered payroll	15.28%	14.24%	21.91%	21.12%	16.81%	15.98%	14.81%
Expected average remaining service years of all participants	12	12	12	12	12	12	12

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

NORTHERN LEBANON SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON STATEMENT – GENERAL FUND

The Budgetary Comparison Statement – General Fund presents a detailed comparison of the original and final budgeted amounts to the actual amounts as of June 30, 2024. For the year ended June 30, 2024, the General Fund incurred the following significant variances between final budgeted and actual amounts:

Revenues

- Interest – When compiling the 2024 budget, interest rates exceeded the District's expected rates. During the year interest rates were between 4%-5% which accounts for the variance of $589,565.

- Basic instructional funding - subsidy – The main reason actual revenue exceeded budgeted revenue for 2024 was that the District's budget's State funding at a level equal to the prior year's funding. In 2024, the State provided greater than anticipated funding resulting in a variance of $686,034.

- Rental and sinking fund subsidy – The main reason actual revenue exceeded budgeted revenue for 2024, was due to a larger unbudgeted receipt received from the State early in 2024 resulting in a variance of $837,296.

- State share of retirement contributions – The main reason actual revenue was lower than budgeted was that the District budgeted State social security and retirement contributions together. In the current year the District received, less than budgeted from the State resulting in a variance of $843,532.

- ARP ESSER- elementary and secondary school emergency relief fund – During the year the District did not budget revenues for this grant as they were unsure when funding for previous requisitions would be remitted by the State. This resulted in a variance of $1,068,314.

Expenses

- Instruction – regular programs – The final budget increased $2,140,319 due to an increase in salary and retirement payments made during the year.

- Instruction – special programs – The main reason expenses exceeded budget amounts was due to an increased tuition to charter and private schools during the year. The result was a variance of $1,205,759.

- Student transportation services – The final budget increased $2,094,234. The main reason for this increase was that the District originally budgeted amounts paid on their transportation contract as debt service as historically it had been recorded as a lease payment. However, that determination changed during 2024 resulting in the budget change.

- Student activities – During the year the District signed a memorandum of understanding ("MOU")for the performance of extracurricular activities during the school year. This MOU substantially increased the pay for staff monitoring and administering the extracurricular activities. The result was variance of $693,697.

- Debt service - The final budget decreased $2,080,000. The main reason for this increase was that the District originally budgeted amounts paid on their transportation contract as debt service as historically it had been recorded as a lease payment. However, that determination changed during 2024 resulting in the budget change.

SINGLE AUDIT SUPPLEMENT

BTCPA
BARBACANE
THORNTON
& COMPANY

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*

January 16, 2025

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Lebanon School District ("the District"), Fredericksburg, Pennsylvania, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 16, 2025.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

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To the Board of School Directors
Northern Lebanon School District

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

Report on Compliance and Other Matters

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

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

BTCPA
BARBACANE
THORNTON
& COMPANY

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

January 16, 2025

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, Pennsylvania

Report on Compliance for the Major Each Federal Program

Opinion on the Major Federal Program

We have audited the Northern Lebanon School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on the District's major federal program for the year ended June 30, 2024. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2024.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence

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we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the 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 District's federal programs.

Auditor's Responsibility for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of 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.

To the Board of School Directors
Northern Lebanon School District

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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2023	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2024	PASSED THROUGH TO SUB-RECIPENTS
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies	I	84.010	013-220298	07/01/22 - 09/30/23	$ 476,071	$ 3,384	$ 3,384	$ -	$ -	$ -	$ -
Title I Grants to Local Educational Agencies	I	84.010	013-230298	07/01/23 - 09/30/24	354,374	350,995	-	350,995	350,995	-	-
Total ALN 84.010						354,379	3,384	350,995	350,995	-	-
Improving Teacher Quality State Grants	I	84.367	020-220228	07/01/22 - 09/30/23	70,526	1,123	1,123	-	-	-	-
Improving Teacher Quality State Grants	I	84.367	020-230228	07/01/23 - 09/30/24	16,499	15,376	-	15,376	15,376	-	-
Total ALN 84.367						16,499	1,123	15,376	15,376	-	-
Student Support and Academic Enrichment Grants	I	84.424	144-220228	07/01/22 - 09/30/23	39,787	29,680	29,680	-	-	-	-
Student Support and Academic Enrichment Grants	I	84.424	144-230228	07/01/23 - 09/30/24	39,562	9,882	-	9,882	9,882	-	-
Total ALN 84.424						39,562	29,680	9,882	9,882	-	-
American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund	I	84.425U	223-210228	03/13/20 - 09/30/24	2,499,097	1,135,953	136,314	999,639	999,639	-	-
ESSER Fund (ARP ESSER) 7% Set Asides Consolidated	I	84.425U	225-210228	03/13/20 - 09/30/24	194,236	52,973	17,153	35,820	35,820	-	-
ESSER Fund (ARP ESSER) 2.5% Set Asides Consolidated	I	84.425U	225-210228	03/13/20 - 09/30/24	10,595	10,595	-	10,595	10,595	-	-
ESSER Fund (ARP ESSER) 2.5% Set Asides Consolidated	I	84.425U	228-210228	03/13/20 - 09/30/24	10,595	10,595	-	10,595	10,595	-	-
Total ALN 84.425U						1,210,116	153,467	1,056,649	1,056,649	-	-
American Rescue Plan ESSER Fund- Homeless Children and Youth	I	84.425W	181-210228	07/01/21 - 09/30/24	16,849	1,728	(9,937)	11,665	11,665	-	-
Total ALN 84.425W						1,728	(9,937)	11,665	11,665	-	-
Total ALN 84.425						1,211,844	143,530	1,068,314	1,068,314	-	-
Passed Through Lancaster - Lebanon Intermediate Unit No. 13:											
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-220033	07/01/22 - 09/30/23	577,227	577,227	577,227	-	-	-	-
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-230034	07/01/23 - 09/30/24	582,064	-	-	582,064	582,064	582,064	-
Special Education - Grants to States (IDEA, Part B) - COVID-19	I	84.027	062-220033	07/01/22 - 09/30/23	133,060	133,060	133,060	-	-	-	-
Total ALN 84.027						710,287	710,287	582,064	582,064	582,064	-
Special Education - Preschool Grants	I	84.173	131-220012	07/01/22 - 09/30/23	2,782	2,782	2,782	-	-	-	-
Special Education - Preschool Grants	I	84.173	131-230013	07/01/23 - 09/30/24	2,457	-	-	2,457	2,457	2,457	-
Total ALN 84.173						2,782	2,782	2,457	2,457	2,457	-
Total Special Education Cluster						713,069	713,069	584,521	584,521	584,521	-
Total U.S. Department of Education						2,335,353	890,786	2,029,088	2,029,088	584,521	-

Continued on next page.

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2023	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2024	PASSED THROUGH TO SUB-RECIPIENTS
U.S. Department of Agriculture											
Passed Through the Pennsylvania Department of Agriculture:											
National School Lunch Program	I	10.555	N/A	07/01/22 - 06/30/23	N/A	4,524	-	4,524	4,524	-	-
						4,524	-	4,524	4,524	-	-
Passed Through the Pennsylvania Department of Education:											
National School Breakfast Program	I	10.553	N/A	07/01/23 - 06/30/24	N/A	109,755	-	109,755	109,755	-	-
National School Lunch Program	I	10.555	N/A	07/01/23 - 06/30/24	N/A	487,521	-	487,521	487,521	-	-
Supply Chain Assistance	I	10.555	N/A	07/01/23 - 06/30/24	N/A	53,553	-	53,553	53,553	-	-
Total ALN 10.555						650,829	-	650,829	650,829	-	-
Total Child Nutrition Cluster						655,353	-	655,353	655,353	-	-
National School Breakfast Program	I	10.553	N/A	07/01/22 - 06/30/23	N/A	653	-	653	653	-	-
Total Passed Through the Pennsylvania Department of Education						651,482	-	651,482	651,482	-	-
Total U.S. Department of Agriculture						656,006	-	656,006	656,006	-	-
TOTAL FEDERAL AWARDS						$ 2,991,359	$ 890,786	$ 2,685,094	$ 2,685,094	$ 584,521	$ -

Source Code:

I = Indirect Funding

NORTHERN LEBANON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent they are included in the federal financial reports used as the source for the data presented. Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The District has not elected to use the 10% *de minimis* cost rate in CFR 200.414 Indirect (F&A) costs.

NOTE B FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities of $4,524.

NOTE C OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

No amounts were provided to sub-recipients.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2024 was $34,411.

NORTHERN LEBANON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

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

Federal Awards

Internal control over major program:

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

Type of auditor's report issued on compliance for major program [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ____ Yes X No

Identification of major program:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425U, 84.425W	Education Stabilization Fund

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

Auditee qualified as low-risk auditee? ____ Yes X No

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.