

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 23, 2025**

NEW ISSUE—BOOK-ENTRY ONLY

S&P: “\_” (Insured)  
Moody’s: “A1” (Underlying)  
See “Ratings” herein

*In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in the gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended. Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals. Under laws of the Commonwealth of Pennsylvania, as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. See “TAX MATTERS” herein.*

**\$29,015,000\***

**Bethlehem Area School District  
(Northampton and Lehigh Counties, Pennsylvania)  
General Obligation Bonds, Series A of 2025**

**Bonds Dated:** Date of Delivery  
**Interest Due:** February 1 and August 1

**Principal Due:** August 1, as shown on inside cover  
**First Interest Payment:** August 1, 2025

The General Obligation Bonds, Series A of 2025, in the aggregate principal amount of \$29,015,000\* (the “Bonds”), are being issued by the Bethlehem Area School District, a public school district located in portions of Northampton and Lehigh Counties, Pennsylvania (the “School District”). The Bonds will be registered in the name of Cede & Co., as the registered owner and nominee of The Depository Trust Company (“DTC”), New York, New York. Beneficial ownership of a Bond may be acquired only under the electronic, book-entry system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. Purchasers will not receive physical delivery of Bond certificates. Bond purchasers must maintain an account with a broker or a dealer who is, or acts through, a DTC Participant to receive payment of principal of and interest on the Bonds. See “BOOK-ENTRY ONLY SYSTEM” herein. If, under the circumstances described herein, Bonds are ever issued in certificated form, the Bonds will be subject to registration of transfer, exchange and payment as described herein.

The Bonds are general obligations of the School District, payable from its tax and other general revenues, on a parity basis with other existing and future general obligation debt. The School District has covenanted that it will provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution adopted on March 17, 2025, securing the Bonds, or from any other of its revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, within the limits provided by law. (See “Security for the Bonds”, “Taxing Powers of the School District” and “Municipal Bond Insurance” *infra*).

Interest on the Bonds is payable initially on August 1, 2025, and thereafter semiannually, on February 1 and August 1 of each year, until the maturity date of each Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Manufacturers and Traders Trust Company (the “Paying Agent”), to serve as paying agent and sinking fund depository for the Bonds. While Cede & Co., as nominee for DTC, is the registered owner of the Bonds, payments of the principal of, redemption premium, if any, and interest on the Bonds, when due for payment, will be made directly to DTC by the Paying Agent, and DTC will in turn remit such payments to DTC Participants for subsequent disbursement to the Beneficial Owners of the Bonds. If the use of the book-entry only system for the Bonds is ever discontinued, the principal of and redemption premium, if any, of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its designated corporate trust office (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (See “The Bonds,” *herein*).

**The Bonds are subject to redemption prior to maturity as described herein.**

Proceeds of the Bonds will be used to: (1) refund \$\_\_\_\_\_ of the School District’s General Obligation Bonds, Series A of 2015 (the “Refunded 2015A Bonds”), currently outstanding in the total principal amount of \$30,000,000, and (2) pay related costs and expenses of issuing the Bonds.

The Bonds are an authorized investment for fiduciaries in the Commonwealth pursuant to the Pennsylvania Probate, Estate and Fiduciaries Code, Act of June 30, 1972, No. 164, P.L. 508, as amended and supplemented.

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by \_\_\_\_\_.

**MATURITIES, AMOUNTS, RATES AND YIELDS/PRICES**  
See Inside Front Cover

The Bonds are offered when, as and if issued, subject to withdrawal or modification of the offer without notice, and subject to the approving legal opinions of Eckert Seamans Cherin & Mellott, LLC, Harrisburg, Pennsylvania, as Bond Counsel and Special Counsel to the School District, and for the Underwriters by Dilworth Paxson LLP of Philadelphia, Pennsylvania as Limited Scope Underwriters’ Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, serves as Financial Advisor to the School District in connection with the Bonds. It is expected that the Bonds will be available for delivery to DTC or its agent, on or about \_\_\_\_\_, 2025.

**RAYMOND JAMES®**



Dated: \_\_\_\_\_  
\*Estimated, subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion, amendment or other change without notice. The Bonds may not be sold nor may offers to buy be accepted prior to the time the Preliminary Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the applicable securities laws of any such jurisdiction.

**\$29,015,000\***

**Bethlehem Area School District**  
**(Northampton and Lehigh Counties, Pennsylvania)**

**BOND MATURITY SCHEDULES:**

**\$29,015,000\* General Obligation Bonds, Series A of 2025**

**Bonds Dated:** Date of Delivery  
**Interest Due:** February 1 and August 1

**Principal Due:** August 1, as shown below  
**First Interest Payment:** August 1, 2025

<b>Maturity Date (August 1) Year</b>	<b>Principal Amounts</b>	<b>Interest Rates</b>	<b>Initial Offering Yield</b>	<b>Initial Offering Price</b>	<b>CUSIP Numbers<sup>(1)</sup></b>
2026					
2027					
2028					
2029					
2030					
2031					
2032					
2033					
2034					
2035					

<sup>(1)</sup>The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriters, and such parties are not responsible for the selection or use of the CUSIP numbers. The CUSIP numbers are included solely for the convenience of bondholders and noteholders and no representation is made as to the correctness of such CUSIP numbers. CUSIP numbers assigned to securities may be changed during the term of such securities based on a number of factors including, but not limited to, the refunding or defeasance of such issue or the use of secondary market financial products. Neither the School District nor the Underwriters have agreed to, and there is no duty or obligation to, update this Preliminary Official Statement to reflect any change or correction in the CUSIP numbers set forth above.

\*Estimated, subject to change.

# BETHLEHEM AREA SCHOOL DISTRICT

(Northampton and Lehigh Counties, Pennsylvania)

## BOARD OF SCHOOL DIRECTORS AND OFFICERS

---

Michael E. Faccinetto	President
Shannon Patrick	Vice-President
Harry Aristakesian	Secretary*
Frank Pearn, Jr.	Treasurer*
Dr. Kim Shively	Member
Dr. Karen Beck Pooley	Member
Dr. Silagh White	Member
Michael Recchiuti	Member
M. Rayah Levy	Member
Emily Schenkel	Member
Winston Alozie	Member

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\*Non-voting Member

### SCHOOL DISTRICT SUPERINTENDENT

DR. JACK P. SILVA

### SCHOOL DISTRICT CHIEF FINANCIAL OFFICER

HARRY ARISTAKESIAN

### PAYING AGENT

MANUFACTURERS AND TRADERS TRUST COMPANY  
Buffalo, New York and Harrisburg, Pennsylvania

### BOND/SPECIAL COUNSEL

ECKERT SEAMANS CHERIN & MELLOTT, LLC  
Harrisburg, Pennsylvania

### FINANCIAL ADVISOR

PFM FINANCIAL ADVISORS LLC  
Harrisburg, Pennsylvania

### LIMITED SCOPE UNDERWRITERS' COUNSEL

DILWORTH PAXSON LLP  
Philadelphia, Pennsylvania

### UNDERWRITERS

RAYMOND JAMES & ASSOCIATES, INC.  
Lancaster, Pennsylvania

### JANNEY MONTGOMERY SCOTT LLC

Philadelphia, Pennsylvania

### SCHOOL DISTRICT ADDRESS

1516 Sycamore Street  
Bethlehem, Pennsylvania 18017-6099

No dealer, broker, salesman or other person has been authorized by the School District or the Underwriters to give any information or to make any representation, other than that given or made in this Preliminary Official Statement, and if given or made, any such other information or representation may not be relied upon as having been authorized by the School District or the Underwriters. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. This Preliminary Official Statement has been approved by the School District and, while the information set forth in this Preliminary Official Statement has been furnished by the School District and other sources which are believed to be reliable, such information is not guaranteed as to accuracy or completeness, and is not to be construed as a representation by the Underwriters or, as to information obtained from other sources, by the Authority or the School District. The information and expressions of opinion set forth in this Preliminary Official Statement are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made under this Preliminary Official Statement shall, under any circumstances, create any implication that the affairs of the School District have remained unchanged since the date of this Preliminary Official Statement.

Certain statements contained in this Preliminary Official Statement may be forward-looking statements, which are based on the School District's beliefs, as well as assumptions made by, and information currently available to, its staff and officers. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. The words "anticipate," "assume," "estimate," "expect," "objective," "projection," "forecast," "goal," "budget," or similar words are intended to identify forward-looking statements. The words or phrases "to date," "now," "currently," and the like are intended to mean as of the date of this Preliminary Official Statement.

This Preliminary Official Statement, including the Appendices attached hereto, must be considered in its entirety. The offering of the Bonds is made only by means of this entire Preliminary Official Statement.

## TABLE OF CONTENTS

	<u>Page</u>	<u>Page</u>
<b>INTRODUCTION</b> .....	1	
<b>PURPOSE OF THE ISSUE</b> .....	1	
Sources and Uses of Bond Proceeds .....	1	
<b>THE BONDS</b> .....	2	
Description .....	2	
Payment of Principal and Interest .....	2	
Transfer, Exchange and Registration of Bonds .....	2	
<b>REDEMPTION OF BONDS</b> .....	3	
<b>SECURITY FOR THE BONDS</b> .....	3	
General Obligation Pledge .....	3	
Bonds Sinking Fund .....	3	
Pennsylvania's Late Budget Adoptions .....	4	
Subsidy Intercept During a State Budget Impasse (Act 85 of 2016) .....	5	
Bond Defaults and Remedies .....	5	
<b>BOOK-ENTRY ONLY SYSTEM</b> .....	5	
<b>MUNICIPAL BOND INSURANCE</b> .....	7	
General Bond Insurance Risk Factors .....	7	
<b>THE SCHOOL DISTRICT</b> .....	8	
Introduction .....	8	
Administration .....	8	
School Facilities .....	9	
Enrollment Trends .....	9	
<b>SCHOOL DISTRICT FINANCES</b> .....	10	
Introduction .....	10	
Financial Reporting .....	10	
Budgeting Process Under Act 1 of 2006 (Taxpayer Relief Act) .....	10	
Summary and Discussion of Financial Results .....	11	
Revenue .....	12	
<b>TAXING POWERS OF THE SCHOOL DISTRICT</b> .....	13	
In General .....	13	
Limitations on Increasing School District Taxes - The Taxpayer Relief Act (Act 1) .....	13	
Status of the Bonds under Act 1 .....	14	
Limitation on School District Estimated Ending Unreserved Undesignated Fund Balances .....	14	
Tax Levy Trends .....	15	
Real Property Tax .....	15	
Other Taxes .....	17	
<b>COMMONWEALTH AID TO SCHOOL DISTRICTS</b> .....	17	
General .....	17	
Debt Statement .....	19	
Debt Limit and Remaining Borrowing Capacity .....	21	
Interest Rate Swap Agreement that is Payable By the School District .....	21	
Debt Service Requirements .....	22	
<b>FUTURE FINANCING</b> .....	23	
<b>LABOR RELATIONS</b> .....	24	
School District Employees .....	24	
Pension Program .....	24	
Other Post-Employment Benefits .....	25	
<b>LITIGATION</b> .....	25	
<b>DEFAULTS AND REMEDIES</b> .....	25	
<b>TAX MATTERS</b> .....	25	
Bond Counsel Opinion .....	25	
Federal Tax Matters .....	25	
Pennsylvania Tax Matters .....	26	
<b>CONTINUING DISCLOSURE UNDERTAKING</b> .....	26	
<b>RATING</b> .....	27	
<b>UNDERWRITING</b> .....	28	
<b>LEGAL OPINION</b> .....	28	
<b>FINANCIAL ADVISOR</b> .....	28	
<b>MISCELLANEOUS</b> .....	28	
<b>APPENDIX A - DEMOGRAPHIC AND ECONOMIC INFORMATION RELATING TO THE BETHLEHEM AREA SCHOOL DISTRICT</b>		
Population .....	1	
Employment .....	2	
Income .....	4	
Commercial Activity .....	4	
Educational Institutions .....	4	
Housing .....	5	
Medical Facilities .....	5	
Transportation .....	5	
Utilities .....	5	
Communications .....	5	
<b>APPENDIX B - FORM OF OPINION OF BOND COUNSEL</b>		
<b>APPENDIX C - AUDITED FINANCIAL STATEMENT</b>		
<b>APPENDIX D - FORM OF CONTINUING DISCLOSURE CERTIFICATE</b>		
<b>APPENDIX E - SPECIMEN MUNICIPAL BOND INSURANCE POLICY</b>		

# PRELIMINARY OFFICIAL STATEMENT

**\$29,015,000\***

**Bethlehem Area School District  
(Northampton and Lehigh Counties, Pennsylvania)  
General Obligation Bonds, Series A of 2025**

## INTRODUCTION

This Preliminary Official Statement, including its cover pages and Appendices, is furnished by the Bethlehem Area School District, a public school district serving portions of Northampton and Lehigh Counties, Pennsylvania (the "School District") in connection with its \$29,015,000\* aggregate principal amount General Obligation Bonds, Series A of 2025 (the "Bonds"), which will be dated the date of the settlement and issuance of the Bonds ("Date of Delivery" or "Issue Date"). The Bonds are being issued pursuant to a Resolution adopted by the Board of School Directors of the School District on March 17, 2025 (the "Resolution"), in accordance with the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth" or "State"), 53 Pa. C.S. Chs. 80-82 (the "Debt Act").

## PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used to: (1) refund \$\_\_\_\_\_ of the School District's General Obligation Bonds, Series A of 2015 (the "Refunded 2015A Bonds"), currently outstanding in the total principal amount of \$30,000,000, and (2) pay related costs and expenses of issuing the Bonds.

Proceeds of the Bonds will be deposited with Manufacturers and Traders Trust Company as paying agent for the Refunded 2015A Bonds, at a redemption price of 100% of principal amount plus accrued interest, on or within 90 days of the Issue Date.

### Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds from the issuance of the Bonds.

#### Sources of Funds

Par Amount.....	_____
Net Original Issue Premium/(Discount) .....	_____
<i>Total Sources of Funds</i> .....	=====

#### Uses of Funds

Refunded 2015A Bond Redemption Price.....	_____
Costs of Issuance <sup>(2)</sup> .....	_____
<i>Total Uses of Funds</i> .....	=====

<sup>(1)</sup>Includes legal and financial advisor fees, bond discount, municipal bond insurance, printing, rating, CUSIP, paying agent, and miscellaneous costs.

\*Estimated, subject to change.

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## THE BONDS

### Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof. The Bonds will be in the aggregate principal amount of \$29,015,000\*, in a single series as described on the cover hereof, dated the Date of Delivery and bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover of this Preliminary Official Statement. Interest on each of the Bonds will be payable initially on August 1, 2025, and thereafter, semiannually on February 1 and August 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

*When issued, the Bonds will be registered in the name of Cede & Co., as nominee for The Depository Trust Company ("DTC"), New York, New York. Purchasers of the Bonds (the "Beneficial Owners") will not receive any physical delivery of bond certificates, and beneficial ownership of the Bonds will be evidenced only by book entries. See "BOOK – ENTRY ONLY SYSTEM" herein.*

### Payment of Principal and Interest

*While Cede & Co., as nominee of DTC, is the registered owner of the Bonds, payments of principal of, redemption premium, if any, and interest on the Bonds, when due, are to be made to DTC and all such payments shall be valid and effective to satisfy fully and to discharge the obligations of the School District with respect to, and to the extent of, principal, redemption premium, if any, and interest so paid. If the use of the Book-Entry Only System for the Bonds is discontinued for any reason, bond certificates will be issued to the Beneficial Owners of the Bonds and payment of principal, redemption premium, if any, and interest on the Bonds shall be made as described in the following paragraphs:*

The principal of any certificated Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners thereof, or registered assigns, upon surrender thereof to Manufacturers and Traders Trust Company (the "Paying Agent"), acting as paying agent and sinking fund depository, at its designated corporate trust office or to any successor paying agent at its designated office(s).

Interest on Bonds will be payable to the registered owner from the interest payment date next preceding the date of registration and authentication thereof, unless: (a) such Bond is registered and authenticated as of an interest payment date, in which event such Bond shall bear interest from said interest payment date, or (b) such Bond is registered and authenticated after a Record Date (hereinafter defined) and before the next succeeding interest payment date, in which event such Bond shall bear interest from such interest payment date, or (c) such Bond is registered and authenticated on or prior to the Record Date preceding the first interest payment date, in which event such Bond shall bear interest from the Delivery Date, or (d) as shown by the records of the Paying Agent, interest on such Bond shall be in default, in which event such Bond shall bear interest from the date to which interest was last paid on such Bond. Interest on certificated Bonds will be payable by check drawn on the Paying Agent, which shall be mailed to the registered owner whose name and address shall appear, at the close of business on the 15<sup>th</sup> day (whether or not a day on which the Paying Agent is open for business) next preceding each interest payment date (the "Record Date"), on the registration books maintained by the Paying Agent, irrespective of any transfer or exchange of the Bond subsequent to such Record Date and prior to such interest payment date, unless the School District shall be in default in payment of interest due on such interest payment date. In the event of any such default, such defaulted interest shall be payable to the person in whose name the Bond is registered at the close of business on a special record date for the payment of such defaulted interest established by notice mailed by the Paying Agent to the registered owners of such Bonds not less than fifteen (15) days preceding such special record date. Such notice shall be mailed to the persons in whose names such Bonds are registered at the close of business on the fifth (5<sup>th</sup>) day preceding the date of mailing.

If the date for payment of the principal of or interest on any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth are authorized or required by law or executive order to close, then the date for payment of such principal or interest shall be the next succeeding day which is not a Saturday, Sunday, legal holiday or a day on which such banking institutions are authorized or required to close, and payment on such date shall have the same force and effect as if made on the nominal date established for such payment.

### Transfer, Exchange and Registration of Bonds

*Subject to the provisions described below under "Book-Entry Only System," a certificated Bond is transferable or exchangeable by the registered owners thereof upon surrender of such Bond to the Paying Agent, accompanied by a written instrument or instruments in form, with instructions, and with guaranty of signature satisfactory to the Paying Agent, duly executed by the registered owner of such Bond or his attorney-in-fact or legal representative. The Paying Agent shall enter any transfer of ownership of Bonds in the registration books and shall authenticate and deliver at the earliest practicable time in the name of the transferee or transferees a new fully registered Bonds of authorized denominations of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.*

The School District and the Paying Agent shall not be required (a) to register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15<sup>th</sup>) day next preceding any date of selection of Bonds to be redeemed and ending at the close of business on the day on which the applicable notice of redemption is mailed or (b) to register the transfer of or exchange any portion of any Bond selected for redemption until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same series, maturity and interest rate.

\*Estimated, subject to change.

**REDEMPTION OF BONDS**

**Optional Redemption**

The Bonds stated to mature on or after \_\_\_\_\_, 20 \_\_, shall be subject to redemption prior to maturity, at the option of the District, as a whole, on \_\_\_\_\_, \_\_\_\_, or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such Bonds redeemed, together with accrued interest to the redemption date.

**Mandatory Sinking Fund Redemptions**

In the manner and upon the terms and conditions provided in the Resolution, the Bonds stated to mature on August 1 of the years \_\_\_\_\_ and \_\_\_\_\_ are subject to mandatory sinking fund redemption prior to maturity on August 1 of the following years in direct order of maturity (at a price equal to the principal amount of the Bonds called for mandatory redemption, plus accrued interest thereon to the date fixed for such mandatory redemption) in the following principal amounts, as drawn by lot by the Paying Agent:

*Bonds stated to mature \_\_\_\_\_:*

<u>Year</u>	<u>Amount</u>
-------------	---------------

\_\_\_\_\_  
\*Stated Maturity

In lieu of such Mandatory Redemption, the Paying Agent, on behalf of and as directed in writing by the School District, may purchase, from money in the appropriate account of the Sinking Fund, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

**SECURITY FOR THE BONDS**

**General Obligation Pledge**

The Bonds will be general obligations of the School District, payable from its tax and other general revenues, on a parity basis with all other general obligation debt of the School District, now and hereafter issued and outstanding. The School District has covenanted that it will provide in its budget for each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds in such year, and will duly and punctually pay or cause to be paid from its Sinking Fund, as hereinafter defined, or any other of its legally available revenues or funds, the principal of each of the Bonds and the interest thereon at the dates and place and in the manner stated on the Bonds, and for such budgeting, appropriation and payment the School District irrevocably has pledged its full faith, credit and taxing power, which taxing power includes the power to levy *ad valorem* taxes on all taxable property in the School District within the limits provided by law (see "Taxing Powers of the School District" herein). The Debt Act presently governs the remedies for enforcement of debt service payments as hereinafter described (see "Defaults and Remedies" herein), and the Public School Code presently provides for the withholding and application of state subsidies in the event of a failure to pay debt service (see "Commonwealth Enforcement of Debt Service Payments" herein).

**Bonds Sinking Fund**

A Sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund - Bethlehem Area School District - General Obligation Bonds, Series A of 2025" (the "Sinking Fund"), has been authorized to be created under the Resolution and shall be held by the Paying Agent as sinking fund depository. The School District shall deposit in the Sinking Fund a sufficient sum not later than the date when interest and/or principal is to become due on the Bonds so that on each payment date the Sinking Fund will contain an amount which, together with any other funds available therein, is sufficient to pay, in full, interest and/or principal then due on the Bonds.

The Sinking Fund shall be held by the Paying Agent, as sinking fund depository, and invested by the Paying Agent in such securities or shall be deposited in such funds or accounts as are authorized by the Debt Act, upon direction of the School District. Such deposits and securities shall be in the name of the School District, but subject to withdrawal or collection only by the Paying Agent, as sinking fund depository, and such deposits and securities, together with the interest thereon shall be a part of the Sinking Fund.

The Paying Agent, as sinking fund depository, is authorized without further order from the School District to pay from the Sinking Fund the principal of and interest on the Bonds, as and when due and payable.

## Commonwealth Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the Bonds were issued, the Secretary of Education shall notify such board of school directors of its obligation and shall withhold out of any Commonwealth appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory redemption and interest owing by such school district, or sinking fund deposit due by such school district, and shall pay over the amount so withheld to the bank or other person acting as sinking fund depository for such Bond issue. These withholding provisions are not part of any contract with the holders of the Bonds, and may be amended or repealed by future legislation.

The effectiveness of Section 633 of the Public School Code may be limited by the application of other withholding provisions contained in the Public School Code, such as provisions for withholding and paying over of appropriations for payment of unpaid teachers’ salaries. Enforcement may also be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights generally. See “**Pennsylvania Late Budget Adoptions**” hereinafter.

## Pennsylvania’s Late Budget Adoptions

The Pennsylvania governor and legislature occasionally fail to enact the annual state budget on a timely basis by the beginning of its fiscal year beginning each July 1. Late budget adoption can delay payments due various state agencies and local government units, including subsidies to public school districts, and requires the district to cover expenses during the delay with its own reserves or, in the case of a lengthy delay, with a tax and revenue anticipation borrowing.

After over a month delay, a \$44.9 billion budget for the state’s 2023-24 fiscal year was signed by Pennsylvania Governor Josh Shapiro on August 3, 2023, which included \$7.87 billion for the basic education funding appropriation. The total amount was a \$567 million increase over the 2022-2023 fiscal year appropriation. The budget also provided \$50 million in additional aid to school districts for special education services for a total of \$1.4 billion. Certain funds authorized within the 2023-24 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023 multiple code bills were passed finalizing the 2023-24 Budget for education.

Governor Josh Shapiro signed the state’s budget for the 2024-25 fiscal year 11 days late on July 11, 2024. The \$47.6 billion budget includes \$8.097 billion for the basic education funding appropriation. The total amount was a \$225 million increase over the 2023-2024 fiscal year appropriation. The budget also provided \$100 million in additional aid to school districts for special education services for a total of \$1.487 billion and \$100 million for cyber charter school tuition reimbursement. 348 school districts (including the School District) will receive additional funding totaling \$493.8 million under a new Adequacy Supplement. 182 school districts will receive an additional \$60 million in total of Hold Harmless Relief Supplement as a component of their basic education funding.

*During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the School Code, however legislation included in Act 85 of 2016 attempted to address the timeliness of the withholding provisions of Section 633 of the School Code during a budget impasse. See “**Act 85 of 2016**” hereinafter.*

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## **Subsidy Intercept During a State Budget Impasse (Act 85 of 2016)**

On July 13, 2016, the Governor of the Commonwealth signed into law Act No. 85 of 2016, (P.L. 664, No. 85) ("Act 85 of 2016"), an amendment to the Act of April 9, 1929 (P.L. 343, No. 176), known as the Fiscal Code ("Fiscal Code"). Act 85 of 2016 adds to the Fiscal Code Article XVII-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by the Pennsylvania Department of Education ("PDE") to a school district subject to an intercept statute or an intercept agreement in the event of a Commonwealth budget impasse in any fiscal year.

Act 85 of 2016 includes in the definition of "intercept statutes" Section 633 of the Public School Code. The School District's general obligation bonds, including the Bonds, are subject to Section 633 of the Public School Code.

Act 85 of 2016 provides that the amounts that may be necessary for PDE to comply with the provisions of the applicable intercept statute or intercept agreement "shall be appropriated" to PDE from the General Fund of the Commonwealth after PDE submits justification to the majority and minority chairs of the appropriations committees of the Pennsylvania Senate and House of Representatives allowing ten (10) calendar days for their review and comment, if, in any fiscal year:

- (1) annual appropriations for payment of Commonwealth money to school districts have not been enacted by July 1 and continue not to be enacted when a payment is due;
- (2) the conditions under which PDE is required to comply with an intercept statute or intercept agreement have occurred, thereby requiring PDE to withhold payments which would otherwise be due to school districts; and
- (3) the Secretary of PDE, in consultation with the Secretary of the Budget, determines that there are no payments or allocations due to be paid to the applicable school districts from which PDE may withhold money as required by the applicable intercept statute or intercept agreement.

The necessary amounts shall be appropriated and paid to the paying agent on the day the scheduled payment for principal and interest is due on the expiration of the tenth (10th) day following submission of the justification described above to the majority and minority chairs of the appropriations committees, who may comment on the justification but cannot prevent the effectiveness of the appropriation.

The total of all intercept payments under Article XVII-E.4 for a school district may not exceed 50% of the total nonfederal general fund subsidy payments made to that school district in the prior fiscal year.

Act 85 of 2016 requires that each school district with bonds or notes subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information with respect to the Bonds to PDE within the prescribed timeframe following the issuance of the Bonds. Act 85 of 2016 provides that any obligation for which PDE does not receive the required documents shall not be subject to the applicable intercept statute or intercept agreement.

The provisions of Act 85 of 2016 are not part of any contract with the holders of the Bonds and may be amended or repealed by future legislation.

## **Bond Defaults and Remedies**

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Bonds, as the same becomes due and payable, the holder of a Bond shall be subject to default conditions and entitled to default remedies provided by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, holders of the Bonds shall have the right to recover the amount due by bringing an action in assumpsit in the Court of Common Pleas of the county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

## **BOOK-ENTRY ONLY SYSTEM**

*The information in this section has been obtained from materials provided by DTC for such purpose. The School District (herein referred to as the "Issuer") and the Underwriters do not guaranty the accuracy or completeness of such information, and such information is not to be construed as a representation of the School District or the Underwriters.*

The Depository Trust Company ("DTC"), New York, NY, will act as Bonds depository for the Bonds (the "Bonds"). The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered certificate will be issued for each maturity and series of the Bonds, each in the aggregate principal amount of such maturity and series, and will be deposited with DTC.

DTC the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section

17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. Bonds brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. Bonds brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds: DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption notices shall be sent to DTC. If less than all of the Bonds within a series and maturity are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such series and maturity to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal, interest and redemption payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from Issuer or Agent, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC, Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal, interest and redemption payments on the Bonds to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to Issuer or Agent. Under such circumstances, in the event that a successor depository is not obtained, Bond certificates are required to be printed and delivered.

The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that Issuer and the Underwriters believe to be reliable, but the Issuer and the Underwriters take no responsibility for the accuracy thereof.

NEITHER THE ISSUER NOR THE PAYING AGENT WILL HAVE ANY RESPONSIBILITY OR OBLIGATION TO ANY DTC PARTICIPANT, INDIRECT PARTICIPANT OR BENEFICIAL OWNER OR ANY OTHER PERSON WITH RESPECT TO: (1) THE

BONDS; (2) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT; (3) THE PAYMENT BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL OR REDEMPTION PRICE OF OR INTEREST ON THE BONDS; (4) THE DELIVERY TO ANY BENEFICIAL OWNER BY DTC OR ANY DTC PARTICIPANT OR INDIRECT PARTICIPANT OF ANY NOTICE WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; (5) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE BONDS; OR (6) ANY OTHER ACTION TAKEN BY DTC AS BONDHOLDER.

*The Issuer, the Paying Agent and the Underwriters cannot give any assurances that DTC or the Participants will distribute payments of the principal or redemption price of and interest on the Bonds paid to DTC or its nominee, as the registered owner of the Bonds, or any redemption or other notices, to the Beneficial Owners or that they will do so on a timely basis, or that DTC will serve and act in the manner described in this Preliminary Official Statement.*

## MUNICIPAL BOND INSURANCE

{Applied for- TBD}

### General Bond Insurance Risk Factors

The School District has applied for a Bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The School District has yet to determine whether an insurance policy will be purchased with the Bonds. If an insurance policy is purchased, the following are risk factors relating to Bond insurance.

In the event of default of the payment of principal or interest with respect to the Bonds when all or some becomes due, any owner of the Bonds shall have a claim under the applicable Bond Insurance Policy (the Policy) for such payments. However, in the event of any acceleration of the due date of such principal by reason of mandatory or optional redemption or acceleration resulting from default or otherwise, other than any advancement of maturity pursuant to a mandatory sinking fund payment, the payments are to be made in such amounts and at such times as such payments would have been due had there not been any such acceleration. The Policy does not insure against redemption premium, if any. The payment of principal and interest in connection with mandatory or optional prepayment of the Bonds by the School District which is recovered by the School District from the Bond owner as a voidable preference under applicable bankruptcy law is covered by the insurance policy, however, such payments will be made by the Insurer at such time and in such amounts as would have been due absence such prepayment by the School District unless the Bond Insurer chooses to pay such amounts at an earlier date.

Under most circumstances, default of payment of principal and interest does not obligate acceleration of the obligations of the Bond Insurer without appropriate consent. The Bond Insurer may direct and must consent to any remedies that the Paying Agent exercises and the Bond Insurer's consent may be required in connection with amendments to the applicable Agreements or Resolution.

In the event the Bond Insurer is unable to make payment of principal and interest as such payments become due under the Policy, the Bonds are payable solely from the moneys received by the Paying Agent pursuant to the Resolution or default provisions of the Debt Act. In the event the Bond Insurer becomes obligated to make payments with respect to the Bonds, no assurance is given that such event will not adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds.

The long-term ratings on the Bonds are dependent in part on the financial strength of the Bond Insurer and its claim paying ability. The Bond Insurer's financial strength and claims paying ability are predicated upon a number of factors which could change over time. No assurance is given that the long-term ratings of the Bond Insurer and of the ratings on the Bonds insured by the Bond Insurer will not be subject to downgrade and such event could adversely affect the market price of the Bonds or the marketability (liquidity) for the Bonds. See description of "RATINGS" herein.

The obligations of the Bond Insurer are general obligations of the Bond Insurer and in an event of default by the Bond Insurer, the remedies available to the Bondholder may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the School District nor Underwriters have made independent investigation into the claims paying ability of the Bond Insurer and no assurance or representation regarding the financial strength or projected financial strength of the Bond Insurer is given.

Thus, when making an investment decision, potential investors should carefully consider the ability of the School District to pay principal and interest on the Bonds and the claims paying ability of the Bond Insurer, particularly over the life of the investment. See "Bond Insurance" herein for further information provided by the Bond Insurer and the Policy, which includes further instructions for obtaining current financial information concerning the Bond Insurer.

## **THE SCHOOL DISTRICT**

### **Introduction**

The School District is classified as a school district of the “second class” (based on population) under the Pennsylvania School Code. It is located in and serves portions of Northampton County and Lehigh County, Pennsylvania, in the “Lehigh Valley” region of eastern Pennsylvania. The School District includes the City of Bethlehem, the Boroughs of Fountain Hill and Freemansburg and the Townships of Bethlehem and Hanover. Portions of the City of Bethlehem and the Borough of Fountain Hill are in Lehigh County, and the remaining portions and municipalities are in Northampton County. The School District covers approximately 43.1 square miles.

### **Administration**

The School District is governed by a Board of nine School Directors who are residents of the School District and who are elected every two years, on a staggered basis, to four-year terms. The daily operations and management of the School District are performed by the administrative staff of the School District headed by the Superintendent of Schools hired by the Board of School Directors. The Chief Financial Officer is responsible for budget and financial operations and is also hired by the Board of School Directors.

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**School Facilities**

The School District presently operates 16 elementary schools, four middle schools and two high schools, all as described in the following table. Students in grades 9-12 may attend the Bethlehem Area Vocational-Technical School.

**TABLE 1  
BETHLEHEM AREA SCHOOL DISTRICT  
SCHOOL FACILITIES**

<b>Building</b>	<b>Original Construction Date</b>	<b>Addition/Renovation Date(s)</b>	<b>Grades</b>	<b>Rated Pupil Capacity</b>	<b>2024-25 Enrollment</b>
<i>Elementary Schools:</i>					
Asa Packer Elementary School	1967	---	K-5	425	318
Buchanan Elementary School	1957	1999	K-5	275	253
Calypso Elementary School	2000	---	K4-5	300	221
Clearview Elementary School	1959	1970, 2000	K-5	425	391
Donegan Elementary School	2001	---	K4-5	580	444
Farmersville Elementary School	1954	1973, 1995	K-5	600	352
Fountain Hill Elementary School	1937	1973, 1994	K4-5	600	499
Freemansburg Elementary School	1958	1993	K-5	575	336
Governor Wolf Elementary School	1957	1964, 1999	K-5	500	428
Hanover Elementary School	1955	1964, 1998	K-5	300	205
Lincoln Elementary School	1995	---	K-5	375	330
Marvine Elementary School	2001	---	K4-5	600	255
Miller Heights Elementary School	1955	1977, 1998	K-5	300	329
Spring Garden Elementary School	1959	1993	K-5	750	517
Thomas Jefferson Elementary School	1972	---	K-5	375	241
William Penn Elementary School	1972	---	K-5	325	240
					<hr/> 5,359
<i>Middle Schools:</i>					
Broughal Middle School	2009	---	6-8	550	524
East Hills Middle School	1967	1994	6-8	1,400	970
Nitschmann Middle School	2017	--	6-8	1,000	717
Northeast Middle School	2005	---	6-8	800	707
					<hr/> 2,918
<i>High Schools:</i>					
Freedom High School	1967	1998, 2009	9-12	1,600	1,805
Liberty High School	1922	1950, 1970, 1971, 1998, 08	9-12	2,200	2,582
					<hr/> 4,387

Source: School District Officials.

**Enrollment Trends**

The following table presents recent trends in school enrollment and projections of enrollment for the next five years, as projected by School District officials.

**TABLE 2  
BETHLEHEM AREA SCHOOL DISTRICT  
ENROLLMENT TRENDS**

<b>School Year</b>	<b>Actual Enrollments</b>			<b>Projected Enrollments</b>			
	<b>K-8</b>	<b>9-12</b>	<b>Total</b>	<b>School Year</b>	<b>K-8</b>	<b>9-12</b>	<b>Total</b>
2020-21	8,471	4,551	13,022	2025-26	8,289	4,302	12,591
2021-22	8,335	4,581	12,916	2026-27	8,455	4,314	12,769
2022-23	8,428	4,425	12,853	2027-28	8,361	4,333	12,694
2023-24	8,316	4,432	12,748	2028-29	8,280	4,310	12,590
2024-25	8,276	4,302	12,578	2029-30	8,251	4,251	12,502

Source: School District estimates. Actual and projected enrollments do not include special education pupils enrolled in outside programs. Actual and projected enrollments do not include students enrolled in charter schools.

## SCHOOL DISTRICT FINANCES

### Introduction

The School District budgets and expends funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by the School District's Superintendent and its Chief Financial Officer and submitted to the School Board for approval prior to the beginning of each fiscal year on July 1.

### Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted for public school districts in Pennsylvania. The School District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The government wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). The School District's financial statements are audited by an independent certified public accountant, as required by Commonwealth law. The firm of Gorman & Associates, Northampton, Pennsylvania, serves as the School District Auditor.

The School District's auditor has not been engaged to perform, and has not performed, since the date of its report included in an Appendix to this Preliminary Official Statement, any procedure on the financial statements addressed in that report. Such auditor also has not performed any procedures or input relating to this Preliminary Official Statement.

### Budgeting Process Under Act 1 of 2006 (Taxpayer Relief Act)

In General. School districts budget and expend funds according to procedures mandated by the Pennsylvania Department of Education. An annual operating budget is prepared by school district administrative officials on a uniform form furnished by such Department and submitted to the board of school directors for approval prior to the beginning of each fiscal year on which commences July 1.

Procedures for Adoption of the Annual Budget. Unless the Simplified Procedures described below are utilized, under Pennsylvania Act No. 1 of the Special Session of 2006, as amended (together "The Taxpayer Relief Act" or "Act 1") which became effective on June 27, 2006, all school districts of the first class A, second class, third class and fourth class must adopt a preliminary budget (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the primary election immediately preceding the beginning of each fiscal year. This preliminary budget must be printed and made available for public inspection at least 20 days prior to its adoption; the board of school directors may hold a public hearing on the budget; and the board must give at least 10 days' public notice of its intent to adopt the preliminary budget prior to its adoption. The board of school directors shall print the final budget and make it available for public inspection at least 20 days prior to its adoption and shall give public notice of its intent to adopt the final budget at least 10 days prior to adoption, and may hold a public hearing prior to adoption. Guidance from the PA Department of Education (PDE) suggests that the preliminary budget be converted to a proposed budget adopted by the board of school directors at least 30 days prior to the adoption of the final budget as required by the School Code. The School District follows the requirements of Act 1 and the guidance of PDE pursuant to the requirements of the School Code.

If the adopted preliminary budget includes an increase in the rate of any tax levy, the preliminary budget must be submitted to the Pennsylvania Department of Education (PDE) no later than 85 days prior to the date of the election immediately preceding the fiscal year. PDE is to compare the proposed percentage increase in the rate of any tax with the school district's Index (see "**Limitations on Increasing Taxes by the School District**" herein) and within 10 days, but not later than 75 days prior to the upcoming election, inform the school district whether the proposed percentage increase is less than or equal to the Index. If PDE determines that a proposed tax increase will exceed the Index, the school district must reduce the proposed tax increase, seek voter approval for the tax increase at the upcoming election, or seek approval to utilize one of the referendum exceptions authorized under Act 1.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (see "**Limitations on Increasing Taxes by the School District**" herein), the school district must publish notice of its intent to seek PDE approval not less than one week before submitting its request for approval to PDE and, if PDE determines to schedule a public hearing on the request, a notice of the date, time and place of such hearing. PDE is required by Act 1 to rule on the school district's request and inform the school district of its decision no later than 55 days prior to the upcoming election so that, if PDE denies the school district's request, the school district may submit a referendum question to the local election officials at least 50 days before the upcoming election, if it so chooses.

If a school district seeks voter approval to increase taxes at a rate higher than the applicable Index, whether or not it first seeks approval to utilize one of the referendum exceptions available under Act 1, and the referendum question is not approved by a majority of the voters voting on the question, the board of school directors may not approve an increase in the tax rate greater than the applicable Index.

Simplified Procedures if No Index Exceptions Sought. The above budgetary procedures will not apply to a school district if the board of school directors adopts a resolution no later than 110 days prior to the election immediately preceding the upcoming fiscal year declaring that it will not increase any tax at a rate that exceeds the Index and that a tax increase at or below the rate of the Index will be sufficient to balance its budget. In that case, the Taxpayer Relief Act requires only that the proposed annual budget be prepared and approved at least 30 days, and made available for public inspection at least 20 days, prior to its adoption, and that at least ten (10) days' public notice be given of the board's intent to adopt the annual budget. No referendum exceptions are available to a school district adopting such a resolution.

**Summary and Discussion of Financial Results**

The School District staff prepares annual fund balance analyses for discussion and approval by the Board. The Board's objective is to provide sufficient funds to pay current expenditures and to maintain a fund balance that will provide financial stability.

A summary of general fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past five years and the 2024-25 budget as adopted June 17, 2024.

**TABLE 3  
BETHLEHEM AREA SCHOOL DISTRICT  
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET  
(Years ending June 30)**

	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>
<b>ASSETS</b>					
Cash and Cash Equivalents .....	\$65,511,116	\$61,001,221	\$72,251,877	\$91,168,677	\$64,888,682
Investments .....	4,165,000	6,233,575	994,000	0	25,472,500
Taxes Receivable .....	7,902,842	6,754,593	7,330,088	8,054,396	8,407,354
Due from other funds .....	30,398	419,761	49,869	124,784	1,467,541
Due from Other governments .....	11,521,223	11,320,529	18,656,708	18,526,261	13,736,066
Other receivables .....	528,318	488,570	436,947	325,715	1,403,538
Inventories .....	179,645	190,569	219,752	192,127	175,650
Prepaid expenses.....	85,728	60,641	71,088	533,451	915,097
Other .....	39,981	28,853	0	41,701	29,139
<b>TOTAL ASSETS</b> .....	<b>\$89,964,251</b>	<b>\$86,498,312</b>	<b>\$100,010,329</b>	<b>\$118,967,112</b>	<b>\$116,495,567</b>
<b>LIABILITIES</b>					
Due to Other Funds.....	\$5,683,690	\$3,004,748	\$8,292,803	\$9,708,632	\$2,456,268
Due to Other governments .....	996,983	1,084,261	1,368,502	1,991,311	2,289,025
Due to Component Unit.....	0	0	135,720	357,931	303,859
Accounts Payable.....	2,665,430	2,998,880	3,476,442	2,897,213	2,722,787
Current Portion of Long-Term Debt .....	369,114	446,744	424,898	543,404	326,244
Accrued Salaries & Benefits.....	13,856,535	14,517,544	15,583,461	15,899,809	15,485,484
Payroll Deductions & Withholdings .....	21,092,618	12,701,360	11,823,463	12,598,619	12,598,673
Other Current Liabilities .....	109,158	176,382	387,687	95,833	193,789
<b>TOTAL LIABILITIES</b> .....	<b>\$44,773,528</b>	<b>\$34,929,919</b>	<b>\$41,492,976</b>	<b>\$44,092,752</b>	<b>\$36,376,129</b>
<i>Deferred Inflows of Resources</i> .....	\$6,579,568	\$5,164,359	\$6,208,400	\$6,989,141	\$7,767,572
<b>FUND EQUITIES</b>					
Nonspendable Fund Balance.....	\$265,373	\$251,210	\$291,058	\$725,579	\$1,090,747
Restricted Fund Balance .....	64,379	10,971	83,456	94,240	136,624
Committed Fund Balance .....	12,000,000	16,000,000	27,000,000	42,000,000	44,000,000
Assigned Fund Balance.....	8,053,155	8,496,478	4,000,000	11,011,217	10,486,933
Unassigned Fund Balance.....	18,258,248	21,645,375	20,934,439	14,054,183	16,637,562
<b>TOTAL FUND EQUITIES</b> .....	<b>\$38,641,155</b>	<b>\$46,404,034</b>	<b>\$52,308,953</b>	<b>\$67,885,219</b>	<b>\$72,351,866</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES</b>	<b>\$89,994,251</b>	<b>\$86,498,312</b>	<b>\$100,010,329</b>	<b>\$118,967,112</b>	<b>\$116,495,567</b>

Source: School District Annual Financial Reports.

**TABLE 4  
BETHLEHEM AREA SCHOOL DISTRICT GENERAL FUND  
SUMMARY OF CHANGES IN FUND BALANCE\***

	Actual					Budgeted
	2020	2021	2022	2023	2024	2025 <sup>(1)</sup>
<b>Beginning Fund Balance</b>	\$39,647,226	\$38,641,156	\$46,404,035	\$52,308,954	\$67,885,220	\$72,351,867
Revenues over (under) Expenditure	(1,006,071)	7,762,879	5,904,919	15,576,266	4,466,647	0
Prior Period Adjustments	0	0	0	0	0	0
<b>Ending Fund Balance</b>	<u>\$38,641,155</u>	<u>\$46,404,035</u>	<u>\$52,308,954</u>	<u>\$67,885,220</u>	<u>\$72,351,867</u>	<u>\$72,351,867</u>

\*Totals may not add due to rounding.

<sup>(1)</sup>Budget as adopted June 17, 2024.

Source: School District Annual Financial Reports and Budget.

**Revenue**

The School District received \$336,208,167 in total revenue in FY 2023-24 and has budgeted \$353,274,258 of total revenue in FY 2024-25. Local sources have decreased as a share of total revenue in the past five years, from 71.8% in FY 2019-20 to 69.2% in FY 2023-24. Revenue from State sources has increased as a share of the total revenue from 27.6% to 31.0% over this period. Federal and other revenue has decreased as a share of the total revenue from 0.6% to -0.1% during this period.

**TABLE 5  
BETHLEHEM AREA SCHOOL DISTRICT  
SUMMARY OF SCHOOL DISTRICT GENERAL FUND  
REVENUES AND EXPENDITURES\*  
(For fiscal years ending June 30)**

	2020	2021	2022	2023	2024	Budgeted 2025 <sup>(1)</sup>
<b>REVENUE:</b>						
<b>Total Local Sources:</b> .....	\$199,639,717	\$210,530,703	\$216,534,769	\$227,157,551	\$232,505,735	\$229,313,176
<b>Total State Sources:</b> .....	76,689,789	77,791,610	82,983,841	95,278,566	104,169,505	109,901,788
<b>Total Federal Sources:</b> .....	6,603,096	10,924,239	16,906,947	14,479,288	7,591,232	7,492,361
<b>Other Sources:</b> .....	(\$4,903,738)	(\$2,961,976)	(\$6,490,833)	220,924	(\$8,058,305)	6,566,933
<b>TOTAL REVENUE</b> .....	<u>\$278,028,864</u>	<u>\$296,284,576</u>	<u>\$309,934,724</u>	<u>\$337,136,329</u>	<u>\$336,208,167</u>	<u>\$353,274,258</u>
<b>EXPENDITURES:</b>						
Instruction .....	\$180,328,018	\$188,533,539	\$195,417,476	\$205,065,806	\$210,698,212	\$220,956,006
Support Services .....	73,368,487	73,771,799	80,238,695	88,414,303	92,201,457	99,105,848
Operation of Noninstructional Services .	3,647,591	3,009,135	3,868,324	4,273,114	4,608,542	4,281,089
Capital Outlay .....	104,947	541,717	76,494	65,349	155,013	458,395
Debt Service .....	21,585,892	22,665,507	24,428,816	23,741,491	24,078,296	25,472,920
Budgetary Reserve .....	0	0	0	0	0	3,000,000
<b>TOTAL EXPENDITURES</b> .....	<u>\$279,034,935</u>	<u>\$288,521,697</u>	<u>\$304,029,805</u>	<u>\$321,560,063</u>	<u>\$331,741,520</u>	<u>\$353,274,258</u>
<b>SURPLUS (DEFICIT) OF REVENUES OVER EXPENDITURES</b> .....	<u>(\$1,006,071)</u>	<u>\$7,762,879</u>	<u>\$5,904,919</u>	<u>\$15,576,266</u>	<u>\$4,466,647</u>	<u>\$0</u>

\*Totals may not add due to rounding.

<sup>(1)</sup>Budget as adopted June 17, 2024.

Source: School District Annual Financial Reports and Budget.

## TAXING POWERS OF THE SCHOOL DISTRICT

### In General

*Subject to taxing limitations imposed by Act 1 (described below)*, the School District is empowered by the School Code and other statutes to levy the following taxes:

1. A basic annual tax on all real property taxable for school purposes, not to exceed 25 mills on each dollar of assessed valuation, to be used for general school purposes.
2. An unlimited *ad valorem* tax on the property taxable for school purposes to provide funds:
  - a. for minimum salaries and increments of the teaching and supervisory staff;
  - b. to pay rentals due any municipality authority or non-profit corporation or due the State Public School Building Authority;
  - c. to pay interest and principal on any indebtedness incurred pursuant to the Local Government Unit Debt Act, or any prior or subsequent act governing the incurrence of indebtedness of the school district; and
  - d. to pay for the amortization of a Bond issue which provided a school building prior to the first Monday of July, 1959.
3. An annual per capita tax on each resident or inhabitant over 18 years of age of not more than \$5.00.
4. Additional taxes subject to division with other political subdivisions authorized to levy similar taxes on the same person, subject, business, transaction or privilege, under Act No. 511, enacted December 31, 1965, as amended ("The Local Tax Enabling Act"). These taxes, which may include, among others, an additional per capita tax, a wage and other earned income tax, a real estate transfer tax, a gross receipts tax, a local services tax and an occupation tax, shall not exceed, in the aggregate, an amount equal to the product of the market valuation of real estate in the School District (as certified by the State Tax Equalization Board of the Commonwealth – "STEB") multiplied by twelve mills. All local taxing authorities are required by the Local Tax Enabling Act to exempt disabled veterans and members of the armed forces reserve who are called to active duty at any time during the tax year from any local services tax and to exempt from any local services tax levied at a rate in excess of \$10 those persons whose total income and net profits from all sources within the political subdivision is less than \$12,000 for the tax year. The Local Tax Enabling Act also authorizes, but does not require, taxing authorities to exempt from per capita, occupation, and earned income taxes and any local services tax levied at a rate of \$10 or less per year, any person whose total income from all sources is less than \$12,000 per year.

### Limitations on Increasing School District Taxes - The Taxpayer Relief Act (Act 1)

Under Pennsylvania Act No. 1 of the Special Session of 2006, as amended by Act 25 of 2011 (the "Taxpayer Relief Act" or "Act 1"), a school district may not levy any tax for the support of the public schools which was not levied in the previous fiscal year, raise the rate of any earned income and net profits tax if already imposed under the authority of the Local Tax Enabling Act, or increase the rate of any tax for school purposes by more than the Index (defined below), unless in each case either (a) such increase is approved by the voters in the school district at a public referendum or (b) one of the three exceptions summarized below is applicable and the use of such exception is approved by PDE:

1. to pay interest and principal on indebtedness incurred (i) prior to September 4, 2004, in the case of a school district which had elected to become subject to the provisions of the prior Homeowner Tax Relief Act ("Act 72 of 2004"), or (ii) prior to June 27, 2006, in the case of a school district which had not elected to become subject to Act 72 of 2004, to pay interest and principal on any indebtedness approved by the voters at referendum (electoral debt); and to pay interest and principal on debt refunding or refinancing debt for which one of the above exceptions is permitted, as long as the refunding or refinancing incurs no additional debt other than for costs and expenses related to the refunding or refinancing and the funding of appropriate debt service reserves;
2. to pay costs incurred in providing special education programs and services to students with disabilities, under specified circumstances; and
3. to make payments into the State Public School Employees' Retirement System when the increase in the estimated payments between the current year and the upcoming year is greater than the Index, as determined by PDE in accordance with Act 1.

Any revenue derived from an increase in the rate of any tax allowed under the exception numbered 1 above may not exceed the anticipated dollar amount of the expenditure, and any revenue derived from an increase in the rate of any tax allowed pursuant to any other exception enumerated above may not exceed the rate increase required, as determined by PDE. If a school district's petition or request to increase taxes by more than the Index pursuant to one or more of the allowable exceptions is not approved, the school district may submit the proposed tax increase to a referendum.

The Index (to be determined and reported by PDE by September of each year for application to the following fiscal year) is the average of the percentage increase in the statewide average weekly wage, as determined by the State Department of Labor and Industry for the preceding calendar year, and the employment cost index for elementary and secondary schools, as reported by the federal Bureau of Labor

Statistics for the preceding 12-month period beginning July 1 and ending June 30. If and when a school district has a Market Value/Income Aid Ratio greater than 0.40 for the prior school year, however, the Index is adjusted upward by multiplying the unadjusted Index by the sum of 0.75 and such Aid Ratio.

The Debt Act 1 Index applicable to the School District in the next, current, and prior fiscal years are as follows:

<u>Fiscal Year</u>	<u>Adjusted Index</u>
2025-26	4.8%
2024-25	6.4%
2023-24	4.9%
2022-23	4.1%
2021-22	3.7%

A board of school directors may submit a referendum question to its voters at future municipal election seeking approval to levy or increase the rate of an earned income tax (EIT) or a personal income tax (PIT) for the purpose of funding increased homestead and farmstead exclusions. However, the proposed rate of the EIT or PIT shall not exceed the rate that is required to provide the maximum homestead and farmstead exclusions allowable by Act 1.

**Status of the Bonds under Act 1**

The debt service payable on the Bonds is not expected to be eligible for any specific exception to the Index and taxing limits of Act 1.

**Limitation on School District Estimated Ending Unreserved Undesignated Fund Balances**

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes of its budget for such school year that includes an “estimated ending unreserved undesignated fund balance” which exceeds a specified percentage of its total budgeted expenditures, as set forth below:

<u>Total Annual Budgeted Expenditures:</u>	<u>Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total budgeted Expenditures:</u>
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between 13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%*

“Estimated ending unreserved fund balance” is defined in Act 2003-48 as that portion of the fund balance which is appropriate for expenditure or not legally or otherwise segregated for a specific or tentative future use, projected for the close of the school year for which a school district’s budget was adopted and held in the general fund accounts of the school district.

\*Presently applicable to the School District, as of the 2024-25 fiscal year.

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**Tax Levy Trends**

Table 6 shows the recent trend of tax rates levied by the School District. Table 7 shows the comparative trend of real property tax rates for the School District, Northampton and Lehigh Counties, Pennsylvania and the municipalities within the School District.

**TABLE 6  
BETHLEHEM AREA SCHOOL DISTRICT TAX RATES**

<b>Fiscal Year</b>	<b>Real Estate (mills)</b>		<b>Per Capita<sup>(1)</sup> (\$)</b>	<b>Real Estate Transfer (%)</b>	<b>Wage and Income (%)</b>	<b>Local Services Tax (\$)</b>	<b>Mercantile Tax (mills)</b>
	<b>Lehigh County</b>	<b>Northampton County</b>					
2020-21 .....	18.6500	56.1700	10.00	0.5	0.5	5.00	0.75
2021-22 .....	18.7800	58.1777	10.00	0.5	0.5	5.00	0.75
2022-23 .....	18.3200	58.4500	10.00	0.5	0.5	5.00	0.75
2023-24 .....	18.4100	58.3267	10.00	0.5	0.5	5.00	0.75
2024-25 .....	18.7400	59.9900	10.00	0.5	0.5	5.00	0.75

<sup>(1)</sup> Includes School Code and Act 511 taxes.

Source: Department of Community and Economic Development- Municipal Statistics

**TABLE 7  
BETHLEHEM AREA SCHOOL DISTRICT  
COMPARATIVE REAL PROPERTY TAX RATES  
(Mills on Assessed Value)**

	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025</b>
Bethlehem City(p).....	18.22	19.14	19.14	19.14	19.64
Bethlehem Township.....	7.74	7.74	7.74	7.74	7.74
Freemansburg Borough.....	16.26	16.26	16.26	18.26	18.26
Hanover Township.....	3.90	3.90	3.90	3.90	3.90
Bethlehem City (p)(Lehigh County).....	5.76	6.05	6.05	6.05	19.64
Fountain Hill Borough (Lehigh County).....	9.61	9.61	9.61	9.61	9.61
Northampton County.....	11.80	11.80	10.80	10.80	10.80

(p): Portion.

Source: Department of Community and Economic Development- Municipal Statistics

**Real Property Tax**

The real property tax produced \$185,009,178 in FY 2023-24 which is, approximately 53.8% of total annual School District revenue that year. The real property tax is levied on July 1 of each year. Taxpayers who pay within 60 days receive a 2% discount, and those who pay later than 120 days from July 1 are assessed a 10% penalty.

The following table summarizes recent trends of assessed and market valuations of real property and real property tax collection data. The last Countywide reassessment in Northampton County became effective January 1, 1998. The last Lehigh County reassessment went into effect for the School District for its 2013-14 fiscal year.

**TABLE 8  
BETHLEHEM AREA SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA**

<b>Fiscal Year</b>	<b>Market Value</b>	<b>Assessed Value</b>	<b>Ratio</b>
2019-20 .....	\$9,607,043,107	\$4,258,124,200	44.32%
2020-21 .....	10,697,469,240	4,380,580,050	40.95%
2021-22 .....	10,790,271,796	4,400,047,850	40.78%
2022-23 .....	11,842,450,791	4,442,691,250	37.51%
2023-24 .....	12,055,376,730	4,475,864,750	37.13%
Compound Average Annual Percentage Change .....	4.64%	1.00%	

Source: Pennsylvania State Tax Equalization Board.

**TABLE 9  
BETHLEHEM AREA SCHOOL DISTRICT  
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	<b>2022 Market Value</b>	<b>2022 Assessed Value</b>	<b>2023 Market Value</b>	<b>2023 Assessed Value</b>
<b>School District</b> .....	\$11,842,450,791	\$4,442,691,250	\$12,055,376,730	\$4,475,864,750
Bethlehem City <sup>(1)</sup> (Northampton County) .....	4,743,075,449	1,217,726,000	4,824,732,047	1,231,709,800
Bethlehem Township (Northampton County) ..	3,309,638,736	924,383,000	3,391,235,850	943,322,900
Freemansburg Borough (Northampton County)	157,107,020	46,757,000	157,321,008	46,808,700
Hanover Township (Northampton County) .....	1,756,084,964	560,081,250	1,822,240,857	573,390,950
Bethlehem City (Lehigh County).....	1,646,514,293	1,463,898,500	1,630,907,452	1,451,678,800
Fountain Hill Borough (Lehigh County).....	230,030,329	229,845,500	228,939,516	228,953,600
Northampton County .....	29,787,664,882	8,871,036,650	30,638,738,767	9,054,255,950

<sup>(1)</sup>Portion located within School District.

Source: Pennsylvania State Tax Equalization Board.

**TABLE 10  
BETHLEHEM AREA SCHOOL DISTRICT  
ASSESSMENT BY LAND USE**

	<b>2019</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>
Residential .....	\$2,813,936,000	\$2,823,322,900	\$2,832,203,800	\$2,838,283,900	\$2,855,124,200
Trailers.....	449,300	449,300	449,300	483,600	483,600
Lots .....	14,085,000	13,024,600	11,934,600	13,084,300	15,458,800
Industrial.....	323,059,600	337,885,800	346,618,000	360,722,900	386,796,900
Commercial .....	1,039,726,650	1,202,113,050	1,205,020,750	1,226,675,550	1,214,162,750
Agriculture.....	1,698,000	1,797,700	1,797,700	1,795,700	1,788,600
Minerals.....	583,400	613,900	613,900	613,900	613,900
Land.....	1,105,900	1,372,800	1,409,800	1,031,400	1,436,000
<b>Total</b> .....	<u>\$4,194,643,850</u>	<u>\$4,380,580,050</u>	<u>\$4,400,047,850</u>	<u>\$4,442,691,250</u>	<u>\$4,475,864,750</u>

Source: Pennsylvania State Tax Equalization Board.

**TABLE 11  
BETHLEHEM AREA SCHOOL DISTRICT  
REAL PROPERTY TAX COLLECTION DATA**

<b>Fiscal Year</b>	<b>Total Gross Billing</b>	<b>Current Year Collections (July-June)<sup>(1)</sup></b>	<b>Current</b>	<b>Total</b>	<b>Total</b>
			<b>Year Collections as Percent of Total Adjusted Flat Billing</b>	<b>Current Plus Delinquent Collections<sup>(2)</sup></b>	<b>Collections as Percent of Total Adjusted Flat Billing</b>
2019-20 .....	\$175,780,791	\$168,943,871	96.11%	\$172,777,280	98.29%
2020-21 .....	178,728,779	173,958,501	97.33%	177,674,381	99.41%
2021-22 .....	184,650,810	178,715,462	96.79%	182,255,718	98.70%
2022-23 .....	186,959,512	182,754,374	97.75%	185,576,053	99.26%
2023-24.....	188,174,045	183,172,988	97.34%	186,751,808	99.24%

<sup>(1)</sup>Flat billing plus penalties, less discounts and exonerations. Includes amount payable collected but paid out as Tax Increment Financing program (FY 2019-20 \$4,563,779).

<sup>(2)</sup>Includes delinquent real estate taxes only.

Source: School District officials.

The ten most valuable taxable parcels in the School District, and the FY 2024 assessed values for each, are shown in Table 12. The aggregate assessed value of these ten parcels totals approximately 7.5% of the total assessed value of all taxable parcels in the School District.

**TABLE 12  
BETHLEHEM AREA SCHOOL DISTRICT  
TEN MOST VALUABLE TAXABLE PARCELS, FY 2024**

<u>2024 Tax Duplicate Owner</u>	<u>County Assessed Value</u>	<u>Ranking column comparable assessments</u>
SANDS BETHWORKS	\$146,528,700	\$146,528,700
TRIPLE NET INVESTMENTS	56,792,500	50,536,650
LIBERTY PROPERTY LIMITED PARTNERSHIP	30,132,900	30,132,900
BETHLEHEM COMMERCE CENTER LLC	20,093,600	20,093,600
VALLEY PARK SOUTH LLC	35,235,000	17,617,500
MORAVIAN VILLAGE OF BETHLEHEM	15,072,600	15,072,600
23 JUST ROAD I LP	29,275,000	14,637,500
KRE BETHLEHEM LP	14,517,500	14,517,500
DCT BETHLEHEM CROSSING LLC	13,944,000	13,944,000
CENTRO HERITAGE LEHIGH SC LLC	27,318,100	13,659,050

Source: School District officials - 2024 tax duplicate.

**Other Taxes**

Under the Local Tax Enabling Act, the School District received \$29,580,151 in other taxes in FY 2023-24. Among the taxes authorized by the Local Tax Enabling Act, the Real Estate Transfer Tax, Wage and Income Tax, Per Capita Tax, Local Services Tax replaced the Emergency and Municipal Service Tax, and Mercantile Tax are levied by the School District. The Local Tax Enabling Act limit, equal to 12 mills on the market value of real property, was \$144,664,520.

*Real Estate Transfer Tax.* The School District levies a tax of .5% of the value of real estate transfers. In the FY 2023-24 fiscal year, the School District collected \$3,696,288 or 1.1% of total revenue from this tax.

*Wage and Income Tax.* A tax of .5% of the earned income of residents is levied by the School District. In FY 2023-24, the School District’s collected \$19,810,128 or 5.9% of total revenue from this tax.

*Per Capita Tax.* A tax of \$10.00 (\$5.00 under Act 511 and \$5.00 under the Public School Code) on each resident over 18 years old yielded \$253,130 in FY 2023-24, or less than one percent of total revenue.

*Mercantile Tax.* The School District levies a 1 mill tax on Gross Receipts tax annually. The FY 2023-24 levy yielded \$5,462,166 or 1.6% of total revenue.

*Local Services Tax (previously levied as Emergency and Municipal Services Tax which replaced the Occupational Privilege Tax).* A tax of \$10.00 is levied. In FY 2023-24, the collected portion of this tax yielded \$358,438 or less than one percent of total revenues.

**COMMONWEALTH AID TO SCHOOL DISTRICTS**

**General**

Pennsylvania school districts receive financial assistance from the Commonwealth in a number of forms, all subject to statutory provisions and annual appropriation by the Pennsylvania General Assembly.

The largest state subsidy, the basic instructional subsidy, is allocated to all school districts based on (1) the per pupil market value of assessable real property in the school district; (2) the per pupil earned income in the school district; and (3) the school district's tax effort, as compared with the tax effort of other school districts in the Commonwealth. School districts also receive subsidies for special education, pupil transportation; vocational education, health service and debt service are also received by the school district.

**Status of State Appropriations for Debt Service Subsidies**

Commonwealth law presently provides that the School District will receive, subject to state legislative appropriation, reimbursement from the Commonwealth for a portion of debt service paid on the Bonds following final approval by PDE. Commonwealth reimbursement is calculated based on the “Reimbursable Percentage” assigned to the Bonds by the PDE and the School District's permanent Capital Account Reimbursement Fraction (“CARF”) (20.53%) or the wealth based Market Value Aid Ratio (“MVAR”) currently (37.83%), whichever is higher. The Reimbursable Percentage is determined through a process known as the “Planning and Construction Workbook” or “PlanCon”.

OR

Based on the current PlanCon program, School District officials have estimated that the Reimbursable Percentage of the Bonds will be 14.14% (there has been no determination by the PDE). The School District's MVAR (which is higher than the CARF) is 37.83%. The product of these two factors is 5.35%, which is the estimated percentage of debt service which may be reimbursed by the Commonwealth,

subject to annual appropriation. In future years, this percentage may change as the School District’s MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted budgetary appropriation legislation known as Act 25 (“Act 25”), which contains authorization for the Commonwealth Finance Authority (“CFA”) to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and most recently became indefinite with the adoption of Act No. 33 of 2023 on December 13, 2023.

To date, the CFA has issued \$1,903,065,000, to provide for PlanCon reimbursements owed to school districts, including the issuance of its Revenue Bonds, Series A of 2016 (Federally Taxable) in the principal amount of \$758,185,000 issued on October 31, 2016, its Revenue Bonds, Series A of 2018 (Federally Taxable) in the total amount of \$412,520,000 issued on January 18, 2018, its Revenues Bonds (Federally Taxable), Series A of 2019 in the total amount of \$388,975,000 issued on May 9, 2019, as well as its Revenue Bonds (Federally Taxable), Series A of 2021 in the total amount of \$343,385,000 issued on June 23, 2021. It is expected that proceeds of these issues have been and will continue to be used to provide PlanCon reimbursement that is owed to the School District for past and current fiscal years. However, the School District cannot be certain that any future PlanCon reimbursement will be received by PDE as the ability for CFA to issue additional bonds in the future to fund future PlanCon reimbursements owed to school districts may impact the availability of PlanCon reimbursements payable to the School District. Any failure by the Commonwealth to adopt a timely budget and enact necessary spending authorizations could have a material adverse effect upon the School District’s anticipated receipt of PlanCon reimbursements.

Act 70 of 2019 was adopted by the State legislature that has modified the PlanCon process. The Act states that on July 1, 2020, a new PlanCon system will go online. However, the legislation does not include any funding nor does it state when the State would start to allow applicants to enter into the new program.

There can be no assurances that the School District will be able to successfully apply for, be awarded, and receive sufficient PlanCon reimbursement for the costs of any current or future projects of the School District. A failure by the School District to receive such reimbursement could force the School District to apply other available funds, if any, toward the completion costs of the Project and may have a material adverse effect on the financial resources of the School District to fund other obligations, including payment of debt service on the Bonds.

Legislation has been introduced from time to time in the Pennsylvania legislature containing language that would revise or even abolish the debt service reimbursement program for Pennsylvania school districts. As of the date hereof, and except as described above, none of these proposals have been signed into law. To the extent that any future legislation contains material changes to the PlanCon program as it is structured currently, the amount of PlanCon reimbursement to the School District may be positively or negatively affected, which could materially impact the amount of local funds needed to be raised by the School District to pay debt service on its debt obligations.

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**Debt Statement**

Table 13 shows the debt of the Bethlehem Area School District as of March 31, 2025, including the issuance of the Bonds, and assuming the Refunded 2015A Bonds include all such bonds.

**TABLE 13  
BETHLEHEM AREA SCHOOL DISTRICT  
DEBT STATEMENT  
(As of March 31, 2025)\***

	<b>Gross Outstanding</b>
<b>NONELECTORAL DEBT</b>	
General Obligation Bonds, Series A of 2025* .....	\$29,015,000
General Obligation Bonds, Series of 2025 .....	24,995,000
General Obligation Bonds, Series B of 2024 .....	33,970,000
General Obligation Bonds, Series A of 2024 .....	29,030,000
General Obligation Bonds, Series of 2021 .....	19,730,000
General Obligation Note, Series C of 2021** .....	30,230,000
General Obligation Bonds, Series B of 2016 .....	19,700,000
General Obligation Bonds, Series A of 2016 .....	11,485,000
General Obligation Bonds, Series C of 2015 .....	5,790,000
General Obligation Bonds, Series B of 2015 .....	3,725,000
<b>TOTAL NONELECTORAL DEBT</b> .....	<b>\$207,670,000</b>
<b>LEASE RENTAL</b>	
<b>TOTAL LEASE RENTAL</b> .....	<b>\$0</b>
<b>Total Direct Debt</b> .....	<b>\$207,670,000</b>

\*Includes the estimated principal amount of the Bonds offered through this Preliminary Official Statement. Assumes all 2015A Bonds are refunded by the Bonds.

\*\* School District general obligation note securing the floating rate bonds of the Bethlehem Area School District Authority, which are subject to mandatory tender on November 1, 2025.

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Table 14 presents the overlapping indebtedness and debt ratios of the School District. After issuance of the Bonds, the principal of direct debt of the School District will total \$207,670,000. After adjustment for available funds and estimated Commonwealth Aid, the local effort of direct debt will total \$195,841,443.

**TABLE 14**  
**BETHLEHEM AREA SCHOOL DISTRICT**  
**BONDED INDEBTEDNESS AND DEBT RATIOS<sup>(1)</sup>**  
**(As of March 31, 2025)**

	<b>Gross Outstanding</b>	<b>Local Effort or Net of Available Funds and Estimated Commonwealth Aid<sup>(2)</sup></b>
<b><u>DIRECT DEBT</u></b>		
Nonelectoral Debt.....	\$207,670,000	\$195,841,443
Lease Rental Debt.....	0	0
Total Direct Debt.....	<u>\$207,670,000</u>	<u>\$195,841,443</u>
<b><u>OVERLAPPING DEBT</u></b>		
Northampton County, General Obligation <sup>(3)</sup> .....	\$47,540,506	\$47,540,506
Lehigh County <sup>(4)</sup> .....	9,759,883	9,759,883
Municipal Debt.....	162,542,731	162,542,731
<b>TOTAL OVERLAPPING DEBT.....</b>	<u><b>\$219,843,120</b></u>	<u><b>\$219,843,120</b></u>
<b>TOTAL DIRECT AND OVERLAPPING DEBT.....</b>	<u><u><b>\$427,513,120</b></u></u>	<u><u><b>\$415,684,563</b></u></u>
<b><u>DEBT RATIOS</u></b>		
Per Capita.....	\$3,510.19	\$3,413.07
Percent 2023-24 Assessed Value.....	9.55%	9.29%
Percent 2023-24 Market Value.....	3.55%	3.45%

<sup>(1)</sup> Includes the estimated principal amount of the Bonds offered through this Preliminary Official Statement. Assumes all 2015A Bonds are refunded by the Bonds.

<sup>(2)</sup> Gives effect to current appropriations for payment of debt service and expected future Commonwealth Reimbursement of School District sinking fund payments based on current Aid Ratio. See “Commonwealth Aid to School Districts.”

<sup>(3)</sup> Pro rata 49.4% share of \$96,170,000 outstanding.

<sup>(4)</sup> Pro rata 5.9% share of \$165,421,744 outstanding.

See also “2021C Authority Floating Rate Bonds and Related Fixed Payer Swap” below for a description of an interest rate swap associated with the 2021C Bonds issued by the Bethlehem Area School District Authority, that is paid by the School District.

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**Debt Limit and Remaining Borrowing Capacity**

Electoral debt, i.e., debt approved by the voters at a general or special election, may be incurred without limit. Nonelectoral debt and lease rental debt area subject to a statutory borrowing limit computed as a percentage of the School District's "Borrowing Base". The "Borrowing Base" is defined as the annual arithmetic average of "Total Revenues" (as defined by the Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

Total Revenues for 2021-22 Fiscal Year.....	\$304,694,294
Total Revenues for 2022-23 Fiscal Year.....	328,339,225
Total Revenues for 2023-24 Fiscal Year.....	<u>342,085,669</u>
<b>Total Revenues, Past Three Years .....</b>	<b><u>\$975,119,188</u></b>
Annual Arithmetic Average (Borrowing Base).....	<u>\$325,039,729</u>

Under the Debt Act as presently in effect, no school district shall incur any nonelectoral debt or lease rental debt, if the aggregate net principal amount of such new debt together with any other net nonelectoral debt and lease rental debt then outstanding, would cause the net nonelectoral debt plus net lease rental debt to exceed 225% of the Borrowing Base. The application of the aforesaid percentage to the School District's Borrowing Base produces the following product:

	<u>Legal Limit</u>	<u>Net Debt Outstanding*</u>	<u>Remaining Borrowing Capacity</u>
Net Nonelectoral Debt and Lease Rental Debt Limit: 225% of Borrowing Base.....	\$731,339,391	\$207,670,000	\$523,669,391

\*Includes the estimated Bonds described herein; does not reflect credits against gross indebtedness that may be claimed for a portion of principal of debt estimated to be reimbursed from Commonwealth Aid.

**Interest Rate Swap Agreement that is Payable By the School District**

**2021C Authority Floating Rate Bonds and Related Fixed Payer Swap**

On December 18, 2003, the School District (on a future start basis) entered into a swap agreement with JP Morgan Chase Bank, N.A. ("JP Morgan"), hereinafter referred to as the "2021C Fixed Payer Swap". The terms of the 2021C Fixed Payer Swap presently calls for the School District to pay to JP Morgan a fixed rate of 3.843% and for JP Morgan to pay to the School District a variable rate of 67% of the Secured Overnight Financing Rate (SOFR), as defined in the 2021C Fixed Payer Swap. The 2021C Fixed Payer Swap is intended by the School District to manage interest rates and costs associated with the \$30,095,000 outstanding School Revenue Bonds, Series C of 2021, issued by the Authority for the benefit of the School District on November 1, 2021. The 2021C Fixed Payer Swap has a termination date of January 1, 2032, which is the final maturity date of the 2021C Authority Bonds.

The 2021C Authority Bonds are subject to a mandatory tender date of November 1, 2025, when the 2021C Authority Bonds must be remarketed to a new interest rate mode, or redeemed from other debt of the Authority or the School District.

The 2021C Fixed Payer Swap is a general obligation of the School District and its periodic payments are secured by a School District General Obligation Note pledging its full faith, credit and taxing power (the Authority has no taxing power or revenues other than what is payable by the School District under the 2021C General Obligation Note).

*Under the foregoing swap, the School District's swap counterparty may terminate each swap if the credit rating of the School District, falls below "Baa1" from Moody's Investors Service ("Moody's") or "BBB+" from Standard & Poor's Ratings Services ("S&P"), or if the School District shall cease to have a credit rating from Moody's or S&P or any of such ratings is withdrawn or suspended for a reason other than that the School District has elected, with the prior written consent of the swap counterparty, not to maintain a rating from such rating agencies; provided, however, that such event will not constitute an additional termination event under the applicable swap agreement if within 30 days following the occurrence of such event, the School District delivers a swap insurance policy, letter of credit or other form of guaranty of its obligations with respect to all transactions under the applicable swap agreement in form and substance and issued or otherwise provided by an entity acceptable to the swap counterparty in its sole discretion. The School District has not been required to deliver any such guaranty pursuant to the foregoing swap.*

The following is a summary of the 2021C Fixed Payer Swap as of September 16, 2024.

Related Financing	Swap Name	Swap Purchaser/ Counterparty	Outstanding Swap Notional <sup>(1)</sup>	Final Swap Maturity	Structure	Fair Value (To) From Counterparty <sup>(2)</sup>
2021C Authority Bonds (and Related School District Note)	“2021C Fixed Payer Swap”	JP Morgan	\$29,830,000	1/1/2032	School District Receives: variable 67% of SOFR Pays: fixed 3.843%	(\$3.203MM)

(1) As of September 16, 2024

(2) Estimated mid-market valuations as of September 16, 2024. Negative value is a termination cost to the School District and Authority.

*There are a number of risks associated with the swap that could affect its value or termination cost, the ability of the School District to accomplish its objectives in connection with the swap, the ability of the School District to meet its obligations under the swap or the School District’s liquidity or general financial condition. These risks include, among others, the following: counterparty risk – the failure of the counterparty to make required payments; credit risk – the occurrence of an event modifying the credit rating of the School District or its counterparty, which, among other things, could result in the School District being required to obtain a guaranty for its swap obligations to avoid termination of the swap; termination risk – the need to terminate the transaction in a market that dictates a termination payment by the School District; tax risk – the risk created by potential tax events that could affect swap payments; and basis risk – the mismatch between actual variable rate debt service and variable rate indices used to determine swap payments. The School District actively monitors the degree of risk and exposure associated with the swap to which it is a party but can offer no assurances that it will not suffer adverse financial consequences as a result of these transactions.*

**Debt Service Requirements**

Table 15 presents the debt service requirements on the School District’s outstanding debt, including the Bonds. Table 16 presents data on the extent to which Commonwealth Aid provides coverage for debt payments.

The School District has never defaulted on the payment of debt service or any payment under a swap.

**TABLE 15  
BETHLEHEM AREA SCHOOL DISTRICT  
OTHER GENERAL OBLIGATION  
DEBT SERVICE REQUIREMENTS\***

Fiscal Year	Other General Obligation Debt	Series A of 2025		Subtotal	Total Requirements
		Principal	Interest		
2024-25	\$24,368,269				
2025-26	25,785,652				
2026-27	25,637,483				
2027-28	25,643,079				
2028-29	25,644,642				
2029-30	25,691,630				
2030-31	25,678,740				
2031-32	25,683,603				
2032-33	16,516,934				
2033-34	14,838,228				
2034-35	14,837,747				
2035-36	14,838,641				
2036-37	3,440,750				
2037-38	3,440,375				
2038-39	3,439,125				
2039-40	3,441,625				
2040-41	3,442,500				
2041-42	3,441,500				
2042-43	3,438,375				
2043-44	3,442,625				
2044-45	3,438,875				
<b>Total</b>	<b>\$296,130,397</b>				

\*Total principal and interest due may not add due to rounding.

**TABLE 16  
 BETHLEHEM AREA SCHOOL DISTRICT  
 COVERAGE OF DEBT SERVICE AND LEASE RENTAL  
 REQUIREMENTS BY COMMONWEALTH AID\***

2023-24 State Aid Received .....	\$104,169,506
2023-24 Debt Service Requirements.....	\$24,078,296
Maximum Future Debt Service Requirements after Issuance of the Bonds.....	
Coverage of 2023-24 Debt Service Requirements .....	4.33 times
Coverage of Maximum Future Debt Service Requirements after Issuance of the Bonds.....	times

\*Assumes current Commonwealth Aid Ratio. See "Commonwealth Aid to School Districts."

**FUTURE FINANCING**

The School District Board is in discussions to issue additional long-term (non-refunding) fixed rate debt in the amount of approximately \$35 to \$40 million over the next two years.

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## LABOR RELATIONS

### School District Employees

There are approximately 2,250 employees of the School District, including 1,205 teachers and administrators, and 1,182 support personnel including secretaries, custodian/maintenance staff, teacher’s assistants, food service staff and transportation staff.

The School District’s teachers are represented by the Bethlehem Area Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2026. The custodial and maintenance personnel are represented by the Teamsters Local #773, under a contract with the School District which expires June 30, 2027. The secretarial and clerical support staff are represented by the Teamsters Local #773, under a contract with the School District which expired June 30, 2024. The bus drivers are represented by the Teamsters Local #773, under a contract with the School District which expires June 30, 2026. Teacher assistants are represented by PSEA under a contract with the School District which expires June 30, 2026. The food service personnel are represented by the SEIU, under a contract with the School District which expires June 30, 2026.

### Pension Program

Currently, all Pennsylvania school districts and intermediate units participate in a pension program administrated by the Commonwealth. The program is formally known as the Public School Employees’ Retirement System (“PSERS”), and a percentage of each eligible employee’s salary is contributed by the employee, the School District and the Commonwealth. All full-time employees, part-time employees salaried over eighty days per year and hourly employees with over five hundred hours per year participate in the program.

Contributions are required by active members, School Districts, and the Commonwealth of Pennsylvania as established by the Public School Employees’ Retirement Code. Members who enrolled prior to January 1, 2002 range from 5.28% to 7.5% of compensation, depending upon the date of commencement of employment and elections made by each employee member. Members who enrolled in the pension plan on or after January 1, 2002 and before July 1, 2011 is 7.5% of compensation. The contribution rate for PSERS members who enrolled on or after July 1, 2011 is 7.5% or 10.3%, depending upon elections made by each employee member. The PSERS Board of Trustees certified an annual employer contribution rate of 34.0% for the fiscal year 2025-26.

The Commonwealth will reimburse the School District at the rate of 50% of its total contributions with respect to all employees who were hired prior to July 1, 1994. With respect to employees hired after July 1, 1994, and who were not previously employed by another public school system in the Commonwealth, the School District will be reimbursed by the Commonwealth at the rate of the higher of 50% of contributions made by the School District or the current Market Value/Personal Income Aid Ratio. The School District is reimbursed on a quarterly basis.

Under Act 5 of 2017 (“Act 5”) PSERS will transition from a traditional defined benefit system and begin to offer defined contribution plans as well. Beginning July 1, 2019, in addition to other transaction rules and options based on members’ classifications, certain classes of active members may choose to switch from the current defined benefit plan to one of three new retirement benefit plan options which will be available. Additionally, all active members newly hired on or after July 1, 2019 will be required to select one of those three new retirement benefit plan options and will not be eligible to participate in the current defined benefit plan. The three new plans consist of two hybrid plans, with defined benefit and defined contribution components, along with a stand-alone defined contribution plan.

In addition to its comprehensive change in available plans for active members, Act 5 also made certain changes to the PSERS Board of Trustees and administrative protocols and created the Public Pension Management and Asset Investment Review Commission to study and make recommendations to the General Assembly and the Governor regarding investment performance and strategies.

According to the Independent Fiscal Office, Act 5 is not expected to reduce school district and state contributions to PSERS over the first fifteen years. However, beginning in fiscal 2034-35 through fiscal 2049-50, employer contribution rates are expected to begin to decline due to the lower long-term employer costs of the new benefit plans and will be lower, in the aggregate, over the study period.

Annual School District contributions have been as follows:

2019-20	\$36,300,075
2020-21	\$37,405,432
2021-22	\$40,009,827
2022-23	\$41,929,942
2023-24	\$44,276,738
2024-25 (budgeted)	\$45,103,447

At June 30, 2024, the School District reported a liability of \$347,205,755 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the PSERS total pension liability as of June 30, 2022 to June 30, 2023. The School District’s proportion of the net pension liability was calculated utilizing its one-year reported covered payroll as it relates to the total one-year reported covered payroll of all school districts. At June 30, 2024, the School District’s proportion was 0.7952% which was an increase of 0.0015% from its proportion measured as of June 30, 2023.

As of June 30, 2024, the PSERS plan was 64.63% funded, with an unfunded actuarial accrued liability of approximately \$42.3 billion. PSERS' rate of return for fiscal year ended June 30, 2024 was 7.05%. The Fund had plan net assets of \$76.5 billion at June 30, 2024. For more information, visit the PSERS website at [www.psers.pa.gov](http://www.psers.pa.gov), which is not incorporated by specific reference into this Preliminary Official Statement.

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Source: School District Administrative Officials and PSERS

### **Other Post-Employment Benefits**

For information on the effects of GASB Statement No.75, the School District's OPEB and other vested employee benefits, including valuation and sick pay, see "Appendix C– Audited Financial Statements".

## **LITIGATION**

School District officers will certify at closing that there is no litigation pending or, to the knowledge of such officials threatened, seeking to restrain or enjoin the issuance of the Bonds or in any way affecting the validity of the Bonds or any actions taken by the School District taken with respect to the issuance or the sale thereof. The School District in the normal course of its operations is sometimes named as a defendant in civil lawsuits for which defense costs and judgments are covered by liability insurance policies maintained by the School District.

At the time of settlement on the Bonds, Eckert Seamans Cherin & Mellott, LLC, as Special Counsel to the School District will deliver an opinion stating to the effect that there is no litigation then pending challenging validity of the Bonds, the Resolution or the actions taken by the School District to issue the Bonds.

## **DEFAULTS AND REMEDIES**

In the event of failure of the School District to pay or cause to be paid the interest on or principal of the Notes securing the Bonds, as the same becomes due and payable, the holders of the Trustee shall be entitled to exercise certain remedies provided by the Debt Act. Among the remedies, if the failure to pay shall continue for 30 days, the Trustee shall have the right to recover the amount due by bringing an lawsuit in the Court of Common Pleas of the county in which the School District is located. The Debt Act provides any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Debt Act also provides that upon a default of at least 30 days, holders of at least 25% of the Bonds may appoint a different trustee to represent them. The Debt Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

## **TAX MATTERS**

### **Bond Counsel Opinion**

The information which follows is a summary of Bond Counsel's opinion on the Bonds. This summary does not purport and should not be construed to be a complete recitation of Bond Counsel's opinion, and a draft of the full text of the opinion is appended hereto as Appendix B. Bond Counsel has not been engaged to verify, nor has it independently verified, the accuracy, completeness or truthfulness of any statements, certifications, information or financial statements set forth in this Preliminary Official Statement, or otherwise used in connection with the offer and sale of the Bonds set forth in or delivered by School District officials, and Bond Counsel expresses no opinion with respect to whether the School District, in connection with the Bonds, or in the preparation of this Preliminary Official Statement, have made any untrue statement of a material fact necessary in order to make any statement made therein not misleading.

### **Federal Tax Matters**

#### *Exclusion of Interest from Gross Income*

In the opinion of Bond Counsel, under existing statutes, regulations, rulings and court decisions, interest on the Bonds will not be includible in gross income of the holders thereof for federal income tax purposes assuming continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the "Code"). Interest on the Bonds will not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering its opinion, Bond Counsel has assumed compliance by the School District with their covenants contained in the Indentures and its representations in the Tax Compliance Certificate executed by the School District on the Issue Date of the Bonds relating to actions to be taken after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to, among other things, the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

## *Not Qualified Tax-Exempt Obligations for Financial Institutions*

Code Section 265 provides, in general, that interest expense to acquire or carry tax-exempt obligations is not deductible from the gross income of the owner of such obligations. In addition, Code Section 265 provides a complete (100%) disallowance of a deduction for interest expense incurred by “financial institutions” described in such section that is allocable, as computed under Code Section 265, to tax-exempt interest on obligations acquired after August 7, 1986. Code Section 265(b) provides an exception to this rule for interest allocable to tax-exempt obligations (other than private activity bonds) that are designated or deemed designated by an issuer, such as the School District, as “qualified tax-exempt obligations.” An issuer may make such designation only if the amount of the issue, when added to the amount of all other tax-exempt obligations other than private activity bonds) issued or reasonably anticipated to be issued by the issuer during the calendar year, does not exceed \$10,000,000. ***The Bonds have not been designated or deemed designated as “qualified tax exempt obligations”.***

## *Other Federal Tax Matters*

Ownership or disposition of the Bonds may result in other federal tax consequences to certain taxpayers, including, without limitation, certain S corporations, foreign corporations with branches in the United States, holders of an interest in a financial asset securitization investment trust, property and casualty insurance companies, individuals who otherwise qualify for the earned income credit and taxpayers who have an initial basis in the Bonds greater or less than the principal amount thereof, individual recipients of Social Security or Railroad Retirement benefits and taxpayers, including banks, thrift institutions and other financial institutions, subject to Section 265 of the Code, who may be deemed to have incurred or continued indebtedness to purchase or to carry the Bonds.

**Bond Counsel is not rendering any opinion regarding any federal tax matters other than as described above and expressly stated in the forms of Bond Counsel opinion included as Appendix B hereto. Purchasers of the Bonds should consult their independent tax advisors with regard to all federal tax matters.**

## **Pennsylvania Tax Matters**

In the opinion of Bond Counsel, under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. However, under the laws of the Commonwealth, as enacted and construed on the date of the Bonds, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Pennsylvania taxes and local taxes within the Commonwealth.

The Bonds and the interest thereon may be subject to state and local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws.

**Purchasers of the Bonds should consult their independent tax advisors with regard to all state and local tax matters that may affect them.**

## **CONTINUING DISCLOSURE UNDERTAKING**

In accordance with the requirement of Rule 15-c-2-12 (the “Rule”) promulgated by the Securities and Exchange Commission (the “SEC”), the School District (being the “obligated person” with respect to the Bonds, within the meaning of the Rule), including on behalf of the Authority, will agree to provide certain financial and operating information to the Municipal Rulemaking Board (the “MSRB”) in an electronic format as prescribed by the MSRB, either directly or indirectly through a designated agent as set forth in its Continuing Disclosure Certificate (the “Continuing Disclosure Agreement”), substantially in the form attached hereto as Appendix D.

With respect to the filing of annual financial and operating information, the School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

The School District is required to give notice of certain events as set forth in the Continuing Disclosure Agreement (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Agreement, but does not commit to provide notice of the occurrence of any events except those specifically listed in of the Continuing Disclosure Agreement.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Agreement is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holders and beneficial owners of the Bonds, but the right of the holders and beneficial owners of the Bonds to enforce the provisions of the School District’s continuing disclosure undertaking shall be limited to a right to obtain specific enforcement, and any failure by the School District to comply with the provisions of the undertaking shall not be an event of default with respect to the Bonds.

The School District’s obligations with respect to continuing disclosure described herein shall terminate upon the prior defeasance, redemption, or retirement of all of the Bonds or if and when the School District is no longer an “obligated person” with respect to the Bonds, within the meaning of the Rule.

The MSRB has been designated by the SEC to be the central and sole repository for continuing disclosure information filed by issuers of municipal securities since July 1, 2009. Information and notices filed by municipal issuers (and other defined “obligated persons”) with respect to municipal securities issues) are made available through the MSRB’s Electronic Municipal Market Access (EMMA) System, which may be access on the internet at <http://www.emma.msrb.org>.

### Existing Continuing Disclosure Filing History

The School District has previously entered into Continuing Disclosure Agreements with respect to each one of its previously issued bond issues that are currently outstanding. The School District’s filing history of its annual financial and operating information during the past five (5) years is outlined in the table below.

Fiscal Year Ending	Filing Deadline <sup>[1]</sup>	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID <sup>[2]</sup>	Filing Date	EMMA ID <sup>[2]</sup>	Filing Date	EMMA ID <sup>[2]</sup>
6/30/2020	4/1/2021	12/21/2020	P11105808	12/18/2020	P11105808	12/18/2020	P11105808
6/30/2021	4/1/2022	12/27/2021	P31096649	12/22/2021	P31096649	12/22/2021	P31096649
6/30/2022	4/1/2023	01/10/2023	P21274951	01/05/2023	P21246342	01/05/2023	P21246342
6/30/2023	4/1/2024	01/02/2024	P21333959	12/18/2023	P11298970	12/18/2023	P11298970
6/30/2024	4/1/2025	01/17/2025	P11374567	11/08/2024	P11362409	11/08/2024	P11362409

#### Notes

<sup>[1]</sup> For these purposes, assumes the shortest filing deadline of the School District’s previous Continuing Disclosure Agreements

<sup>[2]</sup> Submission ID is the EMMA Submission ID for each filing. To access a filing, insert the Submission ID to the end of the web address below: <http://emma.msrb.org/ContinuingDisclosureView/ContinuingDisclosureDetails.aspx?submissionId=>

Based on the information above, the School District’s annual financial and operating filing history over the past five (5) years can be summarized as follows:

For fiscal year ending June 30, 2019 through and including June 30, 2024, the School District filed the audited financial statements, budget and operating data in a timely fashion.

On August 1, 2024, Assured Guaranty Municipal Corp. (“AGM”) merged with and into Assured Guaranty Inc. (“AG”), with AG as the surviving company (such transaction, the “Merger”). Although not timely, the School District subsequently filed an event notice to EMMA on 8/29/2024, regarding the substitution of the credit facility provider.

### Continuing Disclosure Compliance Procedures

The School District has conducted a review of its continuing disclosure obligations and submissions. Upon discovering any inadvertent omissions with respect to these filings, the School District has brought its continuing disclosure filings up to date.

In an effort to augment the School District’s procedures and policies to maintain future compliance, the School District has taken additional steps intended to facilitate future compliance with its Continuing Disclosure Agreements. These steps include implementing the MSRB’s EMMA’s internal notification system whereby the School District will receive timely email reminders a month in advance for all of the School District’s annual disclosure filings and coordinating with the School District’s financial advisor to ensure all disclosure obligations have been made on a timely basis and in all material respects.

A member of the School District’s business office has been designated as its “compliance officer”, responsible for ongoing continuing disclosure compliance. Such member of the School District’s business office will make an effort to participate in any ongoing continuing education regarding continuing disclosure undertaking if offered by local groups or affiliated organizations such as MSRB, PASBO or GFOA. The School District may communicate with its financial advisor, underwriters(s), bond counsel, or solicitor regarding any questions or concerns regarding ongoing continuing disclosure compliance. The School District may also communicate with its local auditor and advise of the School District’s need for financial statements in a timely manner. In the event audited financial statements are not available by the filing deadline, the School District will file to EMMA, if available, its State Form PDE-2057 Annual Financial Report as an interim filing until such audited financial statements are available. Some of the operating data requirements may be found contained within the School District’s financial statements or budget filing and may not be filed explicitly by themselves.

### RATING

Moody’s Investors Service assigned its underlying municipal Bond rating of “A1” to this issue of Bonds. Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody’s Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance that any such rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by the rating agency, if circumstances so warrant. Any such downward revision or withdrawal of such rating may have an adverse effect on the market price of the Bonds.

### UNDERWRITING

Raymond James & Associates, Inc., Lancaster, Pennsylvania acting on its own behalf and as a representative of Janney Montgomery Scott LLC (collectively, the “Underwriters”) subject to certain conditions, have purchased the Bonds from the School District at a purchase price of \$ \_\_\_\_\_ (representing the par amount of the Bonds of \$ \_\_\_\_\_, [plus/less] an original issue [premium/discount] of \$ \_\_\_\_\_ less an underwriting discount of \$ \_\_\_\_\_). The Underwriters’ obligations are subject to certain conditions precedent; however, the Underwriters will be obligated to purchase all such Bonds on the Delivery Date if any such Bonds are purchased. The Bonds may be offered and sold to certain dealers (including dealers depositing such Bonds into investment trusts) at prices lower than such public offering prices, and such public offering prices may be changed, from time to time, by the Underwriters.

Raymond James & Associates, Inc. and its respective affiliates are full-service financial institutions engaged in various activities that may include securities trading, commercial and investment banking, municipal advisory, brokerage, and asset management. In the ordinary course of business, Raymond James & Associates, Inc. and its respective affiliates may actively trade debt and, if applicable, equity securities (or related derivative securities) and provide financial instruments (which may include bank loans, credit support or interest rate swaps). Raymond James & Associates, Inc. and its respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the School District. Raymond James & Associates, Inc. and its respective affiliates may also communicate independent investment recommendations, market color or trading ideas and publish independent research views in respect of this securities offering or other offerings of the School District. Raymond James & Associates, Inc. and its respective affiliates may make a market in credit default swaps with respect to municipal securities in the future.

### LEGAL OPINION

The Bonds are offered subject to the receipt of the approving legal opinion of Eckert Seamans Cherin & Mellott, LLC, of Harrisburg, Pennsylvania, as Bond Counsel to the School District, and concurrently as Special Counsel to the School District.

### FINANCIAL ADVISOR

The School District has retained PFM Financial Advisors LLC, Harrisburg, Pennsylvania, as financial advisor (the “Financial Advisor”) in connection with the preparation, authorization and issuance of the Bonds. The Financial Advisor is not obligated to undertake, and has not undertaken to make, an independent verification or to assume responsibility for the accuracy, completeness, or fairness of the information contained in the Preliminary Official Statement. PFM Financial Advisors LLC is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

### MISCELLANEOUS

This Preliminary Official Statement has been prepared under the direction of the Financial Advisor in its capacity as the independent municipal advisor to the School District. The information set forth in this Preliminary Official Statement has been obtained from the School District and from other sources believed to be reliable. Insofar as any statement herein includes matters of opinion or estimates about future conditions, it is not intended as representation of fact, and there is no guarantee that it is, or will be, realized. Summaries or descriptions of provisions of the Bonds, the Indenture, the Resolution, and all references to other materials not purporting to be quoted in full are only brief outlines of some of the provisions thereof. Reference is hereby made to the complete documents, copies of which will be furnished by the School District or the Financial Advisor upon request. The information assembled in this Preliminary Official Statement is not to be construed as a contract with holders of the Bonds.

Use of the words “shall,” “will,” “must,” or other words of similar import or meaning in summaries of documents or law in this Preliminary Official Statement to describe future events or continuing obligations is not intended as a representation that such event will occur or such obligations will be fulfilled, but only that the document or law requires or contemplates such event to occur or such obligation to be fulfilled.

The School District has authorized the distribution of this Preliminary Official Statement.

BETHLEHEM AREA SCHOOL DISTRICT  
Northampton and Lehigh Counties, Pennsylvania

By: \_\_\_\_\_  
President, Board of School Directors

## **APPENDIX A**

**Demographic and Economic Information  
Relating to the Bethlehem Area School District**

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**Population**

Table A-1 shows recent population trends for the School District, Northampton County, Lehigh County, and the Commonwealth. The School District’s population increased between 2010 and 2020 to 4,328 residents over this period. Average household size for the Counties was the same as the Commonwealth average.

**TABLE A-1  
POPULATION TRENDS**

	<u>2000</u>	<u>2010</u>	<b>Compound Average Annual Percentage Changes</b>
School District.....	116,811	121,139	0.36%
Northampton County.....	297,735	312,951	0.50%
Lehigh County.....	349,497	374,557	0.69%
Pennsylvania.....	12,702,379	13,002,700	0.23%

Source: U.S. Bureau of the Census, and Pennsylvania State Data Center.

**TABLE A-2  
AGE COMPOSITION**

	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>	<b>Persons Per Household</b>
Northampton County .....	18.70%	64.70%	16.70%	2.56
Lehigh County.....	16.20%	64.90%	19.00%	2.54
Pennsylvania .....	17.10%	64.50%	18.30%	2.42

Source: Pennsylvania State Data Center.

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## Employment

Table A-3 shows the industry employment for the MSA an area which includes the School District.

### DISTRIBUTION OF EMPLOYMENT Allentown-Bethlehem-Easton Metropolitan Statistical Area

TABLE A-3

<i>ESTABLISHMENT DATA</i>	<b>Industry Employment</b>				<b>Net Change From:</b>	
	<b>Nov-24</b>	<b>Oct-24</b>	<b>Sep-24</b>	<b>Nov-24</b>	<b>Oct-24</b>	<b>Nov-23</b>
<b>Total Nonfarm</b>	<b>407,500</b>	<b>405,200</b>	402,900	400,300	2300	7200
<b>Total Private</b>	<b>366,900</b>	<b>364,800</b>	362,900	360,900	2100	6000
<b>Goods Producing</b>	<b>55,500</b>	<b>55,400</b>	55,600	55,000	100	500
Mining, Logging, & Construction	<b>13,900</b>	<b>14,000</b>	14,000	13,700	-100	200
<b>Manufacturing</b>	<b>41,600</b>	<b>41,400</b>	41,600	41,300	200	300
Durable Goods	<b>24,100</b>	<b>24,000</b>	24,100	23,900	100	200
Non-Durable Goods	<b>17,500</b>	<b>17,400</b>	17,500	17,400	100	100
<b>SERVICE-PROVIDING</b>	<b>352,000</b>	<b>349,800</b>	347,300	345,300	2200	6700
<b>PRIVATE SERVICE-PROVIDING</b>	<b>311,400</b>	<b>309,400</b>	307,300	305,900	2000	5500
Trade, Transportation, and Utilities	<b>95,300</b>	<b>92,700</b>	91,800	95,700	2600	-400
Wholesale trade	<b>15,200</b>	<b>15,300</b>	15,200	15,400	-100	-200
Retail trade	<b>39,800</b>	<b>38,900</b>	38,500	39,900	900	-100
Food and beverage stores	<b>10,600</b>	<b>10,500</b>	10,400	10,500	100	100
General merchandise stores	<b>7,700</b>	<b>7,400</b>	7,200	7,700	300	0
Department stores	<b>3,900</b>	<b>3,700</b>	3,600	4,000	200	-100
Transportation, Warehousing and Utilities	<b>40,300</b>	<b>38,500</b>	38,100	40,400	1800	-100
Transportation and Warehousing	<b>39,200</b>	<b>37,400</b>	37,000	39,300	1800	-100
<b>Information</b>	<b>6,100</b>	<b>6,100</b>	6,200	6,200	0	-100
<b>Financial Activities</b>	<b>13,200</b>	<b>13,100</b>	13,000	12,900	100	300
Finance and Insurance	<b>9,700</b>	<b>9,700</b>	9,600	9,400	0	300
Insurance carriers and related activities	<b>4,700</b>	<b>4,700</b>	4,700	4,600	0	100
<b>Professional and Business Services</b>	<b>51,400</b>	<b>51,300</b>	51,400	52,600	100	-1200
Professional and technical services	<b>17,600</b>	<b>17,600</b>	17,600	17,400	0	200
Management of companies and enterprises	<b>10,000</b>	<b>10,000</b>	10,000	9,900	0	100
Administrative and waste services	<b>23,800</b>	<b>23,700</b>	23,800	25,300	100	-1500
Employment services	<b>8,700</b>	<b>8,600</b>	8,600	9,700	100	-1000
<b>Educational and Health Services</b>	<b>93,500</b>	<b>93,000</b>	91,400	88,500	500	5000
Educational services	<b>13,900</b>	<b>13,700</b>	13,000	14,200	200	-300
Health care and social assistance	<b>79,600</b>	<b>79,300</b>	78,400	74,300	300	5300
Hospitals	<b>25,000</b>	<b>25,000</b>	24,800	24,000	0	1000
<b>Leisure and Hospitality</b>	<b>37,100</b>	<b>38,400</b>	38,900	35,500	-1300	1600
Accommodation and food service	<b>29,700</b>	<b>30,000</b>	30,100	28,800	-300	900
Food services and drinking places	<b>25,700</b>	<b>25,900</b>	26,100	24,900	-200	800
<b>Other Services</b>	<b>14,800</b>	<b>14,800</b>	14,600	14,500	0	300
<b>Government</b>	<b>40,600</b>	<b>40,400</b>	40,000	39,400	200	1200
Federal Government	<b>2,600</b>	<b>2,600</b>	2,500	2,500	0	100
State Government	<b>2,500</b>	<b>2,500</b>	2,500	2,500	0	0
Local Government	<b>35,500</b>	<b>35,300</b>	35,000	34,400	200	1100
Local government educational services	<b>23,700</b>	<b>23,500</b>	23,000	22,600	200	1100
Other Local Government	<b>11,800</b>	<b>11,800</b>	12,000	11,800	0	0

Data benchmarked to March 2023

\*\*\*Data changes of 100 may be due to rounding\*\*\*

Source: Pennsylvania Department of Labor & Industry website: News Releases.

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Major employers located within or near the School District, or within Northampton County include:

**Employer**

Wal-Mart Associates Inc.  
 Lehigh University  
 United Parcel Service Inc.  
 Bethlehem Area School District  
 Federal Express Corp  
 Northampton County  
 Wind Creek  
 Saint Luke's Hospital  
 Victaulic Company  
 Giant Food Stores LLC

Source: Center for Workforce Information & Analysis, 3rd Quarter 2024- Final

Table A-4 shows recent trends in employment and unemployment for Northampton County, Lehigh County and the Commonwealth. The unemployment rate for the Counties has been similar to the Commonwealth during the period shown.

**TABLE A-4  
 RECENT TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT\*  
 (000)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024<sup>(1)</sup></u>	<b>Compound Average Annual % Rate</b>
<b>Northampton County</b>							
Civilian Labor Force (000)	161.9	158.9	162.1	165.1	166.4	165.4	0.81%
Employment (000)	154.6	144.7	152.5	158.5	161.4	160.0	2.03%
Unemployment (000)	7.2	14.2	9.6	6.6	5.0	5.4	-17.58%
Unemployment Rate	4.5%	9.0%	5.9%	4.4%	3.0%	3.3%	
<b>Lehigh County</b>							
Civilian Labor Force (000)	193.4	191.4	196.1	198.7	199.7	198.5	0.73%
Employment (000)	184.7	173.1	182.8	190.0	193.5	191.7	2.06%
Unemployment (000)	8.7	18.3	13.3	8.7	6.3	6.7	-18.21%
Unemployment Rate	4.5%	9.6%	6.8%	4.4%	3.1%	3.4%	
<b>Pennsylvania</b>							
Civilian Labor Force (000)	6,492.0	6,388.0	6,406.0	6,479.0	6,485.0	6,426.0	-0.25%
Employment (000)	6,208.0	5,808.0	5,999.0	6,196.0	6,296.0	6,215.0	0.94%
Unemployment (000)	284.0	580.0	407.0	283.0	189.0	211.0	-18.22%
Unemployment Rate	4.4%	9.10%	6.30%	4.40%	2.90%	3.30%	

\*Residence Data.

<sup>(1)</sup>As of November 2024

Source: Pennsylvania State Employment Service.

## Income

Table A-5 shows recent trends in per capita income for the School District, Northampton County, Lehigh County and the Commonwealth over the 2010-2020 period. Per capita income in the School District and in the Counties is higher than average per capita in the Commonwealth.

**TABLE A-5  
RECENT TRENDS IN PER CAPITA INCOME\***

	<u>2010</u>	<u>2020</u>	<b>Compound Average Annual Percentage Change <u>2010-2020</u></b>
<i>School District</i> .....	\$26,757	\$36,372	3.12%
Northampton County .....	27,944	37,339	2.94%
Lehigh County .....	25,933	34,629	2.93%
Pennsylvania .....	26,374	35,518	3.02%

\*Income is defined by the Bureau of the Census as the sum of wage and salary income, non-farm self-employment income, net self-employment income, Social Security and Railroad retirement income, public assistance income, interest, dividends, pensions, etc. before deductions for personal income taxes, Social Security, etc. School District income is the population-weighted average for political subdivisions.

Source: 2010: U.S. Census Bureau and 2020 U.S. Census Bureau

## Commercial Activity

Table A-6 shows retail sales for the years 2019 through 2023 for Northampton County and Lehigh County, the MSA and the Commonwealth.

**TABLE A-6  
TOTAL RETAIL SALES  
(000)**

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Lehigh County	7,655,721	7,924,216	9,772,594	10,486,443	11,393,511
Northampton County	4,926,852	5,007,574	5,053,581	5,333,764	5,833,618
Allentown-Bethlehem-Easton MSA	15,397,360	15,840,523	17,378,463	18,613,724	20,359,980
Pennsylvania	244,709,540	251,185,116	274,685,600	297,770,327	310,912,244

Source: Neilson Company

## Educational Institutions

The Lehigh Valley Region of Pennsylvania (Lehigh and Northampton Counties) provides area residents with numerous post-secondary educational facilities. Listings of major higher educational facilities are listed below in the following table.

DeSales University.....	Center Valley
Cedar Crest College .....	Allentown
Kutztown University .....	Kutztown
Lafayette College .....	Easton
Lehigh University .....	Bethlehem
Lehigh Carbon Community College.....	Schnecksville
Moravian College.....	Bethlehem
Muhlenberg College.....	Allentown
Northampton Community College .....	Bethlehem
Penn State University.....	Fogelsville
Rosemont College <sup>(1)</sup> .....	Allentown

\*Full-time enrollment only

<sup>(1)</sup>Accelerated evening degree

Source: 2000 Lehigh Valley Profiles & Trends

## **Housing**

According to 2020 Census figures, there were 127,584 housing units in Northampton County, as opposed to 120,363 in 2010. This represents an increase of 5.8% within that decade. A substantial portion of this growth can be accounted for by the development of primary homes.

According to 2020 Census figures, there were 149,830 housing units in Lehigh County, as opposed to 142,613 in 2010. This represents an increase of 4.9% within that decade.

## **Medical Facilities**

The following medical institutions serve the area:

Lehigh Valley Hospital at Muhlenberg Medical Center (2 locations)  
Easton Hospital  
Good Shepard Hospital Rehabilitation Hospital  
Sacred Heart Hospital  
St. Luke's Hospital and Health Network  
Cedarbrook County Nursing Home

## **Transportation**

Northampton County has approximately 1,550 miles of roadway, of which 550 miles are state or federal highways and the remainder is secondary and municipal roads. The major highways in the County are U.S. Routes 22, 33, and 611. The County also has the following railroads: Norfolk Southern, Northampton and Bethlehem, Lehigh and Hudson River, Philadelphia and Bethlehem and New England.

## **Utilities**

The PPL Utilities and Metropolitan Edison serve electrical needs of homes and industries in the School District. Blue Mountain and Bethlehem Water Companies provide water services in the more populated areas and there are individually owned wells and septic tanks in the more rural areas. Verizon and Commonwealth Telephone provide telephone communications for the area. UGI provides natural gas service to area residents.

## **Communications**

Northampton County is served by two daily and three weekly newspapers, a commercial television station, and eight radio stations.

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## **APPENDIX B**

**Form of Opinion of Bond Counsel**

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[FORM OF BOND COUNSEL OPINION]

[Date of Delivery]

Re: \$ \_\_\_\_\_ aggregate principal amount  
Bethlehem Area School District, Northampton and Lehigh Counties, Pennsylvania  
General Obligation Bonds, Series A of 2025

To The Purchasers of the Within-Described Bonds:

We have served as Bond Counsel to the Bethlehem Area School District, in Northampton and Lehigh Counties, Pennsylvania (“Issuer”), in connection with the issuance of its \$ \_\_\_\_\_ aggregate principal amount General Obligation Bonds, Series A of 2025 (the “Bonds”). The Bonds are issued pursuant to, and are secured by, the Pennsylvania Local Government Unit Debt Act, 53 Pa. C.S. Chs. 80-82 (“Act”), and a Resolution (“Resolution”) adopted on March 17, 2025, by the Board of School Directors of the Issuer (“Board”).

The Bonds are being issued to refund all or a portion of the Issuer’s General Obligation Bonds, Series A of 2015.

As Bond Counsel for the Issuer, we have examined: (a) the relevant provisions of the Constitution of the Commonwealth of Pennsylvania (“Commonwealth”); (b) the Act; (c) the relevant provisions of the Public School Code of 1949, as amended; (d) the Resolution and the Debt Statement of the Issuer filed with the Pennsylvania Department of Community and Economic Development (“Department”); (e) the proceedings of the Board with respect to the authorization, issuance and sale of the Bonds; (f) a Certificate of Approval issued by the Department in respect of the proceedings authorizing the issuance of the Bonds; and (g) certain statements, certifications, affidavits and other documents and matters of law which we have considered relevant, including, without limitation, a certificate dated the date hereof (“Tax Compliance Certificate”) of officials of the Issuer having responsibility for issuing the Bonds, given pursuant to the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder (“Code”), an opinion of the Solicitor to the Issuer as to various matters, and the other documents, certifications and instruments listed in the Closing Index filed with the Paying Agent (hereinafter defined) on the date of original delivery of the Bonds. We have also examined a fully executed and authenticated Bond, or a true copy thereof, and assume all other Bonds are in such form and are similarly executed and authenticated.

In rendering the opinion set forth below, we have relied upon the genuineness, accuracy and completeness of all documents, records, certifications and other instruments we have examined, including, without limitation, the authenticity of all signatures appearing thereon. We

have also relied, in the opinion set forth below, upon the opinion of the Solicitor of the Issuer as to all matters of fact and law set forth therein.

Except with respect to paragraph 6 below, our opinion is given only with respect to the internal laws of the Commonwealth as enacted and construed on the date hereof.

Based on the foregoing, we are of the opinion that:

1. The Issuer is authorized under the provisions of the Constitution and the laws of the Commonwealth to issue the Bonds.

2. The Issuer has established, in accordance with the Act, a sinking fund for the Bonds (the "Sinking Fund") with the paying agent, registrar and sinking fund depository named in the Resolution ("Paying Agent"), and has covenanted in the Resolution to deposit in the Sinking Fund amounts sufficient to pay the principal of and interest on the Bonds as the same becomes due and payable and to apply the amounts so deposited to the payment of such principal and interest.

3. The Issuer has effectively covenanted: (i) to include the amount of debt service on the Bonds in each fiscal year of the Issuer in which such sums are due and payable in its budget for that fiscal year; (ii) to appropriate such amounts from its general revenues for the payment of such debt service; and (iii) to duly and punctually pay, or cause to be paid, from the Sinking Fund or any other of its general revenues or funds, the principal or redemption price of and interest on the Bonds on the dates and in the places and in the manner stated in the Bonds according to the true intent and meaning thereof. For such budgeting, appropriation and payment the Issuer has pledged, with respect to the Bonds, its full faith, credit and taxing power, within the limits established by law.

4. The Bonds have been duly authorized, executed, authenticated, issued and delivered, and are the legal, valid and binding general obligations of the Issuer, and are enforceable in accordance with the terms thereof, except to the extent that enforcement thereof may be affected by bankruptcy, insolvency, reorganization, moratorium or other similar laws or legal or equitable principles affecting the enforcement of creditors' rights.

5. Under the laws of the Commonwealth as enacted and construed on the date hereof, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax; however, under the laws of the Commonwealth as enacted and construed on the date hereof, any profits, gains or income derived from the sale, exchange or other disposition of the Bonds will be subject to Commonwealth taxes and local taxes within the Commonwealth.

6. Under existing statutes, regulations, rulings and court decisions, interest on the Bonds, including any interest accruing in the form of original issue discount, will not be includible in gross income of the holders thereof for federal income tax purposes, assuming continuing compliance by the Issuer with the requirements of the Code. Interest on the Bonds will

not be a specific preference item for purposes of computing the federal alternative minimum tax on individuals.

In rendering this opinion, we have assumed compliance by the Issuer with the covenants contained in the Resolution and the representations in the Tax Compliance Certificate relating to actions to be taken by the Issuer after the issuance of the Bonds necessary to effect or maintain the exclusion from gross income of the interest on the Bonds for federal income tax purposes. These covenants and representations relate to the use and investment of proceeds of the Bonds, and the rebate to the United States Department of Treasury of specified arbitrage earnings, if any. Failure to comply with such covenants could result in the interest on the Bonds becoming includible in gross income for federal income tax purposes from the date of issuance of the Bonds.

We express no opinion as to any matter not set forth in the numbered paragraphs herein. This opinion is rendered on the basis of federal law and the laws of the Commonwealth of Pennsylvania as enacted and construed on the date hereof. This opinion is given as of the date hereof and we assume no obligation to supplement this opinion to reflect changes in law that may hereafter occur or changes in facts or circumstances that may hereafter come to our attention. Without limiting the generality of the foregoing, we express no opinion with respect to, and assume no responsibility for, the accuracy, adequacy or completeness of the preliminary official statement or the official statement prepared in respect of the Bonds, and make no representation that we have independently verified the contents thereof.

Very truly yours,

ECKERT SEAMANS CHERIN & MELLOTT, LLC

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## **APPENDIX C**

### **Audited Financial Statement**

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

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BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS

---

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

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

TABLE OF CONTENTS (continued)

---

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

**BETHLEHEM AREA SCHOOL DISTRICT**

**Single Audit Report**

**For the Fiscal Year Ended June 30, 2024**

**TABLE OF CONTENTS (continued)**

---

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

**BETHLEHEM AREA SCHOOL DISTRICT**

**Single Audit Report**

**For the Fiscal Year Ended June 30, 2024**

**TABLE OF CONTENTS (continued)**

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

## INTRODUCTORY SECTION

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# GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

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

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

Respectfully submitted,

*Gorman & Associates, P.C.*

December 20, 2024

**REPORT DISTRIBUTION LIST**

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

ONE COPY TO: FEDERAL AUDIT CLEARINGHOUSE  
(Electronically Submitted) GENERAL SERVICES ADMINISTRATION

ONE COPY TO: COMMONWEALTH OF PENNSYLVANIA  
(Electronically Submitted) OFFICE OF THE BUDGET/BUREAU OF AUDITS

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WASHINGTON, D.C. 20202

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6 DANFORTH DRIVE  
EASTON, PA 18045

## FINANCIAL SECTION

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GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Area School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinions**

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

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

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

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

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

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

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

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

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

***Required Supplementary Information***

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

***Supplementary Information***

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

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

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

Respectfully submitted,



Northampton, Pennsylvania  
December 4, 2024

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

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

The discussion and analysis of Bethlehem Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2024. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to enhance their understanding of the District's financial performance.

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

**MISSION STATEMENT AND PURPOSE**

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

**FINANCIAL HIGHLIGHTS**

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

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

**USING THE ANNUAL FINANCIAL REPORT**

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

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

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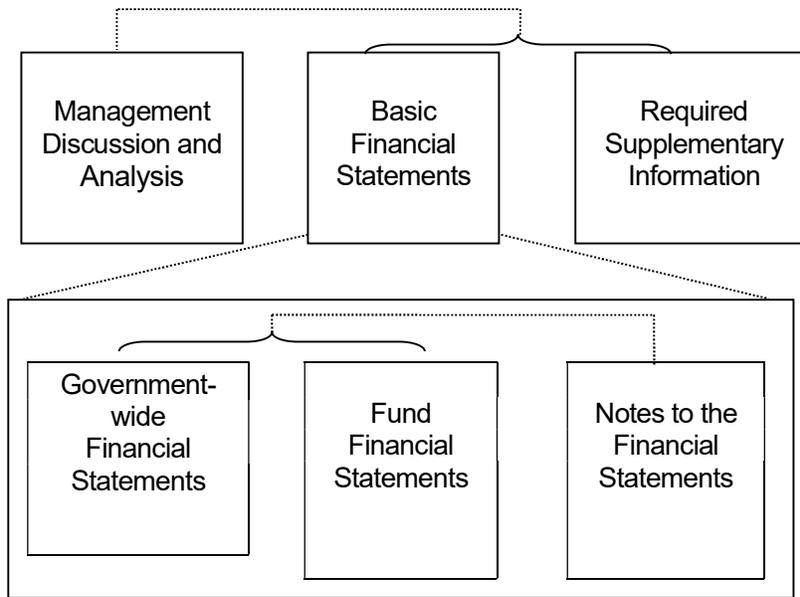
The first two statements are government-wide financial statements 1) the Statement of Net Position and 2) the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

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

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

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

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



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

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

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

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

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

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**OVERVIEW OF FINANCIAL STATEMENTS**

*Government-wide Statements*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**THE DISTRICT FUNDS**

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

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

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

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

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

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

**General Fund Budget**

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

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

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

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

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

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

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

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

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

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

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

**DEBT ADMINISTRATION**

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

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

**Table A-6  
Outstanding Debt**

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

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

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

***Capital Improvement Plan***

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

***Future Budgets***

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

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

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

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

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

**BUDGETED REVENUES**

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

**BUDGETED EXPENDITURES**

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

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

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

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

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

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

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

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

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

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

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

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

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

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$	92,527,327
 <b>Amounts reported for governmental activities in the statement  of net position are different because:</b>		
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$530,175,327 and the accumulated depreciation is \$264,243,832.		265,931,495
This amount represents the deferred outflows, net of deferred inflows, created from derivative hedging transactions, including derivative instrument assets, deferred gains on derivative refundings, and deferred costs on refundings.		(9,050,198)
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		7,276,942
This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues. This amount was previously reported as a contra to Bonds Payable under long-term debt; however GASB Statement No. 65 changed the classification of this item to deferred outflows of resources.		12,134,105
This represents the deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liability.		53,286,874
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		<u>(616,510,381)</u>
<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(194,403,836)</u></b>

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

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

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

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

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

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

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

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

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

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

-

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

337,536

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

13,041,488

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

792,733

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

2,668,586

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

(1,818,533)

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

6,097,313

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***School District***

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

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

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

***Board of School Directors***

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

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

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

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

***Administration***

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

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

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

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**Reporting Entity**

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

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

**Component Units**

*Bethlehem Area School District Authority*

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

*Bethlehem Area School District Employee Benefit Trust*

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

**Joint Ventures**

*Bethlehem Area Vocational Technical School*

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

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

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

*Northampton Community College*

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

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

***Jointly Governed Organizations***

*Colonial Intermediate Unit*

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

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

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

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

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**A. Basis of Presentation**

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

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

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

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

**B. Fund Accounting**

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

**Governmental Funds**

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

**General Fund**

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

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

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***Special Revenue Funds***

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

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

***Capital Project Funds***

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

*Capital Project Fund*

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

*Capital Reserve Fund*

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

***Debt Service Fund***

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

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

***Proprietary Funds***

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

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

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***Enterprise Funds***

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

*Food Service Fund*

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

*Day Care Fund*

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

**Fiduciary Funds**

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

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

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

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

***C. Measurement Focus***

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

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

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

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

***D. Basis of Accounting***

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

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

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

***E. Budgetary Process***

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

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

***Accelerated Budget Process Option***

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

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

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

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

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***Board Resolution Option***

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

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

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

***F. Use of Estimates***

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

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

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

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

***H. Pensions***

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

***I. Other Postemployment Benefits***

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

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

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

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*Single Employer OPEB Plan*

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

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

*Cash and Cash Equivalents*

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

*Investments*

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

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

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

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

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

*Receivables and Payables*

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

*Property Tax Levy*

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

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

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

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

*Inventories*

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

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

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

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

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

*Prepaid Expenses*

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

*Capital Assets*

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

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

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

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

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

*Compensated Absences*

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

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

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

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

*Leases*

Lessee:

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

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

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

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

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

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

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

Lessor:

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

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

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

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

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

*SBITAs (Subscription Based Information Technology Arrangements)*

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

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

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

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

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*Other Long-Term Obligations*

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

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

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

*Reclassification*

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

*Net Position*

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

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

*Fund Balance Categories*

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

*Nonspendable Fund Balance*

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

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

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*Restricted Fund Balance*

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

*Committed Fund Balance*

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

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

*Assigned Fund Balance*

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

*Unassigned Fund Balance*

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

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

*Contributions of Capital*

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

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

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

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

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

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

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

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

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

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

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

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

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

**A. Compliance with Finance Related Legal and Contractual Provisions**

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

**B. Deficit Fund Balance or Net Position of Individual Funds**

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

**C. Excess of Expenditures Over Appropriations in Individual Funds**

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

**D. Budgetary Compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2024.

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

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

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

**Assets**

*Cash*

*Custodial Credit Risk - Deposits*

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

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

*Reconciliation to Financial Statements*

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

*Investments*

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

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

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

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

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

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

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

***Interest Rate Risk***

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

***Credit Risk***

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

***Concentration of Credit Risk***

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

***Reconciliation to Financial Statements***

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

***Fair Value Reporting***

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

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

***Property Taxes***

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

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

The property tax calendar is:

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

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

*Receivables*

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

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

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

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

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

Capital Assets

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

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

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

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

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

**Commitments**

*Encumbrances*

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

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

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

*Long-Term Construction Commitments*

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

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

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

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**Lease Receivables**

*Liberty HS Natatorium*

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

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>
2024-25	\$ 9,944
<b>Totals</b>	<b>\$ 9,944</b>

*Donegan Fowler Family Center*

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

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>
2024-25	\$ 2,313
<b>Totals</b>	<b>\$ 2,313</b>

*Spark Building*

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

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

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

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

**Short-Term Debt**

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

*Interfund Receivables and Payables*

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

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

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

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

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

**Long-Term Liabilities**

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

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

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

Total Interest paid and accrued during the year:

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

**Lease – Turf Tank**

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

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

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

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

*Lease – Folder/Inserter*

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

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

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

*Lease – Copiers – Edwards Business Systems*

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

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

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

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

*SBITA – Google Workspace*

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**General Obligation Bonds – Series of 2021**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Component Unit Debt**

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

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

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

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

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

***Interest Rate Swap***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Interest Rate Swap**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***Interest Rate Swap***

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

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

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

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

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

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

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

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

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

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

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

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

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

*Combined Long-Term Debt*

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

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

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

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

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

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***Derivative Financial Instruments***

*Component Unit*

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

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

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

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

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

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

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

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

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

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**Compensated Absences**

*Sick-Pay*

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

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

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

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

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

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

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

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

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

*Vacation Leave*

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

***Defined Benefit Pension Plan***

Public School Employees' Retirement System (PSERS) Pension Plan

***Summary of Significant Accounting Policies***

Pensions

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

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

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***General Information about the Pension Plan***

Plan Description

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

Benefits Provided

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

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

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

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

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

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

Contributions

Member Contributions:

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

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

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

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$42,596,593 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$347,205,755 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year

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

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

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

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

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

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

***Changes in Actuarial Assumptions***

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

- Valuation Date - June 30, 2022
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.

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

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

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

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

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

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global public equity	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	<u>100%</u>	

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

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

Discount Rate

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

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

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

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

Pension Plan Fiduciary Net Position

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

State Funding

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

Payables to the Pension Plan

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

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

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***Defined Contributions Pension Plan***

*Retirement Severance Benefits*

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

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

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

*Employer Contributions*

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

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

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

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

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

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

Actuarial Assumptions

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

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

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

Schedule on Defined Contribution Pension Deferred Outflows/Inflows

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

Funded Status and Funding Process

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

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

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

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

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

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

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

***Other Employee Benefits***

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

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

***Other Postemployment Benefits***

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

***Summary of Significant Accounting Policies***

Other Postemployment Benefits

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

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

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or

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

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

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

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

Pension Plan Description

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

Benefits Provided

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

Contributions

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$823,869 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$14,384,684 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.7971 percent, which was an increase of 0.002 percent from its proportion measured as of June 30, 2023.

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

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

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

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

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

***Actuarial Assumptions***

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

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

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

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- Eligible retirees will elect to participate Pre age 65 at 50%
- Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

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

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

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

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

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

**Discount Rate**

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

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

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

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

The following presents the System net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

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

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

The following presents the net OPEB liability, calculated using the discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage-point higher (5.13%) than the current rate:

	<b>1% Decrease 3.13%</b>	<b>Current Discount Rate 4.13%</b>	<b>1% Increase 5.13%</b>
District's proportionate share of the net OPEB liability	\$ 16,305,000	\$ 14,421,000	\$ 12,845,000

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

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

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

**Single Employer OPEB Plan**

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

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

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

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

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

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

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

PSERS Superannuation Retirement:

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

Coordination with Medicare: Medicare pays primary.

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

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

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

Employees Covered by Benefit Terms

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

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

Total OPEB Liability

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

Actuarial Assumptions and Other Inputs

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

Actuarial Methods and Assumptions

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

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

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

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

Changes in the Total OPEB Liability

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**Note 6 – Risk Management**

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

**Note 7 – Fund Balance Allocations**

*Nonspendable Fund Balance*

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

*Restricted Fund Balance*

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

*Committed Fund Balance*

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

*Assigned Fund Balance*

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

**Note 8 – Net Position Restrictions**

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

**Note 9 – Contingencies**

*Grants*

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

*Litigation*

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

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

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**Note 10 – New Accounting Pronouncements**

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

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

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**REQUIRED  
SUPPLEMENTAL INFORMATION**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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**Public School Employees' Retirement System**

Changes of Benefit Terms

None.

Changes in Assumptions

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

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

Proportionate Share of the Net Pension Liability

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

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

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

Changes of Benefit Terms

None.

Changes in Assumptions

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

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

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

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

The Following Assumptions were Used to Determine the Contribution Rate:

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

Proportionate Share of the Net OPEB Liability

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

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

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

Changes of Benefit Terms

None.

Changes in Assumptions

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

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 4.00% to 6.75%
- Healthcare cost trend rate – 7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1 in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model
- Asset Valuation Method – Pay as you go basis
- Discount Rate – The rate of 4.13% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2023.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**REVENUES AND OTHER FINANCING SOURCES**

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

**EXPENDITURES**

**SUPPORT SERVICES:**

Professional Services	4,061	
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**CAPITAL OUTLAY:**

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

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

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

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

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

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

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

**REVENUES**

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

**COST OF COMMODITIES**

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

**OPERATING EXPENSES**

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

**CHANGES IN FUND NET POSITION** 1,784,016

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

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

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

**REVENUES**

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

**OPERATING EXPENSES**

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

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

**ADDITIONS**

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

**DEDUCTIONS**

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

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

**ASSETS**

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

**LIABILITIES**

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

**NET POSITION**

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

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

**ADDITIONS**

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

**DEDUCTIONS**

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

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

**ASSETS**

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

**LIABILITIES**

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

**NET POSITION**

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

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

**ADDITIONS**

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

**DEDUCTIONS**

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

**CHANGES IN NET POSITION** (1,392)

**NET POSITION - JULY 1, 2023** 185,665

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

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

**ASSETS**

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

**LIABILITIES**

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

**NET POSITION**

Restricted for:

Individuals, organizations, and other governments		184,273
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**TOTAL LIABILITIES AND FUND NET POSITION** **\$ 198,398**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/23	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/24	FOOT NOTES
<b>U.S. DEPARTMENT OF EDUCATION</b>											
IMPACT AID PUBLIC LAW 81-874	D	84.041	N/A	7/1/23-6/30/24	\$ -	\$ 157,407	\$ -	\$ 157,407	\$ 157,407	\$ -	
<b>TOTAL IMPACT AID CLUSTER</b>						157,407	-	157,407	157,407	-	
<b>PASSED THROUGH THE PA DEPT OF EDUCATION (PDE)</b>											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0034	7/1/22-9/30/23	\$ 4,045,829	590,857	519,105	71,752	71,752	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-24-0034	7/1/23-9/30/24	\$ 4,291,027	2,869,529	-	4,271,199	4,271,199	1,401,670	
TITLE I - SCHOOL INTERVENTION	I	84.010	FA-042-23-0034	7/1/22-9/30/23	\$ 613,137	175,182	75,275	99,907	99,907	-	
TITLE I - SCHOOL INTERVENTION	I	84.010	FA-042-24-0034	7/1/23-9/30/24	\$ 502,463	368,473	-	502,463	502,463	133,990	
<b>TOTAL TITLE I PROGRAM</b>						4,004,041	594,380	4,945,321	4,945,321	1,535,660	
<b>PASSED THROUGH THE PDE</b>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0034	7/1/22-9/30/23	\$ 512,165	73,404	32,851	30,169	30,169	(10,384)	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-24-0034	7/1/23-9/30/24	\$ 487,713	356,338	-	442,089	442,089	85,751	
<b>TOTAL TITLE IIA PROGRAM</b>						429,742	32,851	472,258	472,258	75,367	
<b>PASSED THROUGH THE PDE</b>											
TITLE III - LEP / IMMIGRANT STUDENTS	I	84.365	FA-010-23-0034	7/1/22-9/30/23	\$ 195,769	84,992	81,782	3,210	3,210	-	2
TITLE III - LEP / IMMIGRANT STUDENTS	I	84.365	FA-010-24-0034	7/1/23-9/30/24	\$ 210,530	143,521	-	186,397	186,397	42,876	
<b>TOTAL TITLE III PROGRAM</b>						228,513	81,782	189,607	189,607	42,876	
<b>PASSED THROUGH THE PDE</b>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0034	7/1/22-9/30/23	\$ 318,169	217,139	86,441	126,155	126,155	(4,543)	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-24-0034	7/1/23-9/30/24	\$ 317,803	105,934	-	295,892	295,892	189,958	
<b>TOTAL TITLE IV PROGRAM</b>						323,073	86,441	422,047	422,047	185,415	
<b>PASSED THROUGH COMMUNITIES IN SCHOOLS OF EASTERN PA</b>											
TITLE IVB, NITA M. LOWET 21ST CCLC COHORT 11	I	84.287	21C-22-0039	10/1/22-9/30/2027	\$ 432,328	136,986	32,886	104,100	104,100	-	2
<b>TOTAL 21ST CENTURY COMMUNITY LEARNING CENTERS PROGRAM</b>						136,986	32,886	104,100	104,100	-	
<b>PASSED THROUGH THE COLONIAL I.U. #20</b>											
IDEA, PART B	I	84.027	N/A	7/1/22-9/30/23	\$ 2,105,298	453,126	453,126	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/23-9/30/24	\$ 2,250,707	1,492,643	-	2,250,707	2,250,707	758,064	1
COVID-19 ARP-IDEA	I	84.027X	N/A	7/1/21-9/30/23	\$ 593,232	158,232	113,915	44,317	44,317	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/22-9/30/23	\$ 14,490	14,490	-	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/23-9/30/24	\$ 16,133	8,006	-	16,133	16,133	8,127	1
<b>TOTAL IDEA CLUSTER</b>						2,126,497	581,531	2,311,157	2,311,157	766,191	
<b>PASSED THROUGH THE PDE</b>											
COVID-19 ESSER FUND - ESSER II	I	84.425D	FA-200-21-0034	3/13/20-9/30/23	\$ 15,889,038	1,108,538	435,043	673,495	673,495	-	2
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	223-21-0034	3/13/20-9/30/24	\$ 32,138,927	14,024,259	6,209,680	7,320,804	7,320,804	(493,775)	
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 1,784,227	162,205	(36,397)	198,602	198,602	-	
COVID-19 ARP-ESSER - SUMMER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 356,845	32,441	32,441	-	-	-	
COVID-19 ARP-ESSER - AFTER SCHOOL SET ASIDE	I	84.425U	FA-225-21-0034	3/13/20-9/30/24	\$ 356,845	32,438	32,438	-	-	-	
COVID-19 ARP-ESSER - HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2035	7/01/21-9/30/24	\$ 189,023	106,628	(7,320)	167,263	167,263	53,315	
COVID-19 ARP-ESSER - 2.5% SEA RESERVE	I	84.425U	FA-224-21-0034	3/13/20-9/30/24	\$ 355,967	90,610	9,945	80,665	80,665	-	
<b>TOTAL EDUCATION STABILIZATION FUND</b>						15,557,119	6,675,630	8,440,829	8,440,829	(440,460)	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						22,963,378	8,085,701	17,042,726	17,042,726	2,165,049	

SOURCE: D-DIRECT; I-INDIRECT

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

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/23	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/24	FOOT NOTES
<b>U.S. DEPT. OF HEALTH AND HUMAN SERVICES</b>											
<b><u>PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE</u></b>											
PROMOTING SAFE AND STABLE FAMILIES	I	93.556	SAP 4100066996	7/1/22-9/30/23	\$ 124,095	3,923	3,923	-	-	-	2
PROMOTING SAFE AND STABLE FAMILIES	I	93.556	SAP 4100066996	7/1/23-9/30/24	\$ 124,095	161,033	-	124,095	124,095	(36,938)	
<b>TOTAL PROMOTING SAFE AND STABLE FAMILIES PROGRAM</b>						164,956	3,923	124,095	124,095	(36,938)	
<b><u>PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE</u></b>											
ESEA - TITLE 19 MEDICAID REIMBURSEMENT	I	93.778	N/A	7/1/23-9/30/24	N/A	63,723	48,684	34,418	34,418	19,379	2
<b>TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES</b>						228,679	52,607	158,513	158,513	(17,559)	
<b><u>U. S. DEPT. OF AGRICULTURE</u></b>											
<b><u>PASSED THROUGH THE PDE</u></b>											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/22 - 6/30/23	N/A	99,774	99,774	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/23 - 6/30/24	N/A	4,113,403	-	4,171,807	4,171,807	58,404	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	310,211	-	310,211	310,211	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/22 - 6/30/23	N/A	-	-	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/23 - 6/30/24	N/A	86	-	89	89	3	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/22 - 6/30/23	N/A	41,376	41,376	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/23 - 6/30/24	N/A	1,503,091	-	1,535,685	1,535,685	32,594	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/22 - 6/30/23	N/A	468	468	-	-	-	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/23 - 6/30/24	N/A	113,908	-	113,908	113,908	-	
SUMMER FOOD	I	10.559	N/A	7/1/22 - 6/30/23	N/A	43,916	43,916	-	-	-	
SUMMER FOOD	I	10.559	N/A	7/1/23 - 6/30/24	N/A	121,708	-	176,296	176,296	54,588	
FRESH FRUIT AND VEGETABLE PROGRAM	I	10.582	N/A	7/1/23 - 6/30/24	N/A	-	-	-	-	-	
<b><u>PASSED THROUGH THE PA DEPARTMENT OF AGRICULTURE</u></b>											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/23 - 6/30/24	N/A	643,134	(2,861)	644,676	644,676	(1,319)	2
<b>TOTAL CHILD NUTRITION CLUSTER</b>						6,991,075	182,673	6,952,672	6,952,672	144,270	
<b><u>PASSED THROUGH THE PDE</u></b>											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	6,180	-	6,180	6,180	-	2
<b><u>PASSED THROUGH THE PENN STATE UNIVERSITY</u></b>											
PSU SCHOOL BREAKFAST EXPANSION GRANT	I	10.579	120-48-1002-2	N/A	\$ 7,000	7,000	-	7,000	7,000	-	3
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						7,004,255	182,673	6,965,852	6,965,852	144,270	
<b>FEDERAL COMMUNICATIONS COMMISSION</b>											
<b><u>PASSED THROUGH THE UNIVERSAL SERVICE ADMINISTRATIVE CO.</u></b>											
COVID-19 EMERGENCY CONNECTIVITY FUND	I	32.009	N/A	N/A	\$ 8,426	2,097	2,097	-	-	-	2
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>						2,097	2,097	-	-	-	
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						\$ 30,198,409	\$ 8,323,078	\$ 24,167,091	\$ 24,167,091	\$ 2,291,760	

SOURCE: D-DIRECT; I-INDIRECT

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

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**Note 1 – Basis of Presentation**

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

**Note 2 – Significant Accounting Policies**

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

**Note 3 – Organization and Scope**

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

**Note 4 – Indirect Costs**

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

**Note 5 – Program Disclosure – Footnotes**

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

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

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

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

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**FINANCIAL STATEMENT RECONCILIATION**

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

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

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

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

***Report on Internal Control over Financial Reporting***

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

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

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

***Report on Compliance and Other Matters***

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

***Purpose of this Report***

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

Respectfully submitted,



Northampton, Pennsylvania  
December 4, 2024



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

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

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

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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

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

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

***Report on Internal Control over Compliance***

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

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

**Bethlehem Area School District**

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

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

Respectfully submitted,

*Manna & Associates, P.C.*

Northampton, Pennsylvania  
December 4, 2024

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

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**Section I - Summary of Auditor Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major program:

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

Percentage of programs tested to total awards      28.8%

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

Auditee qualified as low-risk auditee?       yes     no

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

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**Section II – Financial Statement Findings**

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

**Section III – Findings and Questioned Costs for Federal Awards**

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

*Audit Follow-Up Procedures*

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

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

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**2022-23 Findings**

**Noncompliance Finding 2023-001 (Federal Asset Identification)**

**Criteria:** According to federal regulations 2CFR Part 200.313(d)(1), Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

**Condition:** The District was unable to provide documentation to trace technology equipment inventory records to the funding source.

**Cause:** The District does not currently include the source of funding for technology equipment within its property records.

**Effect:** The failure to maintain complete property records could result in deobligation or loss of funding.

**Status:** Corrective Action was taken.



# BETHLEHEM ARE SCHOOL DISTRICT

## **BUSINESS OFFICE EDUCATION CENTER**

1516 Sycamore Street  
Bethlehem, PA 18017-6099  
610-861-0500 Extension 60201

### **Summary Schedule of Prior Audit Findings For the Year Ended June 30, 2024**

#### **2022-23 Findings**

##### **Noncompliance Finding 2023-001 (Federal Asset Identification)**

Federal Program: Education Stabilization Fund  
ALN: 84.3425

Condition: The District was unable to provide documentation to trace technology equipment inventory records to the funding source.

Current Status: Corrective Action was taken.

## **APPENDIX D**

### **Form of Continuing Disclosure Certificate**

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## CONTINUING DISCLOSURE CERTIFICATE

Re: BETHLEHEM AREA SCHOOL DISTRICT,  
Northampton and Lehigh Counties, Pennsylvania  
\$ \_\_\_\_\_ Aggregate Principal Amount  
General Obligation Bonds, Series A of 2025  
Dated [Date of Delivery]

[Date of Delivery]

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by Bethlehem Area School District, in Northampton and Lehigh Counties, Pennsylvania (the “School District”), in connection with the issuance of its General Obligation Bonds, Series A of 2025 (the “Bonds”), dated [Date of Delivery]. The Bonds are being issued pursuant to a resolution adopted by the Board of School Directors of the School District on March 17, 2025 (the “Resolution”). The School District makes the following certifications and representations as an inducement to the Participating Underwriters and others to purchase the Bonds:

**SECTION 1. Purpose of the Disclosure Certificate.** This Disclosure Certificate is being executed and delivered by the School District for the benefit of the holders of the Bonds and in order to assist the Participating Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b)(5).

**SECTION 2. Definitions.** In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Disclosure Certificate unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“Annual Report” shall mean any Annual Report filed by the School District pursuant to, and as described in, Section 3 of this Disclosure Certificate.

“Bondholder” shall mean any registered owner of the Bonds or any person who (i) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any of the Bonds (including persons holding through any nominee, securities depository or other intermediary) or (ii) is treated as the holder of any Bonds for federal income tax purposes.

“Business Day” shall mean a day other than a Saturday, a Sunday, or a day on which the New York Stock Exchange is closed or a day on which banks located in the Commonwealth are authorized or required by law or executive order to close.

“Commonwealth” shall mean the Commonwealth of Pennsylvania.

“EMMA” shall mean the MSRB’s Electronic Municipal Market Access System at <http://emma.msrb.org>.

“Financial Obligation” shall mean (i) a debt obligation; (ii) a derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) a guarantee of either (i) or (ii) above. The term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Listed Events” shall mean any of the events listed in Section 5 of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board. *As of the date of this Disclosure Certificate, the rules of the MSRB require all filings described herein shall be made using EMMA.*

“Obligated Person” shall mean, for purposes of this Disclosure Certificate, the School District.

“Official Statement” shall mean the final official statement relating to the Bonds prepared by or on behalf of the School District and distributed in connection with the offering and sale of the Bonds by the Participating Underwriters.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with the primary offering of the Bonds.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the SEC under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SEC” shall mean the United States Securities and Exchange Commission.

**SECTION 3. Filing of Annual Reports.** The School District shall file annually with the MSRB, on or before **April 1, 2026**, and on or before **April 1** of each year thereafter, an Annual Report that is consistent with the requirements of Section 4 of this Disclosure Certificate.

The Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in Section 4 of this Disclosure Certificate; provided, however, that if the audited financial statements of the School District for the most recent completed fiscal year are not available to be included in the Annual Report when filed, such audited financial statements may be filed separately from the balance of the Annual Report, as provided in the following paragraph.

If the audited financial statements of the School District for the most recent fiscal year are not available as of the date on which the Annual Report is to be filed, the audited financial statements shall be filed with the MSRB as soon as they are available, and the Annual Report, when filed, shall contain a statement to that effect and a statement of the date by which the School

District reasonably expects the audited financial statements to become available and to be filed with the MSRB.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following financial information and operating data with respect to the School District:

- (1) annual financial statements for the most recent completed fiscal year, prepared in accordance with generally accepted accounting principles applicable to Pennsylvania public school districts, and audited in accordance with generally accepted auditing standards;**
- (2) the annual budget, or a summary thereof, for the then current fiscal year;**
- (3) the total assessed value of all taxable real estate for the then current fiscal year;**
- (4) the taxes and millage rates imposed for the then current fiscal year;**
- (5) the real property tax collection results for the most recent fiscal year, including (a) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (b) the dollar amount of real estate taxes collected that represented current collections, (c) the dollar amount of delinquent real estate taxes collected that represent taxes levied in prior years, and (d) the total dollar amount of real estate taxes collected; and**
- (6) the 10 real estate taxpayers having the highest aggregate assessed value of their taxable properties in the School District and, for each taxpayer, the total assessed value of all of such parcels in the current fiscal year.**

Any or all of the items listed above may be incorporated by reference from other documents, including official statements of debt issues of the School District or related public entities, which have been made available to the public on the MSRB's internet website or filed with the SEC. The School District shall clearly identify each other document so incorporated by reference.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information to the extent necessary or appropriate as a result of a change in legal requirements or a change in the nature of the School

District or its operations or financial reporting, but the School District will agree that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Notices of Late Filing of Annual Information. If the School District has failed to file, or is unable to file, an Annual Report with the MSRB within the time set forth in Section 3 above, the School District will file, in a timely manner, a notice with the MSRB stating such fact and, if appropriate, the date by which the School District expects to file the Annual Report.

SECTION 6. Reporting of Listed Events. In a timely manner not in excess of ten (10) Business Days after the occurrence of the event, the School District will file with the MSRB notice of the occurrence of any of the following events with respect to the Bonds:

- (1) principal and interest payment delinquencies;**
- (2) non-payment related defaults, if material;**
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;**
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;**
- (5) substitution of credit or liquidity providers, or their failure to perform;**
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax-exempt status of the Bonds, or other material events affecting the tax-exempt status of the Bonds;**
- (7) modifications to rights of holders of the Bonds, if material;**
- (8) bond calls, if material, and tender offers;**
- (9) defeasances;**
- (10) release, substitution, or sale of property securing repayment of the Bonds, if material;**
- (11) rating changes;**
- (12) bankruptcy, insolvency, receivership or similar event of the School District;**
- (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;**
- (14) appointment of a successor or additional trustee, or the change of name of a trustee, if material;**
- (15) incurrence of a Financial Obligation of the Obligated Person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Obligated Person, any of which affect security holders, if material; and**

**(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the Obligated Person, any of which reflect financial difficulties.**

*(Note:* The events listed above are those specified in the Rule, not all of which may be relevant to the Bonds.)

The School District may from time to time choose to provide notice of the occurrence of certain other events affecting the Bonds or the School District, in addition to those listed above, if, in the judgment of the School District, such other event is material with respect to the Bonds, but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

SECTION 7. Manner of Filing. All filings to be made with the MSRB in accordance with this Disclosure Certificate are to be filed in such electronic format as is prescribed by the MSRB and accompanied by such identifying information as is prescribed by the MSRB.

As of the date of this Disclosure Certificate, the rules of the MSRB require all such filings to be made using EMMA.

SECTION 8. Dissemination Agent. The School District may, at any time and from time to time, appoint or engage another person (the “Dissemination Agent”) to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge such Dissemination Agent, with or without appointing a successor and without notice to Bondholders.

SECTION 9. Termination of Disclosure Obligation. The School District’s obligations under this Disclosure Certificate shall terminate upon the prior redemption, defeasance or payment in full of all of the Bonds or if and when the School District no longer remains an “obligated person” with respect to the Bonds, within the meaning of the Rule.

SECTION 10. Default. In the event of a failure of the School District to comply with any provision of this Disclosure Certificate, any Bondholder may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the School District to comply with its obligations under this Disclosure Certificate. A default under this Disclosure Certificate shall not be deemed an event of default with respect to the Bonds, and the sole remedy under this Disclosure Certificate in the event of any failure of the School District to comply with this Disclosure Certificate shall be an action to compel performance.

SECTION 11. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Participating Underwriters and Bondholders, and shall create no rights in any other person or entity.

IN WITNESS WHEREOF, The School District causes this Continuing Disclosure Certificate to be executed on its behalf by the President of the Board of School Directors all as of the date set forth above.

BETHLEHEM AREA SCHOOL DISTRICT,  
Northampton and Lehigh Counties, Pennsylvania

By: \_\_\_\_\_  
President of the Board of  
School Directors

## **APPENDIX E**

### **Specimen Municipal Bond Insurance Policy**

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