

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 25, 2025

NEW ISSUE—BOOK-ENTRY ONLY

**RATINGS: S&P: “_____” (Insured)
Moody’s: “Aa3” (Enhanced)
Moody’s: “A1” (Underlying)
(see “RATINGS” herein)**

In the opinion of Bond Counsel, under existing statutes and court decisions, interest on the Bonds is excludable from gross income of the owners thereof for purposes of federal income taxation. This opinion of Bond Counsel is subject to continuing compliance by the School District with the requirements of the Internal Revenue Code of 1986, as amended (the “Code”), and applicable regulations thereunder. In the further opinion of Bond Counsel, interest on the Bonds is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest is taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania (the “Commonwealth”) as presently enacted and construed, the interest on the Bonds is exempt from the Pennsylvania personal income tax and the Pennsylvania corporate net income tax. For further information concerning federal and state tax matters relating to the Bonds, see “TAX EXEMPTION AND OTHER TAX MATTERS” herein.

The School District has designated the Bonds as “Qualified Tax-Exempt Obligations” pursuant to Section 265(b)(3) of the Code (relating to the deductibility of interest expense by certain financial institutions).

\$9,995,000*

**Catasauqua Area School District
Lehigh and Northampton Counties, Pennsylvania
General Obligation Bonds, Series of 2025**

Dated: Date of Delivery

Interest Due: May 15 and November 15

Principal Due: May 15, as shown on inside cover

First Interest Payment: November 15, 2025

The General Obligation Bonds, Series of 2025 (the “Bonds”) in the aggregate principal amount of \$9,995,000* will be issued in registered form, without coupons, in denominations of \$5,000 or any integral multiple thereof. 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 the Bonds may be acquired in denominations of \$5,000 or any integral multiple thereof only under the book-entry only system maintained by DTC through its brokers and dealers who are, or act through, DTC Participants. The purchasers of the Bonds will not receive physical delivery of the Bonds. For so long as any purchaser is the beneficial owner of a Bond, that purchaser 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 Catasauqua Area School District, Lehigh and Northampton Counties, Pennsylvania (the “School District”), payable from its tax and other general revenues. The School District has covenanted that it will, to the fullest extent permitted under applicable law, provide in its budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service 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 or 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 irrevocably has pledged its full faith, credit and taxing power, within the limits provided by law. (See “Security” and “Taxing Powers of the School District” *infra*).

Interest on each of the Bonds is payable initially on November 15, 2025, and thereafter semiannually on May 15 and November 15 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. The School District has appointed Manufacturers and Traders Trust Company (the “Paying Agent”), as paying agent and sinking fund depository for the Bonds. So long as 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, on each of the Bonds will be payable, when due, upon surrender of such Bond to the Paying Agent at its specified corporate trust office in Harrisburg, Pennsylvania (or any successor paying agent at its designated office(s)) and interest on such Bond will be payable by check made out 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,” *infra*).

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

The proceeds from the Bonds will be used to finance (1) the replacement of the roof and various HVAC projects at Catasauqua High School; (2) the planning, designing, constructing, equipping, furnishing and financing of various other capital improvements and capital equipment to school facilities and school buildings owned and operated by the School District; and (3) paying costs and expenses associated with the issuance of 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 _____.

MATURITY DATES AND AMOUNTS, INTEREST RATES, INITIAL OFFERING PRICES/YIELDS AND CUSIPS

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 opinion of Fox Rothschild LLP, of Blue Bell, Pennsylvania, Bond Counsel to the School District, to be furnished upon delivery of the Bonds. Certain matters will be passed upon for the School District by David Knerr, Esquire, School District Solicitor, of Macungie, Pennsylvania and by McNeese Wallace & Nurick LLC, of Lancaster, Pennsylvania, as Limited Scope Underwriter’s Counsel. PFM Financial Advisors LLC, of Harrisburg, Pennsylvania, will serve as the Financial Advisor to the School District in connection with the Bonds. It is expected that the Bonds will be available for delivery in New York, New York, on or about April __, 2025.



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.

\$9,995,000*
Catasauqua Area School District
Lehigh and Northampton Counties, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: Date of Delivery
Interest Due: May 15 and November 15

Principal Due: May 15, as shown below
First Interest Payment: November 15, 2025

BOND MATURITY SCHEDULE FOR:

Maturity Date (May 15) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP⁽¹⁾
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				

⁽¹⁾The above CUSIP (Committee on Uniform Securities Identification Procedures) numbers have been assigned by an organization not affiliated with the School District or the Underwriter, 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 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 Underwriter has 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.

Catasauqua Area School District
Lehigh and Northampton Counties, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Mr. Dale Hein	President
Ms. Jillian Emert.....	Vice-President
Ms. Christy Cooper.....	Treasurer
Mr. Jason Bashaw	Secretary
Ms. Lauren Cieslak	Member
Mr. Eric DeLabar	Member
Mr. Shawn McGinley.....	Member
Mr. Jeremy Smale	Member
Ms. Jamie Nattress	Member

SUPERINTENDENT

DR. CHRISTINA K. LUTZ-DOEMLING

BUSINESS MANAGER

MS. LINDSEY WALLACE

SCHOOL DISTRICT SOLICITOR

DAVID KNERR, ESQUIRE
Macungie, Pennsylvania

BOND COUNSEL TO THE SCHOOL DISTRICT

FOX ROTHSCHILD LLP
Blue Bell, Pennsylvania

FINANCIAL ADVISOR

PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITER

RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL

MCNEES WALLACE & NURICK LLC
Lancaster, Pennsylvania

PAYING AGENT

MANUFACTURERS & TRADERS TRUST COMPANY
Harrisburg, Pennsylvania

SCHOOL DISTRICT ADDRESS

201 North 14th Street
Catasauqua, Pennsylvania 18032-1199

No dealer, broker, salesman or other person has been authorized by the School District to give information or to make any representations, other than those contained in this Preliminary Official Statement, and if given or made, such other information or representations must not be relied upon. 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 in any jurisdiction in which it is unlawful to make such offer, solicitation or sale. The information set forth herein has been obtained from the School District and from other sources which are believed to be reliable but the School District does not guarantee the accuracy or completeness of information from sources other than the School District. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Preliminary Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in any of the information set forth herein since the date hereof.

IN CONNECTION WITH THE OFFERING OF THE BONDS, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICE OF SUCH BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE UNDERWRITER HAS PROVIDED THE FOLLOWING SENTENCE FOR INCLUSION IN THIS PRELIMINARY OFFICIAL STATEMENT. THE UNDERWRITER HAS REVIEWED THE INFORMATION IN THIS PRELIMINARY OFFICIAL STATEMENT IN ACCORDANCE WITH, AND AS PART OF, THEIR RESPONSIBILITIES TO INVESTORS UNDER THE FEDERAL SECURITIES LAWS AS APPLIED TO THE FACTS AND CIRCUMSTANCES OF THIS TRANSACTION, BUT THE UNDERWRITER DO NOT GUARANTEE THE ACCURACY OR COMPLETENESS OF SUCH INFORMATION.

THE BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, NOR HAS THE RESOLUTION BEEN QUALIFIED UNDER THE TRUST INDENTURE ACT OF 1939, AS AMENDED, IN RELIANCE UPON EXEMPTIONS CONTAINED IN SUCH ACTS. THE REGISTRATION OR QUALIFICATION OF THE BONDS OR THE RESOLUTION IN ACCORDANCE WITH APPLICABLE PROVISIONS OF THE SECURITIES LAWS OF CERTAIN STATES, IF ANY, IN WHICH THE BONDS HAVE BEEN REGISTERED OR QUALIFIED AND THE EXEMPTION FROM REGISTRATION OR QUALIFICATION IN CERTAIN OTHER STATES CANNOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE STATES NOR ANY OF THEIR AGENCIES HAVE PASSED UPON THE MERITS OF THE BONDS OR THE ACCURACY OR COMPLETENESS OF THIS PRELIMINARY OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

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PRELIMINARY OFFICIAL STATEMENT

\$9,995,000*

Catasauqua Area School District

**Lehigh and Northampton Counties, Pennsylvania
General Obligation Bonds, Series of 2025**

INTRODUCTION

This Preliminary Official Statement, including the cover and inside cover pages hereof and Appendices hereto, is furnished by Catasauqua Area School District, Lehigh and Northampton Counties, Pennsylvania (the "School District"), in connection with the offering of its \$9,995,000* aggregate principal amount General Obligation Bonds, Series of 2025, dated as of April __, 2025 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on March 11, 2025 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, 53 Pa. Cons. Stat. Chs. 80-82 (the "Act").

PURPOSE OF THE ISSUE

The proceeds from the Bonds will be used to finance (1) the replacement of the roof and various HVAC projects at Catasauqua High School; (2) the planning, designing, constructing, equipping, furnishing and financing of various other capital improvements and capital equipment to school facilities and school buildings owned and operated by the School District; and (3) paying costs and expenses associated with the issuance of the Bonds.

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.

<u>Sources of Funds</u>	<u>Total</u>
Bond Proceeds	
Net Original Issue Premium [Discount]	
<i>Total Sources of Funds</i>	
<u>Uses of Funds</u>	
Construction Fund Deposit	
Issuance Costs ⁽¹⁾	
<i>Total Uses of Funds</i>	

⁽¹⁾Includes legal, financial advisor, printing, rating, total bond discount, municipal bond insurance premium, CUSIP, paying agent and miscellaneous costs.

*Estimated, subject to change.

THE BONDS

Description

The Bonds will be issued in fully registered form in denominations of \$5,000 and integral multiples thereof, will be in the aggregate principal amount of \$9,995,000*, will be dated as of April __, 2025, and will bear interest at the rates and mature in the amounts and on the dates set forth on the cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on November 15, 2025, and thereafter, semiannually on May 15 and November 15 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

So long as 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 the Bonds, when due upon maturity or upon any earlier redemption, will be paid to the registered owners of the Bonds, or registered assigns, upon surrender of the Bonds to Manufacturers and Traders Trust Company (the “Paying Agent”), acting as paying agent and sinking fund depository for the Bonds, at its specified corporate trust office in Harrisburg, Pennsylvania (or to any successor paying agent at its designated office(s)).

Interest on the Bonds will be payable to the registered owner of a Bond from the interest payment date next preceding the date of registration and authentication of the Bond, 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 November 15, 2025, in which event such Bond shall bear interest from the date of delivery, 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 on which interest was last paid on such Bond. Interest on each Bond 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 last day (whether or not a day on which the Paying Agent is open for business) of the calendar month 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 (5th) 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.

*Estimated, subject to change.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under “Book-Entry Only System,” Bonds are transferable or exchangeable by the registered owners thereof upon surrender of Bonds 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 bond or Bonds of authorized denominations, 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 issue or register the transfer of or exchange any Bonds then considered for redemption during a period beginning at the close of business on the fifteenth (15th) 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 in whole or in part until after the redemption date. Bonds may be exchanged for a like aggregate principal amount of Bonds of other authorized denominations of the same maturity and interest rate.

Pennsylvania Budget Adoption

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the state passed a five-month stopgap budget for the fiscal year 2020-21. This budget provided five months of flat funding for most state programs and a full twelve months of flat funding for public education. On November 20, 2020, the General Assembly passed Senate Bill 1350 and House Bill 2536, which included the 2020-21 Supplemental Budget to fund the Commonwealth through the remaining seven-months of fiscal year 2020-21. On November 23, 2020, the Governor approved the 2020-21 Supplemental Budget. The 2020-21 Supplemental Budget included mostly flat funding for public education similar to the stopgap budget adopted for the first five months of the 2020-21 fiscal year.

The Governor timely signed the state’s 2021-2022 fiscal year budget on June 30, 2021. That budget included an increase of \$300 million for basic education, with \$100 million of that targeted to the 100 historically underfunded school districts that included some in both urban and rural areas of the state. Special education received a \$50 million increase, boosting that budget line to \$1.24 billion, while preschool and Head Start programs received a \$30 million increase, to \$311.5 million. All told, funding for K-12 schools reached a then record high of \$13.55 billion in the 2021-2022 budget.

After a week’s delay and intense negotiations, a \$42.7 billion budget for the state’s 2022-2023 fiscal year was signed by then Governor Tom Wolf on July 8, 2022, which included \$7.6 billion for the basic education funding appropriation and \$225 million to supplement school districts with a higher at risk student population. The total amount was a \$25 million increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$44.9 billion budget for the state’s 2023-24 fiscal year was signed by 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 included \$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 that 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 Public School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the Public School Code during any future budget impasses. See “Act 85 of 2016” hereinafter.

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 Bonds 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 Bonds 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.

Security

The Bonds will be general obligations of the School District, payable from its tax and other general revenues. The School District has, subject to statutory restrictions and limitations, 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 on the Bonds for 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 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, subject to statutory restrictions and limitations, irrevocably has pledged its full faith, credit and available taxing power. (See “**The Taxpayer Relief Act**” herein). The Act presently provides 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 subsidies in the event of failure to pay debt service (see “State Enforcement of Debt Service Payments” herein).

Intercept of Commonwealth Appropriations

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 Budget Adoption.**”

Payment of principal of and interest on the Bonds is supported by the Commonwealth “intercept” provisions contained in the Pennsylvania Public School Code of 1949, P.L. 30 §§ 101 et seq. (the “School Code”). The School Code provides that where a school district fails to pay or to provide for the payment of any principal or interest or the amount required as a sinking fund deposit on indebtedness of the school district, the Secretary of Education of the Commonwealth is required to withhold, out of any Commonwealth appropriation due to such school district, and to pay directly to the sinking fund depository for such bonds an amount equal to the sum of the interest and principal amount maturing or subject to mandatory sinking fund redemption or the amount required as a sinking fund deposit which is owing by such school district. The Bonds are entitled to the benefits of the intercept provisions of the School Code. Section 633 of the School Code states:

“In all cases where the board of directors of any school district fails to pay or to provide for the payment of any indebtedness at date of maturity or date of mandatory sinking fund 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 obligations and shall withhold out of any State appropriation due such school district an amount equal to the sum of the principal amount maturing or subject to mandatory sinking fund redemption and interest owing by such school district, or such 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.”

The School Code also requires each school district to report to the Secretary of Education of the Commonwealth within 120 days after the close of its fiscal year as part of its annual financial report, the amount of bonds or other indebtedness that became due during the fiscal year together with amounts paid on such indebtedness. Failure to include such information in the annual report permits the Secretary of Education of the Commonwealth to withhold any Commonwealth appropriation until such report is filed.

The Paying Agent, as sinking fund depository for the School District, is directed to make demand on the Secretary of Education of the Commonwealth if there is a deficiency on a sinking fund deposit date for any Bonds in order to cause the implementation of the provisions of Section 633 of the School Code in advance of an actual debt service payment date on the Bonds. **The sinking fund deposit dates for the Bonds will be April 30 and October 31 (the last day of the month prior to the principal and interest payment dates) which is at least, fifteen (15) days prior to the May 15 and November 15 principal and interest payment dates on the Bonds.**

The withholding provisions of Section 633 of the School Code described above are not part of any contract with the owners of any bonds, including the owners of the Bonds, and may be amended or repealed by future legislation. The effectiveness of these provisions may be limited by the application of other withholding provisions contained in the School Code, such as provisions for withholding and paying over appropriations for payment of unpaid teachers' salaries. There is no assurance that any payment pursuant to Section 633 will be made by the date such payments are due to Bondholders.

Sinking Fund

A sinking fund for the payment of debt service on the Bonds, designated "Sinking Fund, General Obligation Bonds, Series of 2025" (the "Sinking Fund"), has been created under the Resolution and is maintained 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 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.

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 Underwriter 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 Underwriter.

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for 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 Bond certificate will be issued for each series of the Bonds, each in the aggregate principal amount of such issue, 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. securities 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. securities 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.

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 an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue 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).

Redemption proceeds, distributions, and dividend 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 securities 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of Issuer or 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.

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 believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

NEITHER THE SCHOOL DISTRICT 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 and the Paying Agent 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.

REDEMPTION OF BONDS

Mandatory Redemption

The Bonds stated to mature on May 15, _____, are subject to redemption pursuant to the operation of the Bonds Mandatory Sinking Fund in the manner set forth in the Resolution at a redemption price equal to 100% of the principal amount thereof, together with accrued interest, on November 15 of the following years in the following principal amounts:

Year Amount

*Final maturity

Optional Redemption

The Bonds maturing May 15, ____ and thereafter, will be subject to redemption prior to maturity at the option of the Issuer, in whole or in part, on any date on or after November 15, _____. In the event that less than all the Bonds of a particular maturity are to be redeemed, the Bonds of such maturity to be redeemed shall be drawn by lot by the Paying Agent. Any such redemption shall be upon payment of 100% of the principal amount thereof plus accrued interest to the redemption date.

Notice of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, the School District and the Paying Agent shall send redemption notices only to Cede & Co. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding conveyance of notices to Beneficial Owners.

Notice of any redemption shall be given by depositing a copy of the redemption notice in first class mail not less than thirty (30) days prior to the date fixed for redemption addressed to each of the registered owners of Bonds to be redeemed, in whole or in part, at the addresses shown on the registration books; provided, however, that failure to give such notice by mailing, or any defect therein or in the mailing thereof, shall not affect the validity of any proceeding for redemption of other Bonds so called for redemption as to which proper notice has been given.

On the date designated for redemption, notice having been provided as aforesaid, and money for payment of the principal and accrued interest being held by the Paying Agent, interest on the Bonds or portions thereof so called for redemption shall cease to accrue and such Bonds or portions thereof shall cease to be entitled to any benefit or security under the Resolution, and registered owners of such Bonds or portions thereof so called for redemption shall have no rights with respect to such Bonds, except to receive payment of the principal of and accrued interest on such Bonds to the date fixed for redemption.

The notice of redemption may state that it is conditional, that it is subject to the deposit of sufficient redemption money with the Paying Agent no later than a time satisfactory to the Paying Agent on the redemption date and the School District has not timely deposited with the Paying Agent money sufficient to redeem all the Bonds called for redemption. Such notice shall be of no effect unless and until such money is so deposited.

Manner of Redemption

So long as Cede & Co., as nominee of DTC, is the registered owner of the Bonds, however, payment of the redemption price shall be made to Cede & Co. in accordance with the existing arrangements by and among the School District, the Paying Agent and DTC and, if less than all Bonds of any particular maturity are to be redeemed, the amount of the interest of each DTC Participant, Indirect Participant and Beneficial Owner in such Bonds to be redeemed shall be determined by the governing arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY ONLY SYSTEM" herein for further information regarding redemption of Bonds registered in the name of Cede & Co.

If a Bond is of a denomination larger than \$5,000, a portion of such Bond may be redeemed. For the purposes of redemption, a Bond shall be treated as representing the number of Bonds that is equal to the principal amount thereof divided by \$5,000, each \$5,000 portion of such Bond being subject to redemption. In the case of partial redemption of a Bond, payment of the redemption price shall be made only upon surrender of a certificated Bond in exchange for a Bond or Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

If the redemption date for any Bonds shall be a Saturday, Sunday, legal holiday or a day on which banking institutions in the Commonwealth of Pennsylvania are authorized or required by law or executive order to close, then the date for payment of the principal, premium, if any, and interest upon such redemption 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 of redemption.

THE SCHOOL DISTRICT

Introduction

The School District is located along the banks of the Lehigh River, covers 6.6 square miles adjacent to the north of the City of Allentown, the County seat of Lehigh County. The School District is composed of the Borough of Catasauqua and Hanover Township, both in Lehigh County, and the Borough of North Catasauqua in Northampton County.

Administration

The School District is governed by a nine member Board of School Directors (the “School Board”), elected for four-year terms. The Superintendent is the chief administrative officer of the School District, with overall responsibility for the entire educational program including budget and financial operations. The Superintendent is appointed by the School Board.

School Facilities

The School District presently operates one elementary school, a middle school and a high school, all as described in the following table.

**TABLE 1
CATASAUQUA AREA SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date	Grades	Pupil Capacity	2024-25 Enrollment
<i>Elementary:</i>					
Francis H. Sheckler Elementary School.....	1970	2010/2011	K-4	800	603
<i>Secondary:</i>					
Catasauqua Middle School	1962	1985/2005	5-8	750	477
Catasauqua High School.....	2005	---	9-12	800	467

Source: School District Officials.

Enrollment Trends

The following table presents recent trends in school enrollment and projections of enrollment, as prepared by School District officials. The table shows relatively stable enrollments.

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

School Year	Actual Enrollments			Projected Enrollments⁽²⁾			
	Elementary⁽¹⁾	Secondary	Total	School Year	Elementary	Secondary	Total
2020-21	795	822	1,617	2025-26	915	830	1,745
2021-22	828	845	1,673	2026-27	925	835	1,760
2022-23	848	790	1,638	2027-28	930	845	1,775
2023-24	898	812	1,710	2028-29	930	845	1,775
2024-25	932	814	1,746	2029-30	950	850	1,800

⁽¹⁾Based on elementary grades K-6 and secondary grades 7-12.

⁽²⁾Projected enrollments as reported by the Pennsylvania Department of Education.

Source: School District Officials

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 Superintendent and submitted to the School Board for approval prior to the beginning of the fiscal year on July 1.

Financial Reporting

The School District keeps its books and prepares its financial reports according to a modified accrual basis. Major accrual items are payroll taxes and pension fund contributions payable, loans receivable from other funds, and revenues receivable from other governmental units.

The School District's financial statements are audited annually by a firm of independent certified public accountants, as required by Commonwealth law. The firm Campbell, Rappold & Yurasits LLP serves as School District auditor.

Budgeting Process in School Districts under the 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 the fiscal year on July 1.

Procedures for Adoption of the Annual Budget. Under the Taxpayer Relief Act, all school districts of the first class A, second class, third class and fourth class (except as described below) must adopt a preliminary budget proposal (which must include estimated revenues and expenditures and proposed tax rates) no later than 90 days prior to the date of the election immediately preceding the fiscal year. The preliminary budget proposal 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.

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* "TAXING POWERS AND LIMITS - The Taxpayer Relief Act (Act 1)" 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 The Taxpayer Relief Act.

With respect to the utilization of any of the Taxpayer Relief Act referendum exceptions for which PDE approval is required (*see* "TAXING POWERS AND LIMITS - The Taxpayer Relief Act (Act 1)" 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 the Taxpayer Relief Act 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 the Taxpayer Relief Act, 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 in Certain Cases. 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 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

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 (5) years and budgeted for 2024-25. The School District’s budget for 2024-25, as adopted May 7, 2024 projected revenue of \$44,351,456 and expenditures of \$44,351,456.

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

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$3,078,218	\$3,805,885	\$4,943,046	\$8,533,022	\$9,042,549
Investments	335,000	335,000	0	0	0
Taxes Receivable	551,900	596,354	634,173	789,353	900,355
State & Federal Receivable	1,054,371	1,501,230	3,003,712	2,252,774	1,132,168
Intergovernmental Receivable.....	97,153	106,561	0	0	0
Other Receivables	180,588	16,544	520,490	439,470	338,539
TOTAL ASSETS	<u>\$5,297,230</u>	<u>\$6,361,574</u>	<u>\$9,101,421</u>	<u>\$12,014,619</u>	<u>\$11,413,611</u>
<u>LIABILITIES</u>					
Accounts Payables	\$1,748,894	\$1,624,158	\$1,834,192	\$1,596,779	\$1,922,975
Accrued Salaries and Benefits.....	1,486,363	1,476,692	1,585,513	2,225,564	2,625,770
Cur. Por. Lg-Trm. Dbt. (e.g. ST Co Ab)	202,880	257,654	234,010	253,779	119,063
Other	279,490	188,506	9,828	523,842	141,947
TOTAL LIABILITIES	<u>\$3,717,627</u>	<u>\$3,547,010</u>	<u>\$3,663,543</u>	<u>\$4,599,964</u>	<u>\$4,809,755</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Inflows	\$520,058	\$464,602	\$527,180	\$745,680	\$709,264
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>\$520,058</u>	<u>\$464,602</u>	<u>\$527,180</u>	<u>\$745,680</u>	<u>\$709,264</u>
<u>FUND EQUITIES</u>					
Non-spendable Fund Balance.....	\$335,000	\$335,000	\$66,808	\$65,526	
Committed Fund Balance.....	0	0	0	3,600,000	\$2,800,000
Unassigned Fund Balance	724,545	2,014,962	4,843,890	3,003,449	3,094,592
TOTAL FUND EQUITIES	<u>\$1,059,545</u>	<u>\$2,349,962</u>	<u>\$4,910,698</u>	<u>\$6,668,975</u>	<u>\$5,894,592</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES	<u><u>\$5,297,230</u></u>	<u><u>\$6,361,574</u></u>	<u><u>\$9,101,421</u></u>	<u><u>\$12,014,619</u></u>	<u><u>\$11,413,611</u></u>

Source: School District Annual Financial Reports.

**TABLE 4
CATASAUQUA AREA SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*
(Fiscal Years ending June 30)**

	<u>Actual</u>					<u>Budget</u>
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025⁽¹⁾</u>
Beginning Fund Balance	(\$873,669)	\$1,059,547	\$2,026,501	\$4,789,170	\$5,779,716	\$5,894,588
Revenues over (under) Expenditure	1,933,217	1,290,418	2,762,667	1,879,805	114,871	0
Prior Period Adjustments		(323,464)		(889,257)		
Ending Fund Balance	<u>\$1,059,547</u>	<u>\$2,026,501**</u>	<u>\$4,789,168</u>	<u>\$5,779,716***</u>	<u>\$5,894,588</u>	<u>\$5,894,588</u>

*Totals may not add due to rounding.

**As restated in 2022 Audit.

***As restated in 2024 Audit

⁽¹⁾Budget, as adopted May 7, 2024.

Source: School District Annual Financial Reports and Budget.

General Fund Revenue

The School District received \$39,869,798 in revenue in 2023-24 and has budgeted revenue of \$44,351,456 in 2024-25. Local sources have increased as a share of total revenue in the past five years, from 64.2 percent in 2023-24 to 67.1 percent in 2024-25. Revenue from Commonwealth sources decreased as a share of total revenue from 31.5 percent to 29.9 percent over this period. Federal and other sources decreased as a share of total revenue from 3.7 percent to 3.1 percent over this period.

**TABLE 5
CATASAUQUA AREA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES*
(Fiscal Years ending June 30)**

REVENUE:	Actual					Budgeted
Local Sources	2020	2021	2022	2023	2024	2025⁽¹⁾
Current Real Estate Taxes.....	\$18,170,719	\$18,638,277	\$18,652,807	\$19,597,915	\$20,777,634	\$22,336,450
Interim Real Estate Taxes	12,191	65,643	206,849	878,245	430,140	2,388,000
Public Utility Realty Tax	17,166	19,581	21,044	20,523	19,608	25,000
Payments in Lieu of Taxes.....	1,200	1,200	1,200	1,200	1,200	1,200
Act 511 Taxes.....	2,167,643	1,844,105	2,511,946	2,714,708	3,175,828	2,909,000
Delinquencies on Taxes Levied/Assessed..	739,096	563,128	547,257	559,701	539,379	486,000
Interest Earnings.....	9,650	803	1,034	41,235	95,695	610,000
Revenue from LEA Activities.....	27,600	386	36,466	25,769	44,554	29,500
Federal Revenue Received for other LEA..	6,893	7,275	13,816	3,946	8,950	0
Federal IDEA Pass Through Revenue.....	324,618	306,331	323,514	378,292	306,368	320,066
Other Federal Revenue	25,000	0	0	0	0	0
Rentals.....	80,762	71,981	86,676	102,156	156,260	123,000
Contributions & Donations.....	0	10,000	5,000	0	0	0
Tuition.....	0	0	0	0	0	218,000
Receipts from other LEAs in PA	241,929	116,255	139,373	204,478	227,171	0
Revenue from Community Service.....	0	0	0	0	0	0
Refunds of Prior Years' Expenditures	9,694	12,253	0	4,983	0	307,500
All Other Local Revenues Not Specified ...	290,412	300,035	298,885	307,347	-205,537	0
Total Revenue from Local Sources	\$22,124,571	\$21,957,253	\$22,845,867	\$24,840,497	\$25,577,249	\$29,753,716
State Sources						
Basic Instructional Subsidy.....	\$4,965,032	\$5,049,383	\$6,229,019	\$5,815,991	\$6,028,433	\$7,201,144
Tuition for Orphans & Children.....	59,808	74,854	91,325	56,159	41,634	34,000
Special Education	1,016,412	1,016,369	1,087,777	1,196,447	1,259,784	1,329,377
Transportation.....	63,690	183,296	176,770	226,157	240,664	230,000
Rental and Sinking Fund Reimbursement..	215,648	219,361	10,225	340,160	335,336	230,000
Health Services.....	30,576	28,118	26,946	27,107	27,175	27,000
State Property Tax Reduction Allocation...	681,750	681,193	682,798	857,405	858,330	1,028,259
Grants	446,093	506,270	206,861	284,794	380,403	362,261
Revenue for Social Security Payments	0		2,576,649	0	597,894	0
Revenue of Retirement	2,275,344	2,341,585	0	2,619,513	2,792,251	2,800,000
Other.....	0		0	46,889	3,380	0
Total Revenue from State Sources.....	\$9,754,354	\$10,100,429	\$11,088,368	\$11,470,621	\$12,565,284	\$13,242,041
Federal Sources						
Total Revenue from Federal Sources ..	\$816,616	\$1,716,534	\$3,423,909	\$3,390,235	\$1,465,316	\$1,355,699
Other Sources						
Total Revenue from Other Sources/ Fund Balance Appropriation	\$17,300	\$179,730	\$412,593	\$545,131	\$261,950	
Total Revenue	\$32,712,841	\$33,953,946	\$37,770,737	\$40,246,485	\$39,869,798	\$44,351,456

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 7, 2024.

Source: School District Annual Financial Reports and Budget.

General Fund Expenditures

**TABLE 5
CATASAUQUA AREA SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
EXPENDITURES*
(Fiscal Years ending June 30)**

EXPENDITURES:	Actual					Budgeted
	2020	2021	2022	2023	2024	2025⁽¹⁾
Instruction	\$19,226,595	\$20,191,203	\$21,818,392	\$22,626,073	\$23,954,816	\$26,458,088
Pupil Personnel	1,457,705	1,639,720	1,580,530	1,760,417	1,989,631	1,823,744
Instructional Staff.....	1,448,448	1,264,382	1,861,182	1,694,545	1,622,727	1,731,212
Administration	2,027,109	2,111,729	2,274,072	2,408,347	2,612,893	3,165,087
Pupil Health	328,145	360,234	390,220	425,463	415,051	488,872
Business	439,467	397,552	291,637	577,479	532,881	684,502
Operation and Maintenance of Plant Svcs.	1,949,881	2,190,822	2,512,534	2,903,557	2,914,127	3,515,595
Student Transportation Services	686,177	605,379	1,056,777	1,435,818	1,080,258	1,601,846
Central.....	64,279	87,468	67,779	85,556	71,718	377,557
Other Support Services.....	24,412	25,496	25,220	25,070	24,810	24,810
Operation of Non-instructional Services	712,527	655,066	765,628	888,242	869,235	971,146
Facilities Acquisition and Improvement	32,879	88,185	545,108	210,130	156,798	279,750
Debt Service.....	8,693	7,002	1,818,991	3,325,982	3,509,983	3,214,247
Fund Transfers	2,373,305	3,039,289	0	0	0	15,000
Budgetary Reserve	0	0	0	0	0	0
Other Expenditures.....	0	0	0	0	0	0
Total Expenditures	\$30,779,624	\$32,663,528	\$35,008,070	\$38,366,679	\$39,754,927	\$44,351,456
SURPLUS (DEFICIT) OF REVENUES						
OVER EXPENDITURES.....	\$1,933,217	\$1,290,418	\$2,884,196	\$1,879,805	\$114,871	\$0

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted May 7, 2024.

Source: School District Annual Financial Reports and Budget.

TAXES AND TAXING POWERS OF THE SCHOOL DISTRICT

Subject to certain limitations imposed by the Taxpayer Relief Act, Act No. 1 of the Special Session of 2006, as amended (see "The Taxpayer Relief Act (Act 1)" herein), 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 or note 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.

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 Tax Relief Act” or “Act 1”), a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, levy any tax for the support of the public schools which was not levied in the 2006-2007 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 (Act 511), 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 exceptions summarized below is applicable and the use of such exception is approved by the Pennsylvania Department of Education (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 the provisions of 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 Act 1 Index applicable to the School District in the current and prior fiscal years are as follows:

Fiscal Year	Index %
2024-25	7.0%
2023-24	5.3
2022-23	4.4
2021-22	3.9
2020-21	3.3

Source: Pennsylvania Department of Education website.

In accordance with Act 1, the School District put a referendum question on the ballot at the May, 15, 2007, primary election seeking voter approval to levy (or increase the rate of) an earned income and net profits tax (“EIT”) or a personal income tax (“PIT”) and use the proceeds to reduce local real estate taxes by a homestead and farmstead exclusion. The referendum was **NOT** approved by the voters.

A board of school directors may submit, but is not required to submit, a referendum question to the voters at the municipal election in 2009 or any later year seeking approval to levy or increase the rate of an EIT or a PIT for the purpose of funding homestead and farmstead exclusions, but 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 under law.

Status of the Bonds Under Act 1

The Bonds described in this Official Statement do not represent debt that was approved (“incurred”) by the board of school directors prior to the effective date of Act 1, therefore the board of school directors may not apply to the Pennsylvania Department of Education (PDE) to use the Act 1 referendum exception for previously incurred debt if a tax increase greater than the Index is needed to provide for payment of principal or interest on the Bonds.

do not represent debt that was approved (“incurred”) by the board of school directors prior to the effective date of Act 1, therefore the board of school directors may not apply to the Pennsylvania Department of Education (PDE) to use the Act 1 referendum exception for previously incurred debt if a tax increase greater than the Index is needed to provide for payment of principal or interest on the Bonds.

SET FORTH ABOVE IS A SUMMARY OF PORTIONS OF ACT 1. THIS SUMMARY IS NOT INTENDED TO BE AN EXHAUSTIVE DISCUSSION OF THE PROVISIONS OF ACT 1 NOR A LEGAL INTERPRETATION OF ANY PROVISION OF ACT 1, AND A PROSPECTIVE PURCHASER OF THE BONDS SHOULD REVIEW THE FULL TEXT OF ACT 1 AS A PART OF ANY DECISION TO PURCHASE THE BONDS.

Legislation Limiting Unreserved Fund Balances

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes unless the school district has adopted a budget for such school year that includes an estimated ending unreserved undesignated fund balance which is not more than a specified percentage of the total budgeted expenditures, as set forth below:

Total Budgeted Expenditures	Estimated Ending Unreserved Undesignated Fund Balance as a Percentage of Total Budgeted Expenditures⁽¹⁾
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 appropriable 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.

⁽¹⁾Effective June 30, 2011, GASB 54 fund designations renamed.

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, Counties and the municipalities within the School District.

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

Fiscal Year	Real Estate Taxes		Earned		Local Services Tax (\$)	Commercial Parking⁽²⁾ (%)
	Lehigh County (mills)	Northampton County (mills)	Income & Net Profits⁽¹⁾ (%)	Realty Transfer⁽¹⁾ (%)		
2020-21	19.8727	57.8176	0.5	0.5	5.00	10.00
2021-22	19.8727	56.1601	0.5	0.5	5.00	10.00
2022-23	20.8241	53.7576	0.5	0.5	5.00	10.00
2023-24	20.7553	56.1069	0.5	0.5	5.00	10.00
2024-25	21.6836	61.3196	0.5	0.5	5.00	10.00

⁽¹⁾The School District receives 50% of the tax and the municipalities receives the other 50%.

⁽²⁾ The School District levies a tax of 10% of which the School District receives 7.0% and Hanover Township receives 3.0%.

Source: School District Officials.

TABLE 7
CATASAUQUA AREA SCHOOL DISTRICT
COMPARATIVE REAL PROPERTY TAX RATES
(Mills on Assessed Value)
(Fiscal Years Ending)

<i>School District</i>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>
Lehigh County.....	19.8727	19.8727	20.8241	20.7553	21.6836
Northampton County	57.8176	56.1601	53.7576	56.1069	61.3196
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Catasauqua Borough.....	7.3500	7.3500	7.3500	12.5500	12.5500
Hanover Township.....	0.0796	0.0796	0.0796	0.0796	0.0796
North Catasauqua Borough.....	13.7000	13.7000	13.7000	16.5000	17.0000
Lehigh County	3.6400	3.6400	3.6400	3.6400	3.6400
Northampton County	11.8000	10.8000	10.8000	10.8000	10.8000

Source: Local Government Officials.

Real Property Tax

The real property tax (excluding delinquent collections) produced an \$20,777,634 in 2023-24, approximately 52.11 percent of total revenue. The School District fiscal year is from July 1 through June 30 and tax bills are issued on July 1 of each year. Taxpayers who remit within 60 days of July 1 receive a 2 percent discount, and those who remit subsequent to 120 days after July 1 are assessed a 10 percent penalty. The School District adopted a Resolution in fiscal year 2006-07 permitting the payment of real property taxes for residential properties with the homestead purpose exception to pay in installment plans on August 10, October 10 and December 10 (no discounts will be given for early payments). Act 25 of 2011 requires school districts of a second, third, or fourth class to adopt a resolution giving small business owners the option to pay school real property taxes in installments beginning in 2012. The School District adopted a resolution pursuant to Act 25 prior to July 1, 2012.

The following tables summarize recent trends of assessed and market valuations of real property and real property tax collection data. The last county-wide reassessment in Lehigh County was completed in 2012 and became effective for the School District taxes due and payable on and after July 1, 2013. School Real Estate taxes paid for 2012-2013 were based on assessed values established in 1991 (unless changed through tax assessment appeals or interim assessments) when the County previously conducted a county-wide reassessment. The County has also changed its pre-determined ratio from 50% to 100% effective for the School District on July 1, 2013. The last county-wide assessment in Northampton County was in 1995.

TABLE 8
CATASAUQUA AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA

<u>Fiscal Year</u>	<u>Market Value</u>	<u>Assessed Value</u>	<u>Ratio</u>
2019-20.....	\$889,251,650	\$899,308,400	101.13%
2020-21.....	889,251,650	897,689,000	100.95%
2021-22.....	968,440,494	903,002,200	93.24%
2022-23.....	1,024,724,286	919,956,700	89.78%
2023-24.....	1,024,090,562	968,343,000	94.56%

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

TABLE 9
CATASAUQUA AREA SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY

<i>School District</i>	<u>2022</u>	<u>2022</u>	<u>2023</u>	<u>2023</u>
	<u>Market Value</u>	<u>Assessed Value</u>	<u>Market Value</u>	<u>Assessed Value</u>
Catasauqua Borough	\$1,168,716,174	\$916,051,400	\$1,299,389,065	\$967,938,400
Hanover Township	323,173,114	336,754,200	320,863,040	334,917,000
North Catasauqua Borough	653,071,473	520,048,500	776,514,908	571,242,100
(Northampton County)	192,471,587	59,248,700	202,011,117	61,779,300
Lehigh County.....	33,399,860,595	29,540,096,100	34,118,307,969	29,972,155,400
Northampton County.....	31,343,305,435	10,463,074,050	32,167,604,742	10,630,508,250

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

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

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Residential.....	\$386,461,300	\$389,708,300	\$389,012,700	\$383,038,600	\$386,010,800
Lots	1,695,000	1,775,000	1,738,900	3,031,100	2,050,200
Industrial	198,353,700	198,356,700	199,147,800	207,395,800	259,009,000
Commercial	309,560,800	311,861,200	310,880,300	321,230,000	319,179,900
Agriculture	0	0	0	0	0
Land	237,700	72,900	72,900	72,900	342,500
Trailers	1,200,400	1,228,100	1,228,100	1,283,000	1,346,000
Totals	<u>\$897,508,900</u>	<u>\$903,002,200</u>	<u>\$902,080,700</u>	<u>\$916,051,400</u>	<u>\$967,938,400</u>

Source: Pennsylvania State Tax Equalization Board (STEB) / Tax Equalization Division (TED).

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

Fiscal Year	Assessed Valuation	Lehigh County (mills)	Northampton County (mills)	Tax Levy⁽¹⁾	Current Year Collections (July-June)	Current Year Collections as Percent of Tax Levy	Total Collections⁽²⁾	Total Collections as Percent of Total Adjusted Flat Billing (%)
2019-20	\$897,689,000	19.5127	61.1112	\$19,255,628	\$18,170,719	94.37%	\$18,690,689	97.07%
2020-21	902,189,700	19.8727	57.8176	19,552,544	18,573,825	94.99%	19,093,795	97.65%
2021-22	903,002,200	19.8727	56.1601	19,552,544	18,623,568	95.25%	19,143,538	97.91%
2022-23	919,956,700	20.8241	53.7576	20,337,226	19,299,411	94.90%	19,819,381	97.45%
2023-24	968,343,000	20.7553	56.1069	20,280,483	19,269,854	95.02%	19,789,824	97.58%

⁽¹⁾Beginning in 2008-09 the amount of the Adjusted Levy is reduced by the amount of the Homestead/Farmstead Exemptions.

Source: School District officials.

⁽²⁾Includes delinquent realty taxes collected.

Table 12 represents the ten largest real property taxpayers within the School District; the aggregate assessed value of these ten largest real property taxpayers represents approximately 32.4 percent of the School District's total assessed value of \$967,938,400.

**TABLE 12
CATASAUQUA AREA SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS**

Owner	2024-25 Assessed Values
B Braun Medical Inc.	\$67,663,800
Airport Associates LP	45,959,600
Fridge Borrower LLC	44,427,200
Patriot American Parkway LP	36,786,000
FR 200 Cascade LLC	29,016,200
Denholtz	20,459,100
PAA WD LLC	19,616,800
GG Brennan Lehigh Owner LLC	18,792,000
Central Plains LLC	15,701,000
HJ & VJ Inc.	15,390,100
Totals	<u>\$313,811,800</u>

Source: School District officials.

Other Taxes

Under Act 511, the School District collected \$3,175,828 in other taxes in 2023-24. Among the taxes authorized by Act 511, the Local Services Tax, Earned Income Tax, Real Estate Transfer Tax and the Commercial Parking Tax are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was approximately \$12,289,086.

Local Services Tax (Formerly known as the Occupation Privilege Tax and Emergency & Municipal Services Tax.) A tax of \$5.00 is levied on each resident with an occupation. In 2023-24 the collected portion of this tax yielded \$60,839 or less than one percent of total revenue.

Earned Income Tax. The School District levies a tax of 1.0% on earned income of residents (of which 50% is subject to sharing with the municipality that levies the same tax). In 2023-24 the collected portion of this tax yielded \$1,560,322 or 3.9 percent of total revenue.

Real Estate Transfer Tax. The School District levies a tax of 1.0% (of which 50% is subject to sharing with the municipality that levies the same tax) of the value of real estate transfers. In 2023-24 the collected portion of this tax yielded \$1,152,420 or 2.9 percent of total revenue.

Commercial Parking. A tax at a rate of 10.0% is imposed on patrons of non-residential parking places (The School District receives 7.0% of this tax and is subject to sharing 3.0% of this tax with the municipality that levies the same tax in Lehigh County). In 2023-24 the collected portion of this tax yielded \$402,245 or 1.0 percent of total revenue.

COMMONWEALTH AID TO SCHOOL DISTRICTS

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.

Basic education funding is allocated to all school districts in an amount equal to: (1) a fixed sum equal to the school district's Fiscal Year 2014-15 basic educational funding; plus (2) an additional increment determined annually pursuant to statutory formula which adjusts a school district's average daily membership by a number of factors specific to the composition of the student population as well as the school district's median household income, local tax effort and capacity to generate local revenue. The additional increment as calculated above for any individual school district may be zero.

Information concerning the calculation of the School District's basic education funding can be found on the Pennsylvania Department of Education's website at <https://www.education.pa.gov>

School districts may also receive state aid for special education, pupil transportation, vocational education, and health services, among other things.

Current Lack 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") (38.45%) or the wealth based Market Value Aid Ratio ("MVAR") currently (44.92%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

The School District estimates the Bonds will not be subject to reimbursement by the Commonwealth.

In May of 2016, the Commonwealth enacted 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 June 1, 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.

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.

DEBT AND DEBT LIMITS

Debt Statement

Table 13 shows the debt of the School District as of February 21, 2025 including the issuance of the Bonds.

**TABLE 13
CATASAUQUA AREA SCHOOL DISTRICT
DEBT STATEMENT*
(As of February 21, 2025)**

NONELECTORAL DEBT	Gross Outstanding
General Obligation Bonds, Series of 2025	\$9,995,000*
General Obligation Bonds, Series of 2021	9,340,000
General Obligation Bonds, Series A of 2020	9,350,000
General Obligation Bonds, Series of 2020	10,970,000
General Obligation Notes, Series of 2018	7,760,000
TOTAL NONELECTORAL DEBT	\$47,415,000
LEASE RENTAL DEBT	
TOTAL LEASE RENTAL DEBT	\$0
TOTAL PRINCIPAL OF DIRECT DEBT	\$47,415,000

*Includes the estimated Bonds being offered through this Preliminary Official Statement.

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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 \$47,415,000. After adjustment for available funds and estimated State aid, the local effort of direct debt will total \$44,498,252.

TABLE 14
CATASAUQUA AREA SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS*
(As of February 21, 2025)

DIRECT DEBT	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
Nonelectoral Obligation Debt	\$47,415,000	\$44,498,252
Lease Rental Debt.....	0	0
TOTAL DIRECT DEBT	\$47,415,000	\$44,498,252
OVERLAPPING DEBT		
Lehigh County, General Obligation Debt ⁽²⁾	\$5,342,227	\$5,342,227
Northampton County, General Obligation Debt ⁽³⁾	8,756,556	8,756,556
Municipal, General Obligation Debt.....	25,413,999	25,413,999
TOTAL OVERLAPPING DEBT	\$39,512,782	\$39,512,782
TOTAL DIRECT AND OVERLAPPING DEBT	\$86,927,782	\$84,011,033
DEBT RATIOS		
Per Capita	\$7,776.68	\$7,515.75
Percent 2023-24 Assessed Value	8.98%	8.68%
Percent 2023-24 Market Value	8.49%	8.20%

*Includes the estimated Bonds being offered through this Preliminary Official Statement.

⁽¹⁾Gives effect to current appropriations for payment of debt service and expected future State Reimbursement of School District sinking fund payments based on current Aid Ratio. See “Commonwealth Aid to School Districts”.

⁽²⁾Pro rata 3.23 percent share of \$165,421,744 principal outstanding.

⁽³⁾Pro rata 9.11 percent share of \$96,170,000 principal outstanding.

Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Act is 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 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.....	\$34,574,554
Total Revenues for 2022-23.....	\$36,604,325
Total Revenues for 2023-24.....	\$38,673,252
Totals	\$109,852,131
Annual Arithmetic Average (Borrowing Base)	\$36,617,377

Under the 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 net 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:

	Legal Limit	Gross Debt Outstanding*	Remaining Borrowing Capacity
Net Nonelectoral Debt and Lease Rental Debt Limit: 225% of Borrowing Base	\$82,389,098	\$47,415,000	\$34,974,098

*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 by Commonwealth aid.

Debt Service Requirements

Table 15 presents the debt service requirements on the School District’s outstanding general obligation and lease rental indebtedness including debt service on the Bonds.

The School District has never defaulted on the payment of debt service.

**TABLE 15
CATASAUQUA AREA SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

Year	Other General Obligation Debt	Series of 2025		Subtotal	Total Requirements
		Principal	Interest		
2024-25	\$2,956,634				
2025-26	2,965,640				
2026-27	2,963,490				
2027-28	2,962,420				
2028-29	2,964,750				
2029-30	2,966,550				
2030-31	2,963,360				
2031-32	2,959,120				
2032-33	2,958,853				
2033-34	2,961,954				
2034-35	2,962,708				
2035-36	2,961,068				
2036-37	2,691,448				
2037-38	2,692,658				
2038-39	2,686,203				
2039-40	2,346,310				
2040-41	2,349,600				
2041-42	2,345,200				
2042-43					
2043-44					
2044-45					
2045-46					
Total	\$50,657,963				

*Totals may not add due to rounding.

Table 16 presents data on the extent to which State Aid provides coverage for debt service and lease rental requirements.

**TABLE 16
CATASAUQUA AREA SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE AND LEASE RENTAL
REQUIREMENTS BY STATE AID***

2023-24 State Aid Received.....	\$12,565,284
2023-24 Debt Service Requirements.....	3,509,983
Maximum Future Debt Service Requirements after Issuance of Bonds	
Coverage of 2023-24 Debt Service Requirements	3.58 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	times

*Assumes current State Aid Ratio. See “COMMONWEALTH AID TO SCHOOL DISTRICTS.”

Future Financing

The District is evaluating its future capital needs via a feasibility study, but nothing is committed at this time.

LABOR RELATIONS

School District Employees

There are presently 290 employees of the School District, including 118 teachers, 13 administrators, and 159 full-time and part-time secretaries, athletic staff, maintenance/custodial staff, transportation staff, cafeteria staff and teachers’ aides.

The School District’s teachers are represented by the Catasauqua Area Education Association, an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District which expires on June 30, 2027. Custodial employees are represented by the Teamsters Local Union # 773, under a contract which expires June 30, 2028.

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 34.00% for the fiscal year 2025-26. Current financial projections indicate the possibility of increases in the contribution rate in the next five years.

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:

2020-21	\$2,143,525
2021-22	2,331,470
2022-23	2,339,586
2023-24	2,254,450
2024-25 (Budgeted)	2,763,222

At June 30, 2024, the School District reported a liability of \$41,239,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the 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 0.0927% which was a increase of 0.0021% 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, which is not incorporated by specific reference into this Preliminary Official Statement.

Source: School District Administrative Officials and PSERS.

Other Post-Employment Benefits

The School District is obligated under collective bargaining agreements to provide in the future health insurance coverage for current and future retired employees, and to provide retirement severance pay for existing employees. The School District became subject to the requirements of GASB Statements No. 43 and 45 commencing with the School District's annual financial statements for the fiscal year ending June 30, 2009.

CYBER SECURITY

The School District, like other public and private entities, relies on computer and other digital networks and systems to conduct its operations. As a recipient and provider of personal, private or other electronic sensitive information, the School District may be the subject of cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. Entities or individuals may attempt to gain unauthorized remote access to the School District's systems for the purposes of misappropriating assets or information or causing operational disruption or damage, or demanding ransom for restored access to files or information. The School District has never had a material cyber breach or a cyber breach that resulted in a financial loss. No assurance can be given that the School District's current efforts to manage cyber threats and security will, in all cases, be successful. The School District cannot predict what future cyber security events may occur and what impact said events could have on its operations or finances. In addition to the various processes in place to safeguard against cyber security attacks, the School District also maintains a comprehensive insurance policy which includes privacy liability, cyber incident response, data breach, network security, internet media and network extortion coverages.

The School District relies on other entities and service providers in the course of operating the School District, including its accountants, attorneys, the trustee, and banks, as well as vendors with respect to outsourced critical digital network operations and functions. No assurance can be given that future cyber threats and attacks against other third party entities or service providers will not impact the School District and the owners of the Bonds, including the possibility of impacting the timely payments of debt service on the Bonds or timely filings pursuant to the Continuing Disclosure Certificate.

CLIMATE CHANGE

Numerous scientific studies have detailed changing global weather patterns and the potential for increasing extreme weather events across the world. The School District cannot predict the timing, extent, or severity of climate change and its impact on its operations and finances. The School District maintains a comprehensive insurance policy and maintains adequate reserves that could be used in the event of extreme weather.

LITIGATION

At the time of settlement, the President or Vice-President of the School District, will deliver a certificate dated as of the date of delivery of and payment for the Bonds, certifying that there is no litigation pending which challenges the validity or enforceability of the Bonds; or in the event that such litigation is pending, a description of the nature of such litigation, together with an opinion of legal counsel approved by the School District, to the effect that such litigation is without legal merit.

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 holders of the Bonds shall be entitled to certain remedies provided by the 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. The Act provides that any judgment shall have an appropriate priority upon the funds next coming into the treasury of the School District. The Act also provides that upon a default of at least 30 days, holders of at least 25 percent of the Bonds may appoint a trustee to represent them. The Act provides certain other remedies in the event of default, and further qualifies the remedies hereinbefore described.

TAX EXEMPTION AND CERTAIN OTHER TAX MATTERS

Certain Federal Income Tax Matters

On the date of delivery of the Bonds, Fox Rothschild LLP ("Bond Counsel") will issue an opinion to the effect that under existing statutes and court decisions as of the date of initial delivery of the Bonds, interest on the Bonds is excludable from gross income of the owners thereof for federal income tax purposes under Section 103 of the Code, and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion of Bond

Counsel will assume the accuracy of certifications made by the School District and will be subject to the condition that the School District complies with all requirements of the Code. Failure to comply with such requirements could cause the interest on the Bonds to be included in gross income prospectively and/or retroactively to the date of issuance of the Bonds.

Notwithstanding the general exclusion of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in certain other federal income tax consequences to certain taxpayers, including, without limitation, certain foreign corporations doing business in the United States that are subject to the branch profits tax imposed by the Code, financial institutions, property and casualty insurance companies, certain subchapter S corporations with substantial passive income and Subchapter C earnings and profits, individual recipients of Social Security or Railroad Retirement benefits, taxpayers otherwise eligible for the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. Bond Counsel will express no opinion as to such other tax consequences, and prospective purchasers of the Bonds should consult their tax advisors as to all matters relating to the acquisition, ownership and disposition of the Bonds.

The initial public offering price of the Bonds of certain maturities may be greater than the amount payable on such Bonds at maturity. Bond Counsel expresses no opinion herein with respect to the treatment of such excess of offering price over amounts payable at maturity (“original issue premium”). Investors should seek advice thereon from their own tax advisor.

The initial public offering price of the Bonds of certain maturities may be less than the amount payable at maturity. The difference between the initial public offering price and the amount payable at maturity constitutes “original issue discount.” Bond Counsel is of the opinion that the appropriate portion of such original issue discount allocable to the original and each subsequent holder will, upon sale, exchange, redemption, or payment at maturity, be treated as interest and excluded from gross income for federal income tax purposes to the same extent as the stated interest on the Bonds.

The School District has designated the Bonds as “qualified tax-exempt obligations” within the meaning of Section 265(b)(3) of the Code.

Certain Pennsylvania Tax Matters

On the date of delivery of the Bonds, Bond Counsel will issue an opinion to the effect that, under the laws of the Commonwealth as enacted and construed as of the date of initial delivery of the Bonds, interest on the Bonds is exempt from Pennsylvania personal income tax and Pennsylvania corporate net income tax. The Bonds and the interest thereon may be subject to state or local taxes in jurisdictions other than the Commonwealth under applicable state or local tax laws. Bond Counsel will express no other opinion regarding other tax consequences with respect to the Bonds, including whether or not interest on the Bonds is subject to taxation under the laws of any jurisdiction other than the Commonwealth.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed.

In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted thereby.

Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), and the Resolution, adopted March 11, 2025 authorizing issuance of the Bonds, the School District (being an “obligated person” with respect to the Bonds, within the meaning of the Rule), will agree to provide certain financial information and operating data to the Municipal Securities 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 substantially in the form attached hereto as Appendix C.

With respect to the filing of annual financial information and operating data, the School District reserves the right to modify from time to time the specific types of information and data 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 Certificate (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 Certificate.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Certificate is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the holder and beneficial owner 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 payment in full 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 accessed on the internet at <http://www.emma.msrb.org>.

The School District has previously entered into Continuing Disclosure Certificate 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 following table.

Continuing Disclosure Filing History

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 ^[1]	Financial Statements		Budget		Operating Data	
		Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]	Filing Date	EMMA ID ^[2]
6/30/2020	12/27/2020	12/10/2020	P21086622	7/07/2020	RE1045117	12/10/2020	P21086625
6/30/2021	12/27/2021	12/27/2021	P11179617	9/08/2021	P21138020	12/27/2021	P11179642
6/30/2022	3/27/2023	3/30/2023 ^[3]	P21280353	8/22/2022	P21220460	12/30/2022	P11247873
6/30/2023	3/26/2024	3/13/2024	P21356102	8/17/2023	P21305575	3/27/2024	P11319950
6/30/2024	3/27/2025	3/11/2025	P11383161	8/19/2024	P21390434	3/11/2025	P11383162

Notes

^[1] For these purposes, assumes the shortest filing deadline of the School District’s previous Continuing Disclosure Certificates

^[2] 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=>

^[3] The School District filed its unaudited financial statement to EMMA on 12/21/2022 and provided their audited financial statements as of the date thereof.

The School District has reasonable procedures in place designed to ensure ongoing timely filings of its material continuing disclosure requirements.

RATINGS

S&P Global Ratings has assigned its municipal bond rating of “_” (_____ Outlook) to the Bonds and has done so with the understanding that upon delivery of the Bonds, a municipal bond insurance policy with respect to the Bonds will be issued by _____. 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: 55 Water Street, New York, New York 10041-0003.

Moody’s Investors Service has assigned its enhanced rating of “Aa3” based upon the additional security provided by the Commonwealth of Pennsylvania’s Act 150 School District Intercept Program, and an 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.

The above ratings are not recommendations to buy, sell, or hold the Bonds, and such ratings may be subject to revision or withdrawal at any time by the rating agencies. Any downward revision or withdrawal of any of the above ratings may have an adverse effect on the market price of the Bonds.

BOND INSURANCE RISK FACTORS

The Issuer has applied for a bond insurance policy to guarantee the scheduled payment of principal and interest on the Bonds. The Issuer 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 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 issuer which is recovered by the issuer 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 Bond Insurer at such time and in such amounts as would have been due absence such prepayment by the issuer 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 Resolution under which the Bonds are issued.

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 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) of 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) of the Bonds. See "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 Bondholders may be limited by applicable bankruptcy law or other similar laws related to insolvency.

Neither the issuer or Underwriter 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 issuer 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.

UNDERWRITING

Raymond James & Associates, Inc. (the "Underwriter") has agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate price of \$_____, which includes an underwriting discount of \$_____ and a net original issue premium of \$_____. The Underwriter's obligations are subject to certain conditions precedent; however, the Underwriter will be obligated to purchase all such Bonds 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 Underwriter. The Underwriter has provided the following information for inclusion in this Preliminary Official Statement: The Underwriter and their 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, the Underwriter and their 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). The Underwriter and its affiliates may engage in transactions for its own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer and/or Borrower. The Underwriter and their 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 Issuer and/or Borrower. The Underwriter does not make a market in credit default swaps with respect to municipal securities at this time but may do so in the future.

LEGAL OPINION

The Bonds are offered subject to the receipt of the legal opinion of Fox Rothschild LLP, Bond Counsel to the School District, of Blue Bell, Pennsylvania. Certain legal matters will be passed upon for the School District by David Knerr, Esquire of Macungie, Pennsylvania, School District Solicitor. Certain legal matters will be passed on for the Underwriter by its Limited Scope Underwriter's Counsel, McNees Wallace & Nurick LLC, of Lancaster, Pennsylvania.

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 School District by PFM Financial Advisors LLC, Harrisburg, Pennsylvania, in its capacity as Financial 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 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. The administration has authorized the preparation and distribution of the Preliminary Official Statement.

CATASAUQUA AREA SCHOOL DISTRICT
Lehigh and Northampton Counties, Pennsylvania

By: _____
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the Catsauqua Area School District

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Introduction

The School District is located along the banks of the Lehigh River, covers 6.6 square miles adjacent to the north of the City of Allentown, the County seat of Lehigh County. The School District is composed of the Borough of Catasauqua and Hanover Township, both in Lehigh County, and the Borough of North Catasauqua in Northampton County. Lehigh County constitute and important part of the Lehigh Valley Area also defined by the U.S. Census Bureau as the Allentown-Bethlehem-Easton Metropolitan Statistical Area (MSA), which is the third largest MSA in the state, surpassed only by Philadelphia and Pittsburgh.

Population

Table A-1 shows population trends for the School District, Lehigh and Northampton Counties and the Commonwealth. Table A-2 shows 2023 age composition.

**TABLE A-1
POPULATION TRENDS**

Area	2010	2020	Compound Average Annual Percentage Change 2010-2015
School District	10,856	11,178	0.59%
Lehigh County	349,497	374,557	1.40%
Northampton County	297,735	312,951	1.00%
Pennsylvania	12,702,379	13,002,700	0.47%

Source: U.S. Census Bureau, 2010 Decennial Census & U.S. Census Bureau, 2020 Decennial Census

**TABLE A-2
AGE COMPOSITION**

	0-19 Years	20-64 Years	65+ Years
Lehigh County	24.8%	57.1%	18.1%
Northampton County	22.3%	56.7%	21.0%
Pennsylvania	23.0%	57.0%	20.0%

Source: U.S. Census Bureau, 2023 American Community Survey 5-Year Estimates.

Employment

Overall Nonfarm Jobs, Industry Employment data for the Allentown-Bethlehem-Easton Labor Metropolitan Statistical Area (“MSA”) an area which includes the School District.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
Allentown-Bethlehem-Easton Metropolitan Statistical Area
(Carbon, Lehigh, and Northampton PA Counties, Warren County, NJ)
NONFARM JOBS – NOT SEASONALLY ADJUSTED
December 2024

Establishment Data	Industry Employment				Net Change From:	
	Dec 2024	Nov 2024	Oct 2024	Dec 2023	Nov 2024	Dec 2023
TOTAL NONFARM	407,800	407,100	405,200	399,800	700	8,000
TOTAL PRIVATE	367,300	366,500	364,800	360,400	800	6,900
GOODS PRODUCING	55,000	55,200	55,400	54,700	(200)	300
Construction, Natural Resources, and Mining	13,500	13,700	14,000	13,200	(200)	300
Manufacturing	41,500	41,500	41,400	41,500	0	-
Durable Goods	24,100	24,100	24,000	24,000	0	100
Non-Durable Goods	17,400	17,400	17,400	17,500	0	(100)
SERVICE-PROVIDING	352,800	351,900	349,800	345,100	900	7,700
PRIVATE SERVICE-PROVIDING	312,300	311,300	309,400	305,700	1,000	6,600
Trade, Transportation, and Utilities	96,200	95,100	92,700	96,500	1,100	(300)
Wholesale Trade	15,300	15,200	15,300	15,400	100	(100)
Retail Trade	40,200	39,600	38,900	40,200	600	-
Food and beverage stores	10,600	10,600	10,500	10,600	0	-
General merchandise stores	7,900	7,700	7,400	7,800	200	100
Department stores	4,100	3,900	3,700	4,200	200	(100)
Transportation, Warehousing, and Utilities	40,700	40,300	38,500	40,900	400	(200)
Transportation and Warehousing	39,600	39,200	37,400	39,800	400	(200)
Information	6,100	6,100	6,100	6,100	0	-
Financial Activities	13,300	13,200	13,100	13,000	100	300
Finance and insurance	9,800	9,700	9,700	9,600	100	200
Insurance carriers and related activities	4,800	4,700	4,700	4,600	100	200
Professional and Business Services	51,700	51,500	51,300	51,800	200	(100)
Professional and technical services	17,700	17,600	17,600	17,300	100	400
Management of companies and enterprises	10,100	10,000	10,000	9,900	100	200
Administrative and waste services	23,900	23,900	23,700	24,600	0	(700)
Employment services	8,800	8,800	8,600	9,400	0	(600)
Education and Health Services	93,100	93,600	93,000	88,200	(500)	4,900
Educational services	13,400	13,800	13,700	13,700	(400)	(300)
Health care and social assistance	79,700	79,800	79,300	74,500	(100)	5,200
Hospitals	25,100	25,100	25,000	24,000	0	1,100
Leisure and Hospitality	37,200	37,100	38,400	35,700	100	1,500
Accommodation and food services	29,800	29,700	30,000	28,900	100	900
Food services and drinking places	25,800	25,700	25,900	25,100	100	700
Other Services	14,700	14,700	14,800	14,400	0	300
Government	40,500	40,600	40,400	39,400	(100)	1,100
Federal Government	2,600	2,600	2,600	2,500	0	100
State Government	2,500	2,500	2,500	2,600	0	(100)
Local Government	35,400	35,500	35,300	34,300	(100)	1,100
Local government educational services	23,500	23,600	23,500	22,400	(100)	1,100
Other Local Government	11,900	11,900	11,800	11,900	0	-
Data Benchmarked to March 2023	** Data Changes of 100 May be Due to Rounding**					

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Table A-4 shows recent trends in labor force, employment and unemployment for Lehigh and Northampton Counties and the Commonwealth.

**TABLE A-4
TRENDS IN LABOR FORCE, EMPLOYMENT AND UNEMPLOYMENT
NOT SEASONALLY ADJUSTED**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>	Compound Average Annual % Rate
<i>Lehigh County</i>						
Civilian Labor Force (000)	195.4	196.2	196.9	199.5	197.4	0.20%
Employment (000)	177.2	183.9	188.9	192.3	190.9	1.50%
Unemployment (000)	18.2	12.3	8.0	7.3	6.6	-18.36%
Unemployment Rate	9.3%	6.3%	4.1%	3.6%	3.3%	
<i>Northampton County</i>						
Civilian Labor Force (000)	161.9	162.4	164.1	166.2	164.6	0.33%
Employment (000)	147.8	153.4	157.6	160.4	159.3	1.51%
Unemployment (000)	14.1	9.0	6.5	5.7	5.3	-17.77%
Unemployment Rate	8.7%	5.5%	3.9%	3.5%	3.2%	
<i>Pennsylvania</i>						
Civilian Labor Force (000)	6,506.0	6,432.0	6,465.0	6,518.0	6,393.0	-0.35%
Employment (000)	5,930.0	6,054.0	6,202.0	6,296.0	6,179.0	0.83%
Unemployment (000)	577.0	378.0	263.0	223.0	214.0	-17.99%
Unemployment Rate	8.9%	5.9%	4.1%	3.4%	3.3%	

⁽¹⁾As of December 2024.

Source: Pennsylvania Department of Labor and Industry, Center for Workforce Information and Analysis website.

Lehigh County
Amazon.com Services Inc.

Following is a listing of the larger employers within the Lehigh Valley and Northampton County regions:

Lehigh County

Lehigh Valley Hospital Center
Saint Luke's Hospital
Lehigh Valley Physician Group
Mack Trucks Inc.
Saint Luke's Physician Group Inc.
Amazon.com Services Inc.
Allentown School District
Lehigh County
Air Products & Chemicals Inc.
Dorney Park & Wildwater Kingdom

Northampton County

Wal-Mart Associates Inc.
Lehigh University
United Parcel Service Inc
Federal Express Corp
Northampton County
Wind Creek
Victaulic Company
Saint Luke's Hospital
Gaint Food Stores LLC
C&S Wholesale Grocers Inc

Source: Quarterly Census of Employment and Wages, Center for Workforce Information & Analysis, Q2 of 2024

Income

The data on Table A-5 shows trends in per capita income for the School District, the Counties and Pennsylvania over the 2015-2020 period. Per capita income for the School District increased at a slower rate over this period than per capita income for the Counties and the Commonwealth.

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

	<u>2015</u>	<u>2020</u>	<u>Compound Annual Average Percentage Change 2015-2020</u>
School District	\$24,846	\$31,161	4.63%
Lehigh County	28,688	34,629	5.41%
Northampton County	30,176	37,339	4.35%
Pennsylvania.....	29,291	35,518	3.72%

*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: U.S. Census Bureau, 2011-2015 American Community Survey 5-Year Estimates, 2020 American Community Survey 5-Year Estimates.

Industry

Table A-6 shows retail sales over a five year period for the Counties, the MSA and the Commonwealth. The great diversity of industrial activity can be seen in even a partial list of products manufactured in these areas: steel products, trucks, industrial equipment, food products, pet foods, electrical and mechanical equipment, electronic components, modular storage cabinets, storage systems, musical instruments, clothing and textiles, and chemical and mineral processing equipment. The increasingly important service sector is characterized by the rapid growth of computer service, software companies, and firms which deal in information processing.

The stable industrial base, combined with the existing educational, research, and development facilities, has created an ideal environment for the development of advanced technology in the Lehigh Valley (Northampton and Lehigh Counties).

**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	9,772,584	10,486,443	11,393,511
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: The Nielsen Company.

Higher Education

Lehigh Valley (Lehigh and Northampton Counties) provides area residents with numerous educational facilities in the Valley. A listing of the major educational facilities appears below:

Institutions of Higher Education

Muhlenberg College	Cedar Crest College
De Sales University	East Stroudsburg University
Kutztown University (Berks County)	Lafayette College
Lehigh Carbon Community College	Lehigh University
Lincoln Technical Institute	Moravian College
Northampton Community College	Penn State University, Lehigh Valley

Source: Lehigh Valley website.

Transportation

The Lehigh Valley is served by Interstate 78 and 476 and in addition State routes 191, 378 and 412, US 22 and PA 309.

The Lehigh Valley International Airport has jet facilities, air freight and air express service. Air transportation services and partners include: Allegiant, American, Delta and United. As a railroad center, Bethlehem contains the main classification of the Central Railroad of New Jersey and freight agencies of a number of other railroads including Reading Company, Philadelphia, Bethlehem and New England and Lehigh Valley Railroads. These railroads, with links to the national railroad systems, provide easy access to major sources of raw materials and sales markets.

Utilities

The Lehigh Valley (Northampton and Lehigh Counties) region is served by PPL, natural gas service is provided by UGI and telephone service is provided by Verizon.

APPENDIX B
Form of Bond Counsel Opinion

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980 Jolly Road, Suite 110
PO Box 3001
Blue Bell, PA 19422
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www.foxrothschild.com

_____, 2025

Raymond James & Associates, Inc.
2173 Embassy Drive
Lancaster, PA 17603

Re: Catasauqua Area School District
Lehigh and Northampton Counties, Pennsylvania
\$_____ General Obligation Bonds, Series of 2025

Ladies and Gentlemen:

We have acted as Bond Counsel to the Catasauqua Area School District, Lehigh and Northampton Counties, Pennsylvania (the “School District”), a school district located in the Commonwealth of Pennsylvania (the “Commonwealth”), in connection with the authorization, issuance and sale by the School District of its General Obligation Bonds, Series of 2025, dated _____, 2025, in the aggregate principal amount of _____ Dollars (\$_____) (the “Bonds”).

The Board of Directors of the School District, by a Resolution dated March 11, 2025 (the “Resolution”), has authorized and directed the issuance of the Bonds. The Resolution provides, inter alia, that the proceeds of the Bonds will be used for purposes of providing financing for: (1) the replacement of the roof and various HVAC projects at Catasauqua High School; (2) the planning, designing, constructing, equipping, furnishing and financing of various other capital improvements and capital equipment to school facilities and school buildings owned and operated by the School District; and (3) paying costs and expenses associated with the issuance of the Bonds, all in accordance with applicable and appropriate provisions of the Local Government Unit Debt Act of the Commonwealth, as codified by the Act of December 19, 1996 (P.L. 1158, No. 177) (the “LGUDA”). Proceedings for authorization, issuance and sale of the Bonds have been conducted in accordance with the provisions of the LGUDA. The Department of Community and Economic Development (the “Department”) of the Commonwealth has approved the proceedings

A Pennsylvania Limited Liability Partnership

California Nevada Colorado New Jersey Delaware New York District of Columbia North Carolina Florida Oklahoma Georgia Pennsylvania Illinois South Carolina Massachusetts Texas Minnesota Washington Missouri



Raymond James & Associates, Inc.

_____, 2025

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for the incurring of this debt of the School District as authorized in the Resolution, as required by the LGUDA.

As to questions of fact material to our opinion, without undertaking to verify such facts by independent investigation, we have relied upon the certified proceedings and other certifications of the School District and other public officials, including without limitation, the matters listed in the following paragraph, which have been furnished to us.

As Bond Counsel to the School District, we have examined and relied upon, among other things: (1) the proceedings related to the issuance and delivery of the Bonds as filed with and approved by the Department; (2) an executed counterpart of the Resolution; (3) a form of Bond; (4) a General Certificate of the School District; (5) a Tax Compliance Agreement; (6) a Due Diligence Memorandum completed and executed by the School District; and (7) the usual closing affidavits, certificates and documents. In our examination, we have assumed the genuineness of all signatures, including electronic signatures.

We have assumed that the School District, pursuant to the Resolution, has established a sinking fund with the Paying Agent named in the Resolution, as the sinking fund depository, into which funds for the payment of the principal of and interest on the Bonds will be deposited no later than the date fixed for the disbursement thereof. The School District has set forth in the Resolution to make payments out of such sinking fund or out of any other of its revenue or funds, at such times and in such annual amounts, as shall be sufficient for prompt and full payment of all obligations under the Bonds.

The School District in the Resolution has covenanted to include in each year's budget, to the fullest extent authorized under law, sums sufficient to meet the requirements of all interest and principal payment due under the Bonds, to appropriate such amounts from its general revenues necessary for the payment of such debt service and to pay the principal and interest due upon the Bonds to the extent of its obligation as and when due and it has pledged its full faith, credit and taxing power to such payment, budgeting and appropriation.

The School District has designated the Bonds as "qualified tax exempt obligations" within the meaning of Section 265(b)(3)(B) of Internal Revenue Code of 1986 (the "Code").

We have further assumed that the principal of and interest on the Bonds are payable without deduction of any tax or taxes now levied or assessed thereon under any present law of the Commonwealth, which tax or taxes the School District assumes and agrees to pay; provided, however, that the foregoing shall not be applicable to gift, succession or inheritance taxes or to other taxes not levied or assessed directly on the Bonds or the interest paid thereon.



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_____, 2025

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Based upon the foregoing, and subject to the further qualifications stated herein, and assuming investment and application of the proceeds of the Bonds as set forth in the Tax Compliance Agreement and the continuing compliance by the School District therewith and with the applicable provisions of the Code and the Regulations thereunder, we are of the opinion that:

1. The School District is authorized, under applicable laws of the Commonwealth, to issue the Bonds to provide funds as enumerated in the Resolution.

2. The amount of non-electoral debt of the School District issued and outstanding or authorized by vote of the Board of Directors of the School District, including the Bonds, computed in accordance with the LGUDA, is not in excess of legal limitations; and the incurring of non-electoral debt of the School District, which is evidenced by the Bonds, is permitted by the LGUDA and the Constitution of the Commonwealth to be made by vote of the Board of Directors of the School District without assent of electors of the School District.

3. The proceedings pursuant to which the Bonds have been authorized and thus the incurring of the non-electoral debt of the School District, which is evidenced by the Bonds, are in accordance with applicable law. The Bonds are a full faith and credit obligation of the School District, the payment for which the School District is obligated, if necessary, to exercise its ad valorem taxing power, subject to the limits of Act 1, discussed below, upon all taxable property within the School District.

4. The Bonds are not presently “arbitrage bonds” as that term is contemplated by, and defined in, Section 103(b)(2) and Section 148, respectively, of the Code and applicable Regulations promulgated thereunder.

5. Interest on the Bonds is excludable from gross income for Federal income tax purposes under Section 103 of the Code and is not an item of tax preference for purposes of the Federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations.

6. The Bonds are exempt from personal property taxes in the Commonwealth and interest on the Bonds is exempt from the personal income tax and the corporate net income tax imposed by the Commonwealth.

7. The Bonds, when issued and approved by the Pennsylvania Department of Community and Economic Development, will constitute indebtedness of the Local Government Unit for purposes of Section 6-633 of the Pennsylvania Public School Code of 1949, as amended.



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_____, 2025

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Notwithstanding the general excludability of interest on the Bonds from gross income and the exemption of the Bonds and the interest thereon from certain taxes, ownership of the Bonds may result in other Federal, state, local and/or foreign tax consequences to certain taxpayers, including, without limitation, corporations required to include such interest in the calculation and payment of the alternative minimum tax under Section 55 of the Code (as noted in Paragraph 5 above); certain foreign corporations doing business in the United States that are subject to the Branch Profits Tax imposed by Section 884 of the Code; individuals or entities required to take such interest into account as market discount; financial institutions; insurance companies required to include such interest in amounts required to reduce the deductions for loss reserves pursuant to Section 832 of the Code; certain "S" Corporations (as defined in Section 1361 of the Code) with accumulated earnings and profits; individual recipients of Social Security, or Railroad Retirement benefits; and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry the Bonds. We offer no opinion as to any of such other tax consequences.

With respect to the foregoing opinion, we advise you that the rights of the holders of the Bonds and the enforceability of the Bonds will be subject to and may be limited by (i) applicable bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium or other similar laws of general application or equitable principles relating to or affecting creditors' rights and remedies or debtors' obligations generally, (ii) general principles of equity, whether considered and applied in a court of law or equity, and (iii) the exercise of judicial discretion in appropriate cases.

The opinions set forth in paragraphs 4 and 5 above are subject to the condition that the School District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that the interest thereon be, and continue to be, excludable from gross income for federal income tax purposes. The Code establishes certain requirements relating to the use and expenditures of the Bonds proceeds, restrictions on investments prior to expenditure and the requirement that certain earnings be rebated to the Federal government. Non-compliance with any of these or other applicable requirements of the Code might cause interest on the Bonds to be subject to Federal income taxation either prospectively or retroactively to the date of issuance. The School District has covenanted to comply with such requirements.

We call to your attention to the Taxpayer Relief Act, Pennsylvania Special Session Act No. 1 of 2006, as amended by Act 25 of 2011 ("Act 1"). Act 1 generally provides that a school district may not, in fiscal year 2007-2008 or in any subsequent fiscal year, increase the rate of any tax for school purposes by more than an index based on factors described in Act 1 without voter approval by referendum. The Bonds were not authorized before the effective date of Act 1 and, as a result, are not "grandfathered" and the School District cannot be granted an exception to the Act 1 referendum requirement on the basis of the debt service due and payable on the Bonds if a tax increase greater than the applicable index is needed.



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_____, 2025

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We express no opinion herein as to any matter not expressly set forth herein, including Federal, state, local and/or foreign tax consequences arising with respect to the Bonds other than as expressly set forth in paragraphs 4, 5 and 6 above. Further, we express no opinion herein regarding the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the time of closing on the date hereof, and is based on existing law as enacted and construed as of that time. We assume no obligation to update or supplement this opinion to reflect any facts or circumstances which may hereafter come to our attention or any changes in such laws, regulations, or judicial or administrative decisions, any of which could adversely affect a holder of the Bonds.

Very truly yours,

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APPENDIX C
Continuing Disclosure Certificate

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**CATASAUQUA AREA SCHOOL DISTRICT
LEHIGH AND NORTHAMPTON COUNTIES, PENNSYLVANIA
GENERAL OBLIGATION BONDS, SERIES OF 2025**

CONTINUING DISCLOSURE CERTIFICATE

This Continuing Disclosure Certificate (the “Disclosure Certificate”) is executed and delivered by the Catasauqua Area School District, Lehigh and Northampton Counties, Pennsylvania (the “School District”), in connection with the issuance of its \$_____ aggregate principle amount General Obligation Bonds, Series of 2025 (the “Bonds”), which are being issued pursuant to a Resolution of the School District, dated March 11, 2025 (the “Resolution”). The School District covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Certificate. This Disclosure Certificate is being executed and delivered by the School District for the benefit of the Bondholders and in order to assist the Participating Underwriter in complying with the Rule (hereinafter defined).

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 provided by the School District pursuant to, and as described in, Sections 3 and 4 of this Disclosure Certificate.

“Bondholders” or “Holders” shall mean the registered owners of the Bonds and, if registered in the name of Cede & Co., through The Depository Trust Company, New York, New York (“DTC”), any Beneficial Owners (as such term is used by DTC to define holders other than nominees) of the Bonds, unless the Rule, or an authoritative interpretation thereof by the Securities and Exchange Commission (the “Commission”) or its staff, does not require this Disclosure Certificate to be for the benefit of such Beneficial Owners.

“Commission” shall mean the Securities and Exchange Commission.

“Dissemination Agent” shall mean any person or entity designated from time to time in writing by the School District and which has filed with the School District a written acceptance of such designation and of the duties of the Dissemination Agent under this Disclosure Certificate.

“EMMA” shall mean the Electronic Municipal Market Access system as described in 1934 Act Release No. 59062 and maintained by the MSRB for purposes of the Rule as further described in Section 13 hereof.

“Filing” shall mean, as applicable, any Annual Report or Listed Event filing or any other notice or report made public under this Disclosure Certificate made with each NRMSIR or the MSRB and the SID, if any, together with a completed copy of a cover sheet in such form

acceptable to each NRMSIR, the MSRB or SID, if applicable, describing the event by checking the box in said form when filing pursuant to the pertinent sections of this Disclosure Certificate.

“Financial Obligation” shall mean a (i) debt obligation; (ii) 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) guarantee of (i) or (ii). 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(a) of this Disclosure Certificate.

“MSRB” shall mean the Municipal Securities Rulemaking Board, or any successor thereto for purposes of the Rule. Currently, MSRB’s address, phone number and fax number for purposes of the Rule are:

MSRB
1300 I Street, NW #1000
Washington, DC 20005
Phone: 202-838-1500
Fax: 202-898-1500

“NRMSIR” shall mean any Nationally Recognized Municipal Securities Information Repository recognized for purposes of the Rule and the MSRB, as reflected on the website of the Securities and Exchange Commission at www.sec.gov. **As of the date of this Disclosure Certificate, the sole NRMSIR shall be the MSRB, through the operation of EMMA, as provided in Section 13 hereof.**

“Participating Underwriter” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Repository” shall mean each NRMSIR and the SID, if any.

“Rule” shall mean Rule 15c2-12(b)(5) adopted by the Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

“SID” shall mean any public or private state information depository or entity designated by the Commonwealth of Pennsylvania as a state information depository for the purpose of the Rule, if any. As of the date of this Disclosure Certificate, no SID has been designated.

SECTION 3. Provision of Annual Reports.

(a) The School District shall not later than 270 days after the end of each fiscal year of the School District, commencing with the fiscal year ending June 30, 2025, provide directly or through the Dissemination Agent to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Certificate. In connection therewith, not later than fifteen (15) Business Days prior to said date, the School District shall provide the Annual Report to the Dissemination Agent (if one has been designated by the School

District under 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 that the audited financial statements of the School District may be submitted separately from the remainder of the Annual Report when such audited financial statements are available. If the audited financial statements are not submitted as part of the Annual Filing to each Repository pursuant to this Section 3(a), the School District shall provide to each Repository such audited financial statements when they are available to the School District.

(b) If the School District is unable to provide to the Repositories an Annual Report by the date required in subsection (a), the School District shall send or cause the Dissemination Agent to send a notice to each NRMSIR and the SID in substantially the form attached as Exhibit A.

(c) The School District or the Dissemination Agent, if applicable, shall:

(i) determine each year prior to the date for providing the Annual Report the name and address of each NRMSIR and the SID, if any; and

(ii) if a Dissemination Agent has been designated hereunder, file a report with the School District certifying that the Annual Report has been provided pursuant to this Disclosure Certificate, stating the date it was provided and listing all the Repositories to which it was provided.

(iii) The School District shall promptly file a notice of any change in its fiscal year and the new annual filing date with each NRMSIR and the SID.

(d) If the Dissemination Agent does not receive the Annual Report from the School District by the fifteenth Business Day specified in Section 3(a) above, the Dissemination Agent shall provide a written reminder notice to the School District with respect to the School District's obligations under Section 3(a) above no later than five (5) Business Days after such fifteenth Business Day.

SECTION 4. Content of Annual Reports. The School District's Annual Report shall contain or incorporate by reference the following:

(i) the financial statements for the most recent fiscal year, prepared in accordance with generally accepted accounting principles for local government units and audited in accordance with generally accepted auditing standards;

(ii) the annual budget or summary thereof for the most recent fiscal year;

(iii) the total assessed value and market value of all taxable real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) the taxes and millage rates imposed for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(v) the real property tax collection results for the most recent fiscal year, including (1) the real estate levy imposed (expressed both as a millage rate and an aggregate dollar amount), (2) the dollar amount of real estate taxes collected that represented current collections (expressed both as a percentage of such fiscal year's levy and as an aggregate dollar amount), (3) the amount of real estate taxes collected that represented taxes levied in prior years (expressed as an aggregate dollar amount), and (4) the total amount of real estate taxes collected (expressed both as a percentage of the current year's levy and as an aggregate dollar amount) (may be contained within the budget or audit for the current fiscal year without need for further cross reference); and

(vi) a list of the ten (10) largest real estate taxpayers and, for each, the total assessed value of real estate for the current fiscal year (may be contained within the budget or audit for the current fiscal year without need for further cross reference).

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 submitted to each of the Repositories or the Commission. If the document incorporated by reference is a final official statement, it must be available from the MSRB. The School District shall clearly identify each such other document so incorporated by reference. The School District reserves the right to modify from time to time specific types of information provided hereunder or the format of the presentation of such information, to the extent necessary or appropriate; provided, however, that any such modification will be done in a manner consistent with the Rule.

SECTION 5. Reporting of Significant Events.

(a) The occurrence of any of the following events, with respect to a particular series of the Bonds, constitutes a "Listed Event" only with respect to such series of the Bonds. This Section 5 shall govern the giving of notices of the occurrence of any of the following events:

- (i) Principal and interest payment delinquencies;
- (ii) Nonpayment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (v) Substitution of credit or liquidity providers, or their failure to perform;

(vi) 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 status of the Bonds;

(vii) Modifications to rights of securities holders, if material;

(viii) Bond calls, if material, and tender offers for the Bonds;

(ix) Defeasances;

(x) Release, substitution, or sale of property securing repayment of the securities, if material;

(xi) Rating changes;

(xii) Bankruptcy, insolvency, receivership or similar events of the School District;

(xiii) 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;

(xiv) Appointment of a successor or additional trustee or paying agent or the change of name of a trustee or paying agent, if material;

(xv) Failure to provide annual financial information as required;

(xvi) Incurrence of a Financial Obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the School District, any of which affect security holders, if material; and

(xvii) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the Financial Obligation of the School District, any of which reflect financial difficulties.

(b) Whenever the School District obtains knowledge of the occurrence of a Listed Event, the School District shall as soon as possible (with respect to those Listed Events where a determination of materiality by the School District is applicable) determine if such event would constitute material information for Holders of Bonds under applicable federal securities laws.

(c) If (i) a Determination of materiality by the School District is not relevant to the obligation to give notice of a Listed Event or (ii) the School District determines (with respect to those Listed Events where a determination of materiality by the School District is applicable)

that knowledge of the occurrence of a Listed Event would be material under applicable federal securities laws, the School District shall promptly file in a timely manner, not in excess of ten (10) business days after the occurrence of the Listed Event, or cause the Dissemination Agent to so file (if a Dissemination Agent has been designated hereunder) a notice of such occurrence with each NRMSIR and the SID, if any, with a copy to the Paying Agent.

(d) For purposes of the Listed Events in Section 5(a)(xii), the School District and the Dissemination Agent acknowledge the following interpretive note which the Commission has set forth in the Rule: “ *Note: for the purposes of the event identified in subparagraph (b)(5)(1)(C)(12), the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governmental body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person;*”

SECTION 6. Termination of Reporting Obligation. The School District’s obligations under this Disclosure Certificate shall terminate upon the defeasance, prior redemption or payment in full of all of the Bonds.

In the event that any person or entity subsequent to the execution hereof becomes an “obligated person,” as such term is defined in the Rule, with respect to the Bonds, the School District covenants to use its best effort to cause such obligated person to enter into a written undertaking to comply with the provisions of the Rule or to cause this Disclosure Certificate to be amended and to cause such obligated person to join in the execution of such amendment.

SECTION 7. Dissemination Agent. The School District may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Certificate, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. The School District shall cause the Dissemination Agent appointed hereunder and any successors to execute and deliver an acknowledgment of acceptance of the designation and duties of Dissemination Agent under this Disclosure Statement.

SECTION 8. Amendment; Waiver. Notwithstanding any other provision of this Disclosure Certificate, the School District may amend this Disclosure Certificate, and any provision of this Disclosure Certificate may be waived, if such amendment or waiver is supported by an opinion of counsel expert in federal securities laws to the effect that such amendment or waiver would not, in and of itself, cause the undertakings herein to violate the Rule if such amendment or waiver had been effective on the date hereof but taking into account any subsequent change in or official interpretation of the Rule, as well as any change in circumstances.

SECTION 9. Additional Information. Nothing in this Disclosure Certificate shall be deemed to prevent the School District from disseminating any other information, using the means of dissemination set forth in this Disclosure Certificate or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Certificate. If the School District chooses to include any information in any Annual Report or notice of occurrence of a Listed Event in addition to that which is specifically required by this Disclosure Certificate, the School District shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

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 under the Bonds or the Resolution, 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. Duties, Immunities and Liabilities of Dissemination Agent, if other than the School District. The Dissemination Agent shall have only such duties as are specifically set forth in this Disclosure Certificate, and the School District agrees to indemnify and save the Dissemination Agent, its officers, directors, employees and agents, harmless against any loss, expense and liabilities which it may incur arising out of or in the exercise or performance of its powers and duties hereunder, including the costs and expenses (including attorney's fees) of defending against any claim of liability, but excluding liabilities due to the Dissemination Agent's negligence or willful misconduct. The obligations of the School District under this Section shall survive resignation or removal of the Dissemination Agent and payment of the Bonds.

SECTION 12. Undertaking with Respect to Certain Procedures and Policies. The School District agrees to begin the process of establishing internal policies and procedures for the purpose of continuing disclosure compliance. Without intending to preclude the adoption of other necessary or useful policies and procedures, a single School District official will be designated with ultimate responsibility for continuing disclosure compliance and will oversee the process of informing and training appropriate deputies and other School District employees with respect to the School District's continuing disclosure undertakings.

SECTION 13. EMMA. Filings shall be made to the continuing disclosure service portal provided through EMMA as provided at <http://www.emma.msrb.org>, or any similar system that is acceptable to the Commission.

SECTION 14. Alternative Filing. Notwithstanding the other provisions of this Disclosure Certificate, any filing under this Disclosure Certificate, and any additional supplements hereto, may be made with such depositories and using such electronic filing systems as may be approved by the United States Securities and Exchange Commission (in lieu of the procedures currently in this Disclosure Certificate).

SECTION 15. Beneficiaries. This Disclosure Certificate shall inure solely to the benefit of the School District, the Paying Agent, the Dissemination Agent (if any), the Participating Underwriter and the Holders from time to time of the Bonds, and shall create no rights in any other person or entity.

[signature page follows]

[signature page to Continuing Disclosure Certificate
General Obligation Bonds, Series of 2025]

Attest:

**CATASAUQUA AREA
SCHOOL DISTRICT**
Lehigh and Northampton Counties, PA

By: _____
Jason M. Bashaw, Secretary
Board of School Directors

By: _____
Dale Hein, President
Board of School Directors

Date: _____, 2025

EXHIBIT A¹

NOTICE TO REPOSITORIES OF FAILURE TO FILE ANNUAL REPORT

Name of Issuer: Catasauqua Area School District
 Lehigh and Northampton Counties, Pennsylvania

Name of Bond Issue: Catasauqua Area School District, Lehigh and Northampton Counties,
 Pennsylvania
 \$_____ aggregate principal amount General Obligation Bonds,
 Series of 2025 (the “Bonds”)

Date of Issuance: _____, 2025

NOTICE IS HEREBY GIVEN that the Catasauqua Area School District, Lehigh and Northampton Counties, Pennsylvania (the “School District”), has not provided an Annual Report with respect to the above-named Bonds as required by Section 3 of the Continuing Disclosure Certificate, dated _____, 2025, executed by the School District. The School District anticipates that the Annual Report will be filed by _____.

¹ The substantive content of this notice shall be provided in any applicable notice filing. Appropriate modifications may be made to accommodate the electronic submission format requirements of the EMMA system or other successor electronic filing system.

CATASAUQUA AREA SCHOOL
DISTRICT, LEHIGH AND
NORTHAMPTON COUNTIES,
PENNSYLVANIA [OR DISSEMINATION
AGENT ON BEHALF OF THE
CATASAUQUA AREA SCHOOL
DISTRICT, LEHIGH AND
NORTHAMPTON COUNTIES,
PENNSYLVANIA]

Dated: _____

cc: Paying Agent

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APPENDIX D
Specimen of Municipal Bond Insurance Policy

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APPENDIX E
Audited Financial Statement

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CATASAUQUA AREA SCHOOL DISTRICT

**Basic Financial Statements,
Independent Auditor's Report
and Single Audit Report**

June 30, 2024

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**CATASAUQUA AREA SCHOOL DISTRICT
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

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

Emphasis of Matter

As discussed in Note 16 of the financial statements, the 2024 financial statements have been restated to correct a misstatement. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-10, budgetary comparison on page 59, pension plan reporting information on pages 60-61, and postemployment benefits plan information on pages 62-64 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Catasauqua Area School District's basic financial statements. The 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*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2025, on our consideration of Catasauqua 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 Catasauqua 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 Catasauqua Area School District's internal control over financial reporting and compliance.

Congbell, Rappold & Yucasita LLP

February 24, 2025

**Catasauqua Area School District
Catasauqua, Pennsylvania**

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

Our discussion and analysis of Catasauqua Area School District's financial performance provides an overview of the School District's financial activities for the fiscal year ended June 30, 2024. The MD&A should be read in conjunction with the financial statements and footnotes.

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 Government issued June 1999. Certain comparative information between the current year and prior year is required to be presented in the MD&A.

THE SCHOOL DISTRICT

Catasauqua Area School District is a School District of the Third Class, organized and existing under the law of Commonwealth of Pennsylvania (the "Commonwealth"). The governing body of the School District is a board of nine school directors who are each elected for a four-year term. The daily operation and management of the School District is carried out by the administrative staff of the School District, headed by the Superintendent of Schools who is appointed by the Board of School Directors.

FINANCIAL HIGHLIGHTS

The School District's financial position is reflected in the total net position of the governmental and business type activities of \$(36,215,046) and \$1,420,160, respectively. Total net position governmental activities were \$(34,794,886). The negative net position is the result of recording the School District's proportionate share of net pension liability in accordance with GASB Statement No. 68 and the recording of Postemployment Benefits Other than Pensions (OPEB) liability in accordance with GASB Statement No. 75, which was implemented during fiscal year ended June 30, 2018.

Total governmental activities revenues and other sources were \$39,646,290. General revenues accounted for \$25,313,789 or 63.85 percent of all revenues. Program specific revenues in the form of charges for services and grants accounted for \$14,332,501 or 36.15 percent of total revenues.

The School District had \$37,536,753 expenses related to governmental activities; \$14,332,501 of these expenses was offset by grants, subsidies, and charges for services. General revenue (primarily taxes) of \$24,933,096 covered the expenses.

At June 30, 2024, the restricted net position of the governmental activities was \$87,420 and the unrestricted net position was \$(39,299,630).

At June 30, 2024, the total fund balance for the general fund was \$5,894,592, with \$2,800,000 committed for future capital projects, and \$3,094,592 unrestricted. At June 30, 2024, the committed fund balance for technology equipment fund was \$87,420. At June 30, 2024, the fund balance for capital projects fund was \$0.

**Catasauqua Area School District
Catasauqua, Pennsylvania**

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the School District's basic financial statements. The basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. These statements are organized so the reader can understand Catasauqua Area School District as a financial whole. The statements then proceed to provide an increasingly detailed look at specific financial activities.

Government-wide Financial Statements

There are two (2) government-wide financial statements: The Statement of Net Position and the Statement of Activities. These statements report information about the School District as a whole using the accrual basis of accounting similar to that used by private-sector companies. The Statements of Net Position includes all the School District's assets and liabilities, short term as well as long term. The Statement of Activities reports all current year revenues and expenditures regardless of when cash is received or paid.

Together, the two government-wide statements report the School District's net position and how they have changed. The Statement of Activities reports how the changes in net position have occurred during the current fiscal year. Over time, increases or decreases in the School District's net position are an indication of whether its financial health is improving or deteriorating, respectively. Evaluation of the overall economic health of the School District would extend to other factors such as changes in the School District's property tax base, student enrollment, facility conditions, required educational programs and performance of the students.

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

- Governmental Activities – All of the School District's basic services are included here, such as instruction support services, administration, operation and maintenance of plant, pupil transportation, and extracurricular activities, Property taxes and state and federal subsidies finance most of these activities.

- Business-Type Activities – The School District operates a food service operation and charges fees to staff, students, and visitors to help cover its operational costs.

Fund Financial Statements

The School District's fund financial statements, which begin on page 14, provide detailed information about the most significant funds – not the School District as a whole. Major funds are separately reported while all others are combined into a single, aggregated presentation.

Governmental Funds – Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School 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 School District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are reconciled in the financial statements on pages 15 and 17.

**Catasauqua Area School District
Catasauqua, Pennsylvania**

- Proprietary Fund – Proprietary funds use the same basis of accounting as business-type activities’ therefore, these fund financial statements will essentially match the government-wide financial statements. The Food Service Fund is the District’s proprietary fund.
- Fiduciary Funds – The District is the trustee, or fiduciary, for scholarship, student activity and agency funds. All of the School District’s fiduciary activities are reported in separate Statement of Fiduciary Net Position on page 21. These activities are excluded from the School District’s other financial statement because the School District cannot use these assets to finance its operations.

Figure A-1 summarizes the major features of the School District’s financial statements, including the portion of the School 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-1
Major Features of Catasauqua Area School District's Government-Wide and Fund Financial Statements**

	Government-wide Statements	Fund Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as education, administration and community service	Activities the School District operates similar to private business - Food Services	Instances in which the School District is the trustee or agent to someone else's resources - Scholarship Funds and Agency Funds
Required Financial Statements	Statement of Net Position and 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 Fund Net Position, and Statement of Cash Flows	Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual Accounting and Economic Resources Focus	Modified Accrual Accounting and Current Financial Resources Focus	Accrual Accounting and Economic Resources Focus	Accrual Accounting and Economic Resources Focus
Type of Asset/Liability Information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term
Type of Inflow-Outflow Information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received any 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

**Catasauqua Area School District
Catasauqua, Pennsylvania**

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

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

	Governmental Activities	Business- Type Activities	Total
Current and other assets	\$ 12,403,158	\$ 1,350,880	\$ 13,754,038
Capital assets	42,788,387	109,083	42,897,470
Total Assets	\$ 55,191,545	\$ 1,459,963	\$ 56,651,508
Deferred Outflows of Resources	10,934,093	-	10,934,093
Current and other liabilities	8,078,739	24,843	8,103,582
Long-term liabilities	90,272,430	14,960	90,287,390
Total Liabilities	\$ 98,351,169	\$ 39,803	\$ 98,390,972
Deferred Inflows of Resources	3,989,515	-	3,989,515
Net Position			
Invested in capital assets, net of related debt	2,997,164	109,083	3,106,247
Restricted	87,420	-	87,420
Unrestricted	(39,299,630)	1,311,077	(37,988,553)
Total Net Position	\$ (36,215,046)	\$ 1,420,160	\$ (34,794,886)

Most of the School District's net position is invested in capital assets (buildings, land, equipment). The restricted net position is for future capital projects and reduction of general obligation bonds debt service.

The results of this year's operations as a whole are reported in the Statement of Activities on pages 12-13. 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 School District's activities that are supported by other general revenues.

**Catasauqua Area School District
Catasauqua, Pennsylvania**

Table A-2 shows the data to easily total revenues and expenses for the year.

Table A-2
Change in Net Position
Fiscal Year Ended June 30, 2024

	Governmental Activities	Business- Type Activities	Total
Revenues			
Program Revenues			
Charges for Services	\$ 44,554	\$ 30,808	\$ 75,362
Operating Grants and Contributions	14,287,947	1,663,346	15,951,293
General Revenues, Property Taxes and Other Taxes	24,933,096	-	24,933,096
Grants, Subsidies and Contributions, unrestricted	19,608	-	19,608
Investment Earnings	96,989	-	96,989
Other	255,482	-	255,482
Gain on Disposal of Assets	8,614	-	8,614
Total Revenues	\$ 39,646,290	\$ 1,694,154	\$ 41,340,444
Expenses			
Instruction	22,207,134	-	22,207,134
Support Services			
Instructional Student Support	6,124,951	-	6,124,951
Administrative and Financial Support	3,151,375	-	3,151,375
Operation and Maintenance of Plant	2,825,510	-	2,825,510
Pupil Transportation	1,262,469	-	1,262,469
Non-Instructional Services			
Student Activities	779,382	-	779,382
Community Services and Others	38,425	-	38,425
Interest on Long-Term Debt, net	1,147,507	-	1,147,507
Food Services	-	1,408,126	1,408,126
Total Expenses	\$ 37,536,753	\$ 1,408,126	\$ 38,944,879
Increase in Net Position	2,109,537	286,028	2,395,565
Net Position - Beginning of Year	(38,324,583)	1,134,132	(37,190,451)
Net Position - End of Year	\$ (36,215,046)	\$ 1,420,160	\$ (34,794,886)

**Catasauqua Area School District
Catasauqua, Pennsylvania**

Governmental Activities

Governmental Activities for 2024 resulted in a net change increase in net position of \$2,109,537 and a net change increase in governmental funds of \$110,239. The \$2,109,537 net change within the governmental activities and governmental funds was due to various reconciliation items listed on page 17 of the audit report.

The School District's revenues consist of Local (taxes and other), 62.88 percent; and State and Federal revenues (subsidies and grants), 36.09 percent. Local taxation is the major funding source for the District. The School District's program expenses are 59.16 percent instruction, 35.60 percent support services, 2.18 percent non-instructional, and 3.06 percent debt financing and other expenses.

Business-Type Activities

The School District's Food Service operation is the business-type of activity. Charges for services, along with state and federal subsidies funded 100 percent of the food service operation, and the fund's changes in net position increased by \$286,028.

SCHOOL DISTRICT FUNDS

Financial information related to the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$39.8 million, total expenditures of \$(39.2) million and total other net financing sources (uses) of (\$455,562).

General Fund Budget Highlights

The School District's budget is prepared on the modified accrual basis of accounting. The Board of School Directors authorizes revisions to the original budget to accommodate difference from the original budget to the actual expenditures of the School District.

The General Fund's fund balance increased by \$114,874 for the year ended June 30, 2024. Contributions to the fund balance increase include: strong local and other revenue collections; Decrease in expenses for 2023-2024, despite local and global inflation of goods and services; continued State and Federal Covid-19 Relief grant funds.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2024, the School District had \$42,897,470 invested in land, buildings, and equipment. This represents the capital assets of both governmental and business-type activities of the School District. The investment is shown net of accumulated depreciation.

Debt Administration

At June 30, 2024, the School District had \$40,706,412 in General Obligation Bonds, General Obligation Notes, Finance Leases and Lease Obligations outstanding.

**Catasauqua Area School District
Catasauqua, Pennsylvania**

ECONOMIC FACTORS AND NEXT YEARS'S BUDGETS AND RATES

The 2024-2025 annual general fund budget of \$44,351,456 is \$2,805,853 more than the budget for 2023-2024. The budget projection includes a 5 percent tax increase. Contributions to the increased 2024-2025 budget include: Growing inflation costs for goods and services; annual salary increases; rising cost of healthcare; various capital projects to repair damages, maintain building structure, and comply with safety regulations; no longer will receive Federal Covid-19 Relief Funding (ESSER) but still need to maintain positions, policies, and procedures put in place from ESSER Federal Funding received.

Additional commercial development and sales are likely to continue with an approved expansion of the largest taxpayer and approved residential community project.

The 2023-2024 fiscal year ended with a positive fund balance of \$5,894,592 and is anticipated to slightly grow during 2024-2025 fiscal year. The goal is to continue to grow fund balance to offset future costs, much needed, large capital projects.

Contacting the School District Financial Management

The School District's financial report is designed to provide citizens, taxpayers, students, investors, and creditors with a general overview of the School District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Catasauqua Area School District, 201 North 14th Street, Catasauqua, PA 18032, or 610-264-5571.

**CATASAUQUA AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

<u>Assets</u>	Governmental Activities	Business-Type Activities	Total
Current Assets:			
Cash and Cash Equivalents	\$ 9,107,992	\$ 1,238,505	\$ 10,346,497
Taxes Receivable, Net			
Taxes Receivable	1,596,828	-	1,596,828
State Receivable	975,323	2,153	977,476
Federal Receivable	156,845	-	156,845
Lease Receivable	205,654	-	205,654
Other Receivable	360,516	-	360,516
Due from Other Funds	-	94,269	94,269
Inventories	-	15,953	15,953
Total Current Assets	12,403,158	1,350,880	13,754,038
Noncurrent Assets:			
Construction in Progress	-	-	-
Land and Land Improvements, Net	1,713,414	-	1,713,414
Building and Building Improvements, Net	38,721,542	-	38,721,542
Furniture and Equipment, Net	2,277,766	109,083	2,386,849
Right of Use Asset, Net	75,665	-	75,665
Total Noncurrent Assets	42,788,387	109,083	42,897,470
Total Assets	55,191,545	1,459,963	56,651,508
Deferred Outflows of Resources			
Deferred Outflows of Resources - Pension	7,330,733	-	7,330,733
Deferred Outflows of Resources - OPEB	3,603,360	-	3,603,360
Total Deferred Outflows of Resources	10,934,093	-	10,934,093
Liabilities			
Current Liabilities:			
Accounts Payable	\$ 1,922,975	\$ 3,058	\$ 1,926,033
Current Portion of Long-Term Debt	1,862,327	-	1,862,327
Current Portion of Finance Lease Obligation	257,613	-	257,613
Current Portion of Lease Obligation	33,002	-	33,002
Accrued Salaries and Benefits	2,625,770	-	2,625,770
Payroll Deductions and Withholdings	47,678	-	47,678
Due to Other Funds	94,269	-	94,269
Compensated Absences	119,063	7,997	127,060
Deferred Revenue	709,264	5,312	714,576
Other Current Liabilities	406,778	8,476	415,254
Total Current Liabilities	8,078,739	24,843	8,103,582
Noncurrent Liabilities			
Net Pension Liability	41,239,000	-	41,239,000
OPEB Liability	10,019,876	-	10,019,876
Bonds and Notes Payable	37,928,896	-	37,928,896
Finance Lease Obligations	581,106	-	581,106
Lease Obligations	43,468	-	43,468
Compensated Absences	460,084	14,960	475,044
Total Noncurrent Liabilities	90,272,430	14,960	90,287,390
Total Liabilities	98,351,169	39,803	98,390,972
Deferred Inflows of Resources			
Deferred Inflows of Resources - Lease	204,531	-	204,531
Deferred Inflows of Resources - Pension	1,262,000	-	1,262,000
Deferred Inflows of Resources - OPEB	2,522,984	-	2,522,984
Total Deferred Inflows of Resources	3,989,515	-	3,989,515
Net Position:			
Net Investment in Capital Assets	2,997,164	109,083	3,106,247
Restricted for:			
Technology Equipment	87,420	-	87,420
Unrestricted	(39,299,630)	1,311,077	(37,988,553)
Total Net Position	\$ (36,215,046)	\$ 1,420,160	\$ (34,794,886)

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

**CATASAUQUA AREA SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	Expenses	Program Revenues		Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	
Governmental Activities				
Instruction	\$ 22,207,134	\$ -	\$ 9,743,820	\$ -
Instructional Student Support	6,124,951	6,820	314,166	-
Administrative and Financial Support Services	3,151,375	-	3,650,581	-
Operation and Maintenance of Plant Services	2,825,510	-	-	-
Pupil Transportation	1,262,469	-	244,044	-
Student Activities	779,382	37,734	-	-
Community Services and Other	38,425	-	-	-
Interest on Long-Term Debt, net	1,147,507	-	335,336	-
Total Governmental Activities	37,536,753	44,554	14,287,947	-
Business-Type Activities				
Food Service	1,408,126	30,808	1,663,346	-
Total Business-Type Activities	1,408,126	30,808	1,663,346	-
Total Primary Government	\$ 38,944,879	\$ 75,362	\$ 15,951,293	\$ -

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

	Net (Expense) Revenue and Changes in Net Position		
	Governmental Activities	Business-type Activities	Total
Governmental Activities			
Instruction	\$ (12,463,314)	\$ -	\$ (12,463,314)
Instructional Student Support	(5,803,965)	-	(5,803,965)
Administrative and Financial Support Services	499,206	-	499,206
Operation and Maintenance of Plant Services	(2,825,510)	-	(2,825,510)
Pupil Transportation	(1,018,425)	-	(1,018,425)
Student Activities	(741,648)	-	(741,648)
Community Services and Other	(38,425)	-	(38,425)
Interest on Long-Term Debt, net	(812,171)	-	(812,171)
Total Governmental Activities	(23,204,252)	-	(23,204,252)
Business-Type Activities			
Food Service	-	286,028	286,028
Total Business-Type Activities	-	286,028	286,028
Total Primary Government	(23,204,252)	286,028	(22,918,224)
General Revenue			
Taxes - Property, Current Act 511 and Other Taxes	24,933,096	-	24,933,096
Grants, Subsidies, and Contributions not Restricted	19,608	-	19,608
Unrestricted Investment Earnings	96,989	-	96,989
Miscellaneous	255,482	-	255,482
Gain on Sale of Assets	8,614	-	8,614
Transfers In/(Out)	-	-	-
Total General Revenues	25,313,789	-	25,313,789
Change in Net Position	2,109,537	286,028	2,395,565
Net Position - Beginning of Year	(38,324,583)	1,134,132	(37,190,451)
Net Position - End of Year	\$ (36,215,046)	\$ 1,420,160	\$ (34,794,886)

**CATASAUQUA AREA SCHOOL DISTRICT
BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024**

	General	Technology Equipment	Capital Projects	Total Governmental Funds
<u>Assets</u>				
Current Assets				
Cash and Cash Equivalents	\$ 9,042,549	\$ 65,443	\$ -	\$ 9,107,992
Accounts Receivable				
Taxes Receivable	900,355	-	-	900,355
State Receivable	975,323	-	-	975,323
Federal Receivable	156,845	-	-	156,845
Other Receivable	338,539	21,977	-	360,516
	<u>11,413,611</u>	<u>87,420</u>	<u>-</u>	<u>11,501,031</u>
Total Assets	<u>\$ 11,413,611</u>	<u>\$ 87,420</u>	<u>\$ -</u>	<u>\$ 11,501,031</u>
<u>Liabilities and Fund Balance</u>				
Liabilities				
Accounts Payable	\$ 1,922,975	\$ -	\$ -	\$ 1,922,975
Accrued Salaries and Benefits	2,625,770	-	-	2,625,770
Payroll Deductions and Withholdings	47,678	-	-	47,678
Compensated Absences	119,063	-	-	119,063
Due to Other Funds	94,269	-	-	94,269
Deferred Revenue	709,264	-	-	709,264
	<u>5,519,019</u>	<u>-</u>	<u>-</u>	<u>5,519,019</u>
Total Liabilities	<u>5,519,019</u>	<u>-</u>	<u>-</u>	<u>5,519,019</u>
<u>Fund Balances</u>				
Committed	2,800,000	87,420	-	2,887,420
Unassigned	3,094,592	-	-	3,094,592
	<u>5,894,592</u>	<u>87,420</u>	<u>-</u>	<u>5,982,012</u>
Total Fund Balances	<u>5,894,592</u>	<u>87,420</u>	<u>-</u>	<u>5,982,012</u>
Total Liabilities and Fund Balances	<u>\$ 11,413,611</u>	<u>\$ 87,420</u>	<u>\$ -</u>	<u>\$ 11,501,031</u>

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

**CATASAUQUA AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2024**

Total Fund Balances - Governmental Funds \$ 5,982,012

Amounts reported for governmental activities in the
Statement of Net Position are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$69,994,734 and the accumulated depreciation is \$27,282,012. 42,712,722

Right of assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the asset is \$139,566 and the accumulated amortization is \$63,901. 75,665

Property taxes, per capita taxes and lease receivables will be collected next year, but are not available soon enough to pay this year's expenditures, and therefore are not recognized in the funds. 902,127

Deferred outflows and inflows of resources related to pensions, postemployment benefits and leases are applicable to future periods and, therefore, are not reported in the funds:

Deferred Outflows of Resources Related to Pensions	7,330,733
Deferred Inflows of Resources Related to Pensions	(1,262,000)
Deferred Outflows of Resources Related to Postemployment Benefits	3,603,360
Deferred Inflows of Resources Related to Postemployment Benefits	(2,522,984)
Deferred Inflows of Resources Related to Leases	(204,531)

Liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. These liabilities at year-end consist of:

Net Pension Liability	\$ 41,239,000	
Bonds and Notes Payable	39,791,223	
Accrued Interest	406,778	
Capital Leases Payable	838,719	
Right of Use Lease Obligation	76,470	
Compensated Absences (Sick Pay, Vacation Pay and Retirement Incentive)	460,084	
Postemployment Benefits Liability	10,019,876	<u>(92,832,150)</u>

Total Net Position - Governmental Activities \$ (36,215,046)

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

**CATASAUQUA AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	General	Technology Equipment	Capital Projects	Total Government Funds
<u>Revenues</u>				
Local Sources	\$ 25,539,525	\$ 20,602	\$ -	\$ 25,560,127
State Sources	12,507,313	-	-	12,507,313
Federal Sources	1,465,316	-	-	1,465,316
Gain on Sale of Assets	261,943	-	-	261,943
Total Revenues	39,774,096	20,602	-	39,794,698
<u>Expenditures</u>				
Instruction	23,954,820	-	-	23,954,820
Support Services	11,264,091	5,600	-	11,269,691
Noninstructional Services	869,236	-	-	869,236
Facility Construction and Improvements	156,798	-	-	156,798
Debt Service and Refunds	2,978,353	-	-	2,978,353
Total Expenditures	39,223,297	5,600	-	39,228,897
Excess of Revenue Over Expenditures	550,799	15,002	-	565,801
<u>Other Financing Sources (Uses)</u>				
Capital Lease Proceeds, net	(531,630)	-	-	(531,630)
Interest Income	95,695	271	-	95,966
Interfund Transfers In	10	-	-	10
Interfund Transfers Out	-	(19,898)	(10)	(19,908)
Total Other Financing Sources (Uses)	(435,925)	(19,627)	(10)	(455,562)
Net Change in Fund Balance	114,874	(4,625)	(10)	110,239
Fund Balance Beginning of Year	5,779,718	92,045	10	5,871,773
Fund Balance End of Year	\$ 5,894,592	\$ 87,420	\$ -	\$ 5,982,012

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

**CATASAUQUA AREA SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL
FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2024**

Total Net Change in Fund Balances - Governmental Funds	\$ 110,239
Amounts reported for governmental activities in the Statement of Activities are different because:	
Capital outlays are reported in the governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or in the case of right-to-use assets are amortized over length of the lease term. This is the amount by which depreciation and amortization expense, \$2,043,528 is more than net capital outlays, \$492,321 for the year.	(1,551,207)
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. The change in net position differs from the change in fund balance by the cost of assets sold.	(253,329)
Repayment of bond, financing purchase obligations and lease obligations is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.	2,247,452
Some property and per capita taxes will not be collected for several months after the District's year end. The property and per capita taxes are not considered "available" revenues and are deferred in the governmental funds. Unearned tax revenues increased by this amount this year:	8,911
Accrued postemployment benefits are charged to the current year in the Statement of Activities for the net increase in the unfunded liability for the current year.	571,589
In the Statement of Activities, certain operating expenses; compensated absences (sick pay, vacations, and retirement incentives), are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used; essentially, the amounts actually paid. This year sick pay, vacations, and retirement incentives increased by:	116,344
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 governmental funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities interest expenses is recognized as the interest accrues regardless of when due. This year accrued interest on long-term debt decreased by:	74,158
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension related benefits earned net of employee contributions is reported as pension expense.	<u>785,380</u>
Net Change in Net Position of Governmental Activities in the Statement of Activities	<u>\$ 2,109,537</u>

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

**CATASAUQUA AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION – PROPRIETARY FUNDS
AS OF JUNE 30, 2024**

	<u>Food Service Fund</u>
<u>Assets</u>	
Current Assets:	
Cash and Cash Equivalents	\$ 1,238,505
State Receivable	2,153
Due from Other Funds	94,269
Inventory	<u>15,953</u>
Total Current Assets	<u>1,350,880</u>
Noncurrent Assets:	
Furniture and Equipment, net	<u>109,083</u>
Total Noncurrent Assets	<u>109,083</u>
Total Assets	<u><u>\$ 1,459,963</u></u>
<u>Liabilities</u>	
Current Liabilities:	
Accounts Payable	\$ 3,058
Deferred Revenue	5,312
Compensated Absences	7,997
Other Current Liabilities	<u>8,476</u>
Total Current Liabilities	<u>24,843</u>
Noncurrent Liabilities	
Compensated Absences	<u>14,960</u>
Total Noncurrent Liabilities	<u>14,960</u>
Total Liabilities	<u><u>\$ 39,803</u></u>
Net Position:	
Net Investment in Capital Assets	109,083
Restricted	<u>1,311,077</u>
Total Net Position	<u>1,420,160</u>
Total Liabilities and Net Position	<u><u>\$ 1,459,963</u></u>

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

**CATASAUQUA AREA SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN NET POSITION – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Service Fund
Operating Revenues:	
Food Service Revenue	\$ 30,808
Total Operating Revenues	30,808
Operating Expenses:	
Salaries and Wages	463,903
Employee Benefits and Payroll Taxes	232,000
Other Purchased Services	26,733
Supplies	658,058
Depreciation	13,447
Other Operating Expenditures	13,985
Total Operating Expenses	1,408,126
Operating Loss	(1,377,318)
Nonoperating Revenues:	
Federal Sources	1,523,404
State Sources	139,942
Total Nonoperating Revenues	1,663,346
Income Before Contributions and Transfers	286,028
Transfers In	-
Transfers Out	-
Change in Net Position	286,028
Net Position - Beginning of Year	1,134,132
Net Position - End of Year	\$ 1,420,160

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

**CATASAUQUA AREA SCHOOL DISTRICT
STATEMENT OF CASH FLOWS – PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Food Service Fund
Cash Flows from Operating Activities	
Cash Received from Users	\$ 28,408
Cash Payments to Employees for Services	(693,690)
Cash Payments to Suppliers for Goods and Services	(596,260)
Cash Payments for Other Operating Expenses	(13,985)
Net Cash Used by Operating Activities	(1,275,527)
Cash Flows from Non-Capital Financing Activities	
State Sources	137,789
Federal Sources	1,437,156
Net Cash Provided by Non-Capital Financing Activities	1,574,945
Cash Flows from Capital Financing Activities	
Acquisition of Capital Assets	(8,604)
Net Cash Used by Financing Activities	(8,604)
Net Increase in Cash and Cash Equivalents	290,814
Cash and Cash Equivalents, at Beginning of Year	947,691
Cash and Cash Equivalents, at End of Year	\$ 1,238,505
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	\$ (1,377,318)
Noncash Federal Source - Donated Food	86,248
Depreciation	13,447
Decrease in Inventories	2,400
Increase in Due from Other Funds	(910)
Increase in Accounts Payable	1,471
Decrease in Unearned Revenue	(2,400)
Decrease in Other Current Liabilities	(678)
Increase in Compensated Absences	2,213
Net Cash Used by Operating Activities	\$ (1,275,527)

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

**CATASAUQUA AREA SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUNDS
AS OF JUNE 30, 2024**

	<u>Student Activities</u>	<u>Scholarship Funds</u>	<u>Total Fiduciary Funds</u>
<u>Assets</u>			
Cash and Cash Equivalents	\$ 127,843	\$ 70,849	\$ 198,692
Total Assets	<u>\$ 127,843</u>	<u>\$ 70,849</u>	<u>\$ 198,692</u>
<u>Liabilities and Net Position</u>			
<u>Liabilities</u>			
Other Current Liabilities	\$ -	\$ -	\$ -
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
<u>Net Position</u>			
Restricted	<u>127,843</u>	<u>70,849</u>	<u>198,692</u>
Total Net Postion	<u>127,843</u>	<u>70,849</u>	<u>198,692</u>
Total Liabilities and Net Postion	<u>\$ 127,843</u>	<u>\$ 70,849</u>	<u>\$ 198,692</u>

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

**CATASAUQUA AREA SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Student Activities	Scholarship Funds	Total Fiduciary Funds
<u>Revenues</u>			
Gifts and Contributions	\$ 103,208	\$ 15,444	\$ 118,652
Interest Income	555	307	862
Total Revenues	<u>103,763</u>	<u>15,751</u>	<u>119,514</u>
<u>Expenditures</u>			
Scholarships Awarded	-	30,264	30,264
Payments to Student Club Activities	96,405	-	96,405
Total Expenditures	<u>96,405</u>	<u>30,264</u>	<u>126,669</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>7,358</u>	<u>(14,513)</u>	<u>(7,155)</u>
<u>Other Financing Sources (Uses)</u>			
Interfund Transfers In	-	-	-
Interfund Transfers Out	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	7,358	(14,513)	(7,155)
Net Position Beginning of Year	<u>120,485</u>	<u>85,362</u>	<u>205,847</u>
Net Position End of Year	<u>\$ 127,843</u>	<u>\$ 70,849</u>	<u>\$ 198,692</u>

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

CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024

1. Description of the Reporting Entity

The Catasauqua Area School District (the "District") operates the Catasauqua Area High School, Middle School and Elementary School to provide education and related services to the residents of the Borough of Catasauqua, Borough of North Catasauqua and Hanover Township.

Nature of Activities

The Board of School Directors, a nine-member group, has governance responsibilities over all activities related to public elementary and secondary school education within the jurisdiction of the Catasauqua Area School District, in accordance with an act established by the Commonwealth legislature. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities.

2. Summary of Significant Accounting Policies

The financial statements of Catasauqua Area School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and to its proprietary fund, provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

Basis of Presentation

The District's basic financial statements consist of Government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Statements: The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through grants, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Basis of Presentation (Continued)

The Statement of Net Position presents the financial condition of the governmental and business-type activities of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the District.

Fund Financial Statements: During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. The fund financial statements provide information about the District's funds, including its fiduciary fund. Separate statements for each fund category - *governmental, proprietary, and fiduciary* - are presented. The focus of governmental 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.

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

General Fund

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

Technology Equipment and Capital Projects Fund

Technology Equipment and Capital Projects Fund 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. Technology Equipment and Capital Projects Fund 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.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Proprietary Fund

Proprietary Fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The proprietary fund of the 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. The food service fund is presented as the proprietary fund.

Fiduciary Funds

Fiduciary funds reporting focuses on net position and changed in net position. The District has two Fiduciary Funds, the student activity and scholarship funds. Use of these funds facilitates the discharge of responsibilities placed upon the District by virtue of law or other authority. These funds are established to account for the resources of student groups and public contributions, scholarship, which are custodial in nature and do not involve measurement or results of operations.

Measurement Focus and Basis of Accounting

The Government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Net Position (total assets and deferred outflows less total liabilities and deferred inflows) is used as a practical measure of economic resources and the operating statement includes all transactions and events that increased or decreased net assets. Depreciation is charged as expense against current operations and accumulated depreciation is reported on the Statement of Net Position.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Revenue from federal, state and other grants designated for payment of specific District expenditures is recognized when the related expenditures are incurred; accordingly, when such funds are received, they are recorded as deferred revenues until earned. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Accounting

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

- 1) In accordance with State law and District procedures, prior to May 31, the District Superintendent and Business Manager submit to the Board of School Directors, with whom the legal level of budgetary control resides, a proposed budget for the fiscal year beginning the following July 1. The budget includes proposed expenditures and the means of financing them for the upcoming year. They only legally adopted a budget for the General Fund.
- 2) Public hearings are conducted to obtain taxpayer comment concerning the proposed budget.
- 3) Prior to June 30, the budget is legally enacted through passage of a resolution. Expenditures for the budget may not legally exceed appropriations and prior year fund balance reserves. This is done as a level of budgetary control.
- 4) Each month the administration prepares a detailed budget report. The report cites the past month and year-to-date activity, as well as encumbrances and unencumbered balances by account.
- 5) All modifications, transfers and amendments must be approved by the Board of School Directors.
- 6) Formal budgetary integration is employed as a management control device during the year for the General Fund.
- 7) The budget for the General Fund is adopted substantially on the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the District considers all highly liquid investments and debt instruments purchased with a maturity of three months or less to be cash equivalents.

Investments

Statutes authorize the District to invest in: 1) obligations, participations and other instruments of any Federal agency, 2) repurchase agreements with respect to U.S. Treasury bills or obligations, 3) negotiable certificates of deposit, 4) bankers' acceptances, 5) commercial paper, 6) shares of an investment company registered under the Investment Company Act of 1940 whose shares are registered under the Securities Act of 1933, and 7) savings or demand deposits. The specific conditions under which the District may invest in these categories are detailed in Pennsylvania Act No. 53 of 1973, as amended by Pennsylvania Act No. 10 of 2016. Investments are stated at fair value.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Investments (Continued)

Pennsylvania Local Government Investment Trust Funds are invested in accordance with Section 440.1 of the School Code. Each entity owns a pro rata share of each investment or deposit which is held in the name of the fund.

Under Act No. 72, enacted by the General Assembly of the Commonwealth of Pennsylvania, the funds deposited with the various banks are permitted to be secured on a pooled basis with all other public funds which the banking institution has on deposit. These may be bonds of the United States, any state of the United States, or bonds of any political subdivision of Pennsylvania or the general state authority or their authorities created by the General Assembly of the Commonwealth of Pennsylvania, or insured with the Federal Deposit Insurance Corporation. The market value of such bonds pledged must equal 120% of the funds deposited. The security pledged by the various depositories utilized during the year and at June 30, 2024, was in excess of the minimum requirements just described.

The District has adopted GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, No. 72, *Fair Value Measurement and Application* and No. 79 *Certain External Investment Pools and Pool Participants*. In accordance with these Statements, investments in marketable securities with readily determinable fair value and all investments in debt securities are reported at their fair values. Investments in qualifying external investment pools are reported at amortized cost basis.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses in both the government-wide and fund financial statements.

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. As of December 31, 2024, taxable real property was assessed at \$61,825,400 for Northampton County and \$906,517,600 for Lehigh County, respectively. The tax rate for the year was \$.56107 per \$1,000 of assessed valuation in Northampton County. The tax rate for the year was \$.20755 per \$1,000 of assessed valuation in Lehigh County.

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 District, in accordance with GAAP, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes 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.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Receivables

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.

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at the estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in the financial statements.

All reported capital assets, except for land and construction in progress, are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	50
Building improvements	50
Vehicles	7
Furniture, machinery and equipment	7
Computers	7

Right-of-Use Assets

In the government-wide financial statements, right-of-use assets are reported net of amortization and valued at the future minimum lease payment. Amortization is based on the contract terms and/or estimated replacement of the assets.

Inventory

Inventory in the General Fund consists of expendable supplies held for consumption. The cost is recorded as an expenditure at the time the individual inventory items are purchased in the funds statements.

Inventory of the Food Service Fund use the consumption method, in which items are purchased for inventory and charged to expenses when used. Inventories are similarly reported in government-wide and fund financial statements.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported on the Government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. 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 assets.

Unearned Revenue

Unearned revenue arises when a potential revenue does not meet both the “measurable” and “available” criteria for recognition in the current period. Unearned revenue also arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In a subsequent period, when both revenue recognition criteria are met, or when the District has a legal claim to resources, the liability for unearned revenue is removed from the Governmental Funds balance sheet and revenue is recognized.

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

Compensated Absences and Termination Benefits

The District accounts for compensated absences (e.g., unused vacation, sick leave and severance) as directed by Governmental Accounting Standards Board Statement No.16 (GASB 16), “*Accounting for Compensated Absences*”. A liability for compensated absences attributable to services already rendered and not contingent on a specific event that is outside the control of the employer and employee is accrued as employees earn the rights to the benefits.

The District’s policy is to pay terminated employees for unused vacation up to specified limits and, upon retirement, qualified full-time employees, as defined by the District policy, are paid for severance and their earned unused sick leave. Unpaid vacation is accrued in the period it is earned. Unpaid sick pay is accrued as such benefits are earned by employees who qualify for voluntary retirement as defined by District policy.

In accordance with GAAP, for the governmental funds, in the fund financial statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and Government-wide presentations.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Other Postemployment Benefits

In the government-wide financial statements, the District recognizes the costs and liabilities associated with other post-employment benefits other than pension compensation. The District participates in two plans: the first is a single employer plan administered by the District. The plan provides retiree medical, prescription drug benefits and dental care for eligible, retired employees and their qualified spouses/beneficiaries. The District estimates the cost of providing these benefits through an actuarial valuation.

The District also participates in a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) with the Public Schools Employees' Retirement System (PSERS) for all eligible retirees who qualify and elect to participate. For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS 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.

Leases

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 the lease payments made. Key estimates and judgements related to leases included how the District determined the discount rate it uses to discount the expected lease payments to present value, lease term and lease payments.

The District as a lessee will use the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District will use the 10-year treasury rate.

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

Long-term Obligations

In the government-wide and proprietary financial statements, outstanding debt is reported as liabilities. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using a method that approximates the effective interest method.

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. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Net Position and Fund Balances

In the government-wide financial statements, net position represents the difference between assets and liabilities. Net investment in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any borrowings used for the acquisition or construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through legislation or through external restrictions imposed by creditors, grantors, laws, or regulations from other governments. The District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net asset are available.

Fund balances for governmental funds are 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. Following are the fund balance categories the government may use, along with their definitions. The actual categories used are described more fully in Note 9 to the financial statements.

Nonspendable Fund Balance

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

Restricted Fund Balance

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other governmental 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 purpose 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 Board of Directors 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, the category represents the District's intent to use resources for a specific purpose, which does not require formal action by the governing body. The Director of Business Services is responsible for making these assignments.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

2. Summary of Significant Accounting Policies (Continued)

Net Position and Fund Balances (Continued)

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 fund if those governmental funds have a negative net fund balance.

The District has implemented the following policy in regard to the order of spending. Any expenditure incurred for the purpose in which restricted and unrestricted fund balance amounts are available shall be satisfied through restricted fund balance amounts before unrestricted fund balance amounts. When an expenditure is incurred for a purpose in which unrestricted fund balance amounts are available under committed, assigned or unassigned fund balances, committed amounts will be reduced first, followed by assigned amounts, and then unassigned amounts in regard to the order of spending.

Management Estimates

The preparation of financial statements in conformity with GAAP required management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

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 the PSERS fiduciary net position have been determined on the same basis as they are reported by the 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.

Transfers

Legally authorized payments or authorizations to make payments from a fund receiving revenue to a fund through which the resources are to be expended are reported as operating transfers.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve that portion of the applicable appropriation is employed as an extension of formal budgetary integration and project control in the general fund. Encumbrances outstanding at year end are included with committed or assigned fund balances, as appropriate, because they do not constitute expenditures or liabilities.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

3. Cash and Cash Equivalents

Custodial Credit Risk – Deposits

Custodial Credit risk for deposits is the risk that, in the event of a financial institution failure, the District would not be able to recover the value of the deposits. The District does not have a formal policy for custodial credit risk. At June 30, 2024, the bank balance of the District's demand deposits was \$8,744,724. Of the bank balance, \$250,000 was covered by federal depository insurance, and \$8,494,724 was exposed to custodial credit risk but covered by collateralization requirements in accordance with Act 72 of the 1971 Session of the General Assembly.

A reconciliation of total funds on deposit to the financial statements carrying value is:

Uncollateralized Amount Above	\$ 8,744,724
Plus: Deposits in Transit	-
Less: Outstanding Checks	<u>(240,559)</u>
Carrying Amount - Cash Amount	8,504,165
Plus: Petty Cash	7,771
Plus: Deposits in Pooled Investments Considered Cash Equivalents	2,033,253
Less: Certificates of Deposit Considered Investments	<u>-</u>
Total Cash Per Financial Statements	<u>\$ 10,545,189</u>

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

4. Interfund Receivable, Payable Balances, and Transfers

The District had the following interfund receivable and payables at June 30, 2024.

	Interfund Receivable	Interfund Payable
General Fund	\$ -	\$ 94,269
Food Service Fund	94,269	-
	\$ 94,269	\$ 94,269

The District had the following interfund transfers during the fiscal year ending June 30, 2024:

	Transfers In	Transfers Out
General Fund	\$ 19,908	\$ -
Technology Equipment Fund	-	19,898
Capital Projects Fund	-	10
	\$ 19,908	\$ 19,908

5. Lease Receivable

The District has entered into several lease receivable obligations summarized below:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Deferred Inflow	Balance June 30, 2024
Land Lease	7/1/2021	120 Months	2,281 - 2,624	1.50%	\$ 204,531	\$ 205,654

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

	Principal	Interest	Total
Year Ending June 30,			
2025	\$ 26,750	\$ 2,847	\$ 29,597
2026	27,154	2,476	29,630
2027	29,600	2,072	31,672
2028	29,854	1,628	31,482
2029	30,305	1,177	31,482
2030-2031	61,991	973	62,964
Total	\$ 205,654	\$ 11,173	\$ 216,827

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

6. Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

	Balance 6/30/2023	Additions	Disposals	Balance 6/30/2024
<i><u>Governmental Activities</u></i>				
Capital Assets, Not Being Depreciated:				
Land and Land Improvements	\$ 1,685,910	\$ -	\$ -	\$ 1,685,910
Construction in Progress	231,717	-	(231,717)	-
Total	1,917,627	-	(231,717)	1,685,910
Capital Assets, Being Depreciated:				
Site Improvements	1,628,837	-	-	1,628,837
Buildings and Improvements	59,906,680	-	-	59,906,680
Furniture, Equipment, and Vehicles	6,080,631	1,446,186	(753,510)	6,773,307
Intangible Right-of-Use Equipment	190,710	48,058	(99,202)	139,566
Total	67,806,858	1,494,244	(852,712)	68,448,390
Less Accumulated Depreciation for:				
Site Improvements	(1,550,147)	(51,186)	-	(1,601,333)
Buildings and Improvements	(19,947,362)	(1,237,776)	-	(21,185,138)
Furniture and Equipment	(4,241,344)	(754,871)	500,674	(4,495,541)
Intangible Right-of-Use Equipment	(119,074)	(39,358)	94,531	(63,901)
Total Accumulated Depreciation	(25,857,927)	(2,083,191)	595,205	(27,345,913)
Total Capital Assets, Being Depreciated, net	41,948,931	(588,947)	(257,507)	41,102,477
Governmental Activities Capital Assets, net	\$ 43,866,558	\$ (588,947)	\$ (489,224)	\$ 42,788,387
<i><u>Business Type Activities</u></i>				
Capital Assets, Being Depreciated:				
Furniture and Equipment	\$ 193,482	\$ 8,604	\$ -	\$ 202,086
Less Accumulated Depreciation for:				
Furniture and Equipment	(79,556)	(13,447)	-	(93,003)
Business Type Activities Capital Assets, net	\$ 113,926	\$ (4,843)	\$ -	\$ 109,083

Depreciation expense was charged to functions/programs of the District as follows:

	Governmental Activities
Instructional Student Support	1,850,482
Operation and Maintenance of Plant Services	13,356
Transportation	179,995
Student Activities	-
Total Depreciation Expense	\$ 2,043,833
	Business Type Activities
Food Service	\$ 13,447

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

7. Noncurrent Liabilities

The District issues general obligation bonds, notes (which are direct placement and borrowings), to provide funds for the acquisition and construction of major capital facilities. General Obligation (GO) bonds, notes, financing purchase obligations and lease obligations have been issued for governmental activities only.

The District also incurs noncurrent liabilities for compensated absences. The district incurs an obligation to pay employees compensation at some future time; retirement or termination of employment.

The following is a summary of changes in noncurrent liabilities (other than net pension liability and postemployment benefits) for the year ended June 30, 2024:

	Balance 7/1/2023	Additions	Reductions	Balance 6/30/2024	Amount Due Within One Year
General Obligation Bonds	\$ 41,010,000	\$ -	\$ (1,780,000)	\$ 39,230,000	\$ 1,810,000
Finance Purchase Obligation	583,558	722,613	(467,452)	838,719	257,613
Lease Obligation	74,060	48,058	(45,648)	76,470	33,002
Compensated Absences	850,950	-	(248,846)	602,104	127,060
Bond Premium	613,550	-	(52,327)	561,223	52,327
	<u>\$ 43,132,118</u>	<u>\$ 770,671</u>	<u>\$ (2,594,273)</u>	<u>\$ 41,308,516</u>	<u>\$ 2,280,002</u>

As of June 30, 2024, the General Obligation Bonds and Note consisted of the following:

Governmental Activities:

General Obligation Bonds

Series of 2018, maturing September 2038, variable interest rate ranging from 2.15% to 3.65%, principal paid yearly in September and interest payable semi-annually in March and September

\$ 7,765,000

Series of 2020, maturing February 2042, variable interest rate ranging from 1.75% to 4.00%, principal paid yearly in February and interest payable semi-annually in February and August

11,310,000

Series of 2020A, maturing September 2027, variable interest rate ranging from 1.00% to 4.00%, principal paid yearly in February and interest payable semi-annually in February and August

10,760,000

Series of 2021, maturing February 2036, variable interest rate ranging from 1.75% to 4.00%, principal paid yearly in February and interest payable semi-annually in February and August

9,395,000

Total General Obligation Bonds \$ 39,230,000

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

7. Noncurrent Liabilities (Continued)

Debt Service Requirements

The annual debt service requirements to maturity for general obligation bonds and notes including interest are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2025	\$ 1,810,000	\$ 1,146,634	\$ 2,956,634
2026	1,885,000	1,080,640	2,965,640
2027	1,950,000	1,013,490	2,963,490
2028	2,000,000	962,420	2,962,420
2029	2,055,000	909,750	2,964,750
2030-2034	11,065,000	3,750,836	14,815,836
2035-3039	11,870,000	2,124,083	13,994,083
2040-2042	6,595,000	446,110	7,041,110
Total	<u>\$ 39,230,000</u>	<u>\$ 11,433,963</u>	<u>\$ 50,663,963</u>

Finance Purchase Obligations

The District has entered into the following finance purchase obligations:

On April 15, 2022, the District entered into a finance purchase agreement for the purchase of transportation equipment. Annual payments of \$41,589, including principal and interest over 4 years at a 5.05% interest rate.

On May 3, 2023, the District entered into a finance purchase agreement for the purchase of transportation equipment. Annual payments of \$54,320, including principal and interest over 4 years at a 7.22% interest rate.

On June 15, 2023, the District entered into a finance purchase agreement for the purchase of computer equipment. Annual payments of \$180,653, including principal and interest over 4 years at a 0.0% interest rate.

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

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30,			
2025	\$ 257,613	\$ 13,233	\$ 270,846
2026	262,387	10,272	272,659
2027	267,465	7,097	274,562
2028	51,254	3,066	54,320
Total	<u>\$ 838,719</u>	<u>\$ 33,668</u>	<u>\$ 872,387</u>

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

7. Noncurrent Liabilities (Continued)

Lease Obligations

The District has entered into several lease obligations summarized below:

Description	Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	Balance June 30, 2024
Copier	11/1/2019	60 Months	1,245	2.98%	74,692	2,884
Copier	3/14/2021	60 Months	1,371	2.98%	82,235	26,709
Copier	1/19/2021	60 Months	95	2.98%	5,722	1,677
Copier	2/20/2024	36 Months	1,145	4.59%	41,237	36,454
Postage Machine	1/11/2024	63 Months	166	3.98%	10,458	8,746
						<u>\$ 76,470</u>

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

Year Ending June 30,	Principal	Interest	Total
2025	\$ 33,002	\$ 2,407	\$ 35,409
2026	26,922	1,221	28,143
2027	13,030	416	13,446
2028	1,886	106	1,992
2029	1,630	30	1,660
Total	<u>\$ 76,470</u>	<u>\$ 3,628</u>	<u>\$ 63,552</u>

See note 6 for value associated with the right-of-use asset and accumulated depreciation as of June 30, 2024.

8. Compensated Absences

The District offers early retirement incentive programs to teachers, administrative, supervisory and staff personnel. The District also pays employees for unused accumulated sick leave at the rate of \$40.00 per day for support staff and \$80.00 per day for administrative personnel provided that the employee has reached normal retirement within the District and has met the requirements of retirement with the Public School Employees' Retirement System. District employees who are required to work a twelve-month schedule are credited with vacation rates which vary with length of services and job classification. 10 unused vacation days, per year, may be carried over into future periods. Administrators max out at 40 days, support staff at 30 days. Unused vacation days are bought out at the per diem rate.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

8. Compensated Absences (Continued)

In the governmental funds financial statements, these compensated absences are recorded as expenditures in the period taken or the fiscal year paid. The liability for compensated absences is recorded in the government-wide financial statements. The liability for compensated absences is as follows as of June 30, 2024:

	Governmental Activities	Business Type Activities	Total
Sick Leave	\$ 460,084	\$ 14,960	\$ 475,044
Vacation Time	119,063	7,997	127,060
	<u>\$ 579,147</u>	<u>\$ 22,957</u>	<u>\$ 602,104</u>

9. Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balances for the major governmental funds and all other governmental funds are presented below as of June 30, 2024:

	General	Technology Equipment	Total Governmental Funds
Committed			
Technology Equipment	\$ -	\$ 87,420	\$ 87,420
Capital Projects	2,800,000	-	2,800,000
Total Committed	2,800,000	87,420	2,887,420
Unassigned	3,094,592	-	3,094,592
Total Fund Balance	<u>\$ 5,894,592</u>	<u>\$ 87,420</u>	<u>\$ 5,982,012</u>

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

10. Defined Benefit Pension Plan

The Governmental Accounting Standards Board (GASB) requires that state and local governmental employers disclose in their notes to financial statements, certain information about the public employee retirement systems to which they contribute.

Plan Description

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

Benefits Provided

PSER 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 (Act5) introduced a hybrid benefit 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 and Membership Class T-H and the separate defined contribution membership class, Membership 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.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

10. Defined Benefit Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Contributions

Member Contributions:

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

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit (DB) Contribution Rate	DC Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25% to 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: 7.5% 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: 10.3% After 7/1/21: 10.8%
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	4.5% base rate with shared risk provision	3.00%	Prior to 7/1/21: 7.5% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

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

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

10. Defined Benefit Pension Plan (Continued)

Employer Contributions:

The District's contractually required contribution rate for fiscal year ended June 30, 2024, was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$5,040,733 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 \$41,239,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the District's proportion was .0927%, which was a decrease of .0021% from its proportion as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$4,535,249. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 9,000	\$ 565,000
Changes in Assumptions	615,000	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,167,000	-
Changes in Proportion	499,000	697,000
District's Contributions made Subsequent to the Measurement Date	<u>5,040,733</u>	<u>-</u>
Total	<u>\$ 7,330,733</u>	<u>\$ 1,262,000</u>

\$5,040,733 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.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

10. Defined Benefit Pension Plan (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ended June 30,		\$	
2024		469,000	
2025		(836,000)	
2026		1,007,000	
2027		388,000	
Thereafter		-	

Actuarial Assumptions

The total pension liability as of June 30, 2023, was determined by rolling forward the System's total pension liability as of the 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.
- 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 decreased from 7.00% as of June 30, 2022 and 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 the 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.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

10. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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.

<u>Asset Class</u>	<u>Target Asset Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Absolute Return	10.0%	5.4%
Infrastructure/MLP's	11.0%	5.7%
Real Estate	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	<u>(10.5%)</u>	1.2%
Total Portfolio	<u>100%</u>	

The above table 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:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>6.00%</u>	<u>7.00%</u>	<u>8.00%</u>
Total Pension Liability	\$ 53,457,000	\$ 41,239,000	\$ 30,930,000

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

10. Defined Benefit Pension Plan (Continued)

Pension 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.state.pa.gov.

11. Other Postemployment Benefit

The District has two postemployment benefit plans: Pennsylvania Public School Employees' Retirement System Health Insurance Premium Assistance Program, and the Catasauqua Area School District's Postemployment Benefits Plan (DPBP).

PSERS Health Insurance Premium Assistance Program

Other Postemployment Benefits (OPEB)

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.

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 who participate in the Premium Assistance are eligible for premium assistance if they satisfy the following criteria:

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

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

PSERS Health Insurance Premium Assistance Program (Continued)

Premium Assistance Eligibility Criteria (Continued)

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.

Defined Benefit Pension Plan Description

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

Benefits Provided

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

Employer Contributions:

The District's contractually required contribution rate for fiscal year ended June 30, 2024, was 0.75% 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 was \$98,232 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$1,670,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024 the District's proportion was .0923 percent, which was a increase of .0025 percent from its proportion as of June 30, 2023.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

PSERS Health Insurance Premium Assistance Program (Continued)

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$332,576. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 11,000	\$ 17,000
Changes in Assumptions	144,000	316,000
Net Difference Between Projected and Actual Investment Earnings	4,000	-
Change in Proportion	62,000	70,000
District Contribution Subsequent to the Measurement Date	98,232	-
Total	\$ 319,232	\$ 403,000

\$98,232 reported as deferred outflows of resources related to OPEB resulting from the 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:

Years Ended June 30,			
2024	\$		(33,000)
2025			(45,000)
2026			(39,000)
2027			(53,000)
2028			(12,000)
Thereafter			-

Actuarial Assumptions

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

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

PSERS Health Insurance Premium Assistance Program (Continued)

Actuarial Assumptions (Continued)

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021, determined the employer contribution rate for fiscal year 2023.
- Cost method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% of 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 Premium Assistance benefits for each succeeding year.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

PSERS Health Insurance Premium Assistance Program (Continued)

Actuarial Assumptions (Continued)

OPEB -Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.00%	1.20%
	100.00%	

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 4.09% which represents the S&P 20-year Municipal Bond Rate at June 30, 2023, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the 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.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

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

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 health cost trends were 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current Trend Rates	1% Increase
6/30/2023 Net OPEB Liability	\$ 1,670,000	\$ 1,670,000	\$ 1,670,000

PSERS Health Insurance Premium Assistance Program

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 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.09%) or 1-percentage-point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
6/30/2023 Net OPEB Liability	\$ 1,888,000	\$ 1,670,000	\$ 1,487,000

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.state.pa.gov.

Catasauqua Area School District Postemployment Benefits Plan

Plan Description

Catasauqua Area School District's Postemployment Benefits Plan is a single-employer defined benefit healthcare plan administered by the District. The plan, an other postemployment benefit plan (OPEB), provides medical, prescription drug, vision, and dental insurance benefits to eligible retirees and their spouses.

Health Insurance Program

Employees of the District that retire are entitled to remain on the District's group healthcare insurance plan provided they meet all the requirements to be eligible for this benefit.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

Catasauqua Area School District Postemployment Benefits Plan (Continued)

Health Insurance Program (Continued)

At July 1, 2023, the following eligible employees and retirees were covered by the plan:

Fully Eligible Active Employees	142
Vested Former Participants	8
Retirees and Beneficiaries Currently Receiving Benefits	40
	190

Funding Policy

The contribution requirements of plan members and the District are established and may be amended by the District. The required contribution is based on projected pay-as-you-go financing requirements.

The Components of the net OPEB liability of the District are as follows:

	6/30/2024
Total OPEB Liability (TOL)	\$ 8,349,876
Plan Fiduciary Net Pension	-
Net OPEB Liability (NOL)	\$ 8,349,876
Plan Fiduciary Net Pension as a Percentage of the Total OPEB Liability	0.00%
Net OPEB Liability as a % of Covered-Employee Payroll	71.11%

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefits costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations, and are as follows:

Discount Rate

4.13% based on S&P Municipal Bond 20 Year High Grade Rate Index at July 1, 2023.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

Catasauqua Area School District Postemployment Benefits Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Salary

An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For the purpose, salary increases are composed of a 2.5% cost of living adjustment, 1.5% real wage growth, and for teachers and administrators a merit increase which varies by age from 2.75 to 0%.

Withdrawal

Rates of withdrawal are based on PSERS plan experience and vary by age, gender, years of service and PSERS Pension Class. Employees with more than 10 years of service range from 1.42% to 5.94%. Rates for new employees start at 25.93% for men and 27.46% for women and decrease with age and service.

Mortality

PubT-2010 headcount-weighted table including rates for contingent survivors for teachers. PubG-2010 head-count-weighted mortality table including for contingent survivors for all other employees.

Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Disability

No disability was assumed.

Retirement

Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender, rates range between 14.5% and 100%.

Spouse Age

Wives are assumed to be two years younger than their husbands.

Percent of Eligible Retirees Electing Coverage in Plan

Plan experience was considered as well as future expectations.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

Catasauqua Area School District Postemployment Benefits Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Percent of Eligible Retirees Electing Coverage in Plan

100% of employees eligible to receive fully-subsidized medical coverage, 75% of Custodians eligible to receive a \$100/month subsidy for coverage, and 50% of those not eligible for any subsidized coverage are assumed to elect coverage. 25% of vested former members are assumed to return to coverage upon attainment of age 62, and 100% of vested former members are assumed to return to coverage upon attainment of age 65.

Percent Married at Retirement

33% of retirees are assumed to be married and have a spouse covered by the plan at retirement. Non-souse dependents are deemed to be immaterial.

Per Capita Claims Cost

Making use of weighted averages for various plan designs, the per capita claims cost for medical and prescriptions drug is based on the expected portion of the group's overall cost attributed to individuals in the specified age and gender brackets vary between \$9,9902 and \$20,843. Dental and vision costs are assumed to not vary with age or gender.

Retiree Contributions

Retiree contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.

Life Insurance

It is assumed that the annual cost to provide life insurance varies by age and gender. The assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation mortality table.

Health Care 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.

Actuarial Value of Assets

Equal to the Market Value of Assets

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

Catasauqua Area School District Postemployment Benefits Plan (Continued)

Actuarial Methods and Assumptions (Continued)

Actuarial Cost Method - Entry Age Normal

Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

Participant Data

Based on census information as of September 2023. Due to the timing of school district turnover, the data is believed to be representative of the population for the 2023-2024 school year.

Changes in Net OPEB Liability

The following table shows the changes in net OPEB liability recognized over the measurement period:

	June 30, 2024
Total OPEB Liability	
Service Cost	\$ 341,598
Interest	303,284
Changes of Benefit Terms	(437,024)
Differences Between Expected and Actual Experience	1,828,621
Changes of Assumptions	(665,594)
Benefit Payments	(326,103)
Other Changes	-
Net Change	1,044,782
Total OPEB Liability - Beginning	7,305,094
Total OPEB Liability - Ending	\$ 8,349,876

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

Catasauqua Area School District Postemployment Benefits Plan (Continued)

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

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
6/30/2024 Net OPEB Liability	\$ 8,882,900	\$ 8,349,876	\$ 7,845,576

Sensitivity of the District's Net OPEB Liability to Changes in the Healthcare Cost Trend Rate

The following presents the net OPEB liability of the Plan, as well as what the Plan's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	1% Decrease	Current Trend Rates	1% Increase
6/30/2024 Net OPEB Liability	\$ 7,645,201	\$ 8,349,876	\$ 9,169,618

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$79,041. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 2,316,400	\$ 598,176
Changes in Assumptions	375,631	1,521,808
Benefits Payments Subsequent to the Measurement Date	592,097	-
Total	\$ 3,284,128	\$ 2,119,984

\$592,097 reported as deferred outflows of resources related to OPEB resulting from the 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:

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

11. Other Postemployment Benefit (Continued)

Catasauqua Area School District Postemployment Benefits Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized as OPEB expense as follows:

Years Ended June 30,		
2025	\$	(128,817)
2026		(128,813)
2027		115,426
2028		113,819
2029		113,820
Thereafter		486,612

12. Litigation

Various claims and lawsuits are pending against the District. Defenses are being conducted by counsel for the District or the insurance carrier, and losses, if any, are not anticipated to have a significant effect on the District's financial statements.

13. Contingencies

The District participates in a number of state and federally assisted grant programs. These programs are subject to compliance audits by the grantors or their representatives. The audits of these programs including the year ended June 30, 2024, have not yet been conducted. Accordingly, the District's compliance with applicable grant requirements will be established at some future date. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

14. Joint Ventures

The District is a participating member of the Lehigh Career and Technical Institute (the Institute). The Institute is governed by a joint board consisting of school directors from each member district. The board of directors from each member district must approve the Institute's annual operating budget. Each member district participates in the operating, capital, debt service and other costs of the Institute based on the number of students attending the Institute from each district. For the year ended June 30, 2024, the District's share was \$939,158. The Institute issues separate financial statements which are available to the public.

The District also participates with the Lehigh Carbon County Community College (the College) and the Carbon Lehigh Intermediate Unit (the Unit). The District's involvement is limited to District member representatives serving on committees of the Boards of the College and the Unit as well as approving their annual budgets. The District's shares in the operating, capital and other costs of the College and Unit, which amounted to \$163,210 and \$1,761,742, respectively, for the year ended June 30, 2024. The College and the Unit issue separate financial statements which are available to the public.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

15. Risk Management

The District is subject to risk of loss from employee acts, property, personal injury auto accidents, thefts, etc. The District cover those risks through the purchase of commercial insurance. Any settlements received by the District or its employees did not exceed insurance coverage in any of the last three years.

16. Prior Period Restatement

To correct previously recorded state receivable that was incorrectly recorded as of June 30, 2023, for the fiscal year 2023-2024, the following restatement was made to prior year financial statements.

	Governmental General Fund	Government-Wide General Fund
Net Position - June 30, 2023	\$ 6,668,975	\$ (37,435,326)
State Receivable	(889,257)	(889,257)
Net Position - June 30, 2023 (as restated)	\$ 5,779,718	\$ (38,324,583)

17. Subsequent Events

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through February 24, 2025, the date the financial statements were available to be issued. No subsequent events have occurred that require recognition or disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL – GENERAL FUND
JUNE 30, 2024**

	Budgeted Amounts		Actual	Variance
	Original	Final		Final to Actual
<u>Revenues</u>				
Local Sources	\$ 27,666,013	\$ 27,666,013	\$ 25,539,525	\$ (2,126,488)
State Sources	11,825,494	11,825,494	12,507,313	681,819
Federal Sources	1,483,439	1,483,439	1,465,316	(18,123)
Gain on Sale of Assets	180,655	180,655	261,943	81,288
Total Revenues	41,155,601	41,155,601	39,774,096	(1,462,793)
<u>Expenditures</u>				
Regular Programs	15,523,827	15,569,151	15,505,306	63,844
Special Programs	7,593,479	7,541,937	7,291,696	250,241
Vocational Programs	1,022,393	1,022,393	939,158	83,235
Other Instructional Programs	137,845	111,566	49,022	62,544
Non Public School Programs	12,000	12,000	6,428	5,572
Community College Programs	163,210	163,210	163,210	-
Pupil Personnel Services	1,924,598	1,944,611	1,988,043	(43,432)
Instructional Staff Services	2,043,675	2,044,385	1,622,769	421,616
Administrative Services	2,635,675	2,634,192	2,612,893	21,300
Pupil Health	438,427	438,427	415,052	23,375
Business Services	661,612	660,099	532,879	127,220
Operation and Maintenance of				
Plant Services	3,093,021	3,101,843	2,914,127	187,715
Student Transportation Services	1,524,266	1,524,009	1,080,258	443,751
Central and Other Support Services	131,874	135,924	73,260	62,664
Other Support Services	25,070	25,070	24,810	260
Student Activities	905,631	907,786	830,811	76,976
Community Services	50,049	50,049	38,425	11,624
Facility Construction and Improvements	215,000	215,000	156,798	58,202
Debt Service and Refunds	2,978,353	2,978,353	2,978,353	-
Miscellaneous Expenses	75,000	75,000	-	75,000
Total Expenditures	41,155,004	41,155,004	39,223,297	1,931,707
Excess of Revenues Over Expenditures	597	597	550,799	550,202
<u>Other Financing Sources (Uses)</u>				
Interest Income	390,000	390,000	95,695	(294,305)
Capital Lease Proceeds, net	-	-	(531,630)	(531,630)
Transfers In	25,000	25,000	10	(24,990)
Transfers Out	(365,597)	(365,597)	-	365,597
Total Other Financing Sources (Uses)	49,403	49,403	(435,925)	340,607
Net Change in Fund Balance	50,000	50,000	114,874	890,809
Fund Balance - Beginning of Year	5,779,718	5,779,718	5,779,718	-
Fund Balance - End of Year	\$ 5,829,718	\$ 5,829,718	\$ 5,894,592	\$ 890,809

See independent auditor's report on required supplementary information.

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY – PUBLIC
SCHOOL EMPLOYEES' RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
District's proportion of the net pension liability	0.0927%	0.0948%	0.0930%	0.0923%	0.0090%	0.0942%	0.0927%	0.0959%	0.0911%	0.0891%
District's proportionate share of the net pension liability	\$ 41,239,000	\$ 42,147,000	\$ 38,183,000	\$ 45,448,000	\$ 41,964,000	\$ 45,221,000	\$ 45,783,000	\$ 47,525,000	\$ 39,461,000	\$ 35,267,000
District's covered-employee payroll	14,142,382	13,943,875	\$ 13,177,072	\$ 13,238,084	\$ 12,939,150	\$ 12,371,365	\$ 12,685,415	\$ 12,335,356	\$ 12,414,110	\$ 11,719,792
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	291.60%	302.26%	289.77%	343.31%	324.32%	365.53%	360.91%	385.27%	324.02%	310.24%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

The accompanying notes to required supplemental information are an integral part of these schedules.

See independent auditor's report on required supplementary information.

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS – PUBLIC
SCHOOL EMPLOYEES’ RETIREMENT SYSTEM
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>	<u>June 30, 2016</u>	<u>June 30, 2015</u>
Contractually Required Contribution	\$ 5,040,733	\$ 4,892,353	\$ 4,754,516	\$ 4,436,082	\$ 4,317,176	\$ 4,022,113	\$ 3,988,071	\$ 3,546,516	\$ 3,032,799	\$ 2,332,942
Contributions in Relation to the Contractually Required Contribution	<u>(5,040,733)</u>	<u>(4,892,353)</u>	<u>(4,754,516)</u>	<u>(4,436,082)</u>	<u>(4,317,176)</u>	<u>(4,022,113)</u>	<u>(3,988,071)</u>	<u>(3,546,516)</u>	<u>(3,032,799)</u>	<u>(2,332,942)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
District's Covered-Employee Payroll	15,110,111	14,176,624	13,926,526	\$ 13,238,084	\$ 12,939,150	\$ 12,371,365	\$ 12,685,415	\$ 12,335,356	\$ 12,414,110	\$ 11,719,792
Contributions as a Percentage of Covered-Employee Payroll	33.36%	34.51%	34.14%	33.51%	33.37%	32.51%	31.44%	28.75%	24.43%	19.91%

The accompanying notes to required supplemental information are an integral part of these schedules.

See independent auditor's report on required supplementary information.

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
HEALTH INSURANCE PREMIUM ASSISTANCE PROGRAM (HIPAP)**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
District's Proportion of the Collective HIPAP Liability	0.9230%	0.0948%	0.9300%	0.9220%	0.0897%	0.0942%	0.0927%	0.9590%
District's Proportionate Share of the Collective Net HIPAP Liability	\$ 1,670,000	\$ 1,745,000	\$ 2,203,000	\$ 1,992,000	\$ 1,908,000	\$ 1,964,000	\$ 1,889,000	\$ 2,066,000
District's Covered-Employee Payroll **	14,142,382	13,943,875	13,177,072	\$ 13,238,084	\$ 12,939,150	\$ 12,371,365	\$ 12,685,415	\$ 12,335,356
District's Proportionate Share of the Net HIPAP Liability as a Percentage of its Covered-Employee Payroll	11.81%	12.51%	16.72%	15.05%	14.75%	15.88%	14.89%	16.75%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

The accompanying notes to required supplemental information are an integral part of these schedules.

See independent auditor's report on required supplementary information.

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS**

<u>PSERS Health Insurance Premium Assistance Program</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Contractually required contribution	\$ 98,232	\$ 106,699	\$ 111,815	\$ 108,326	\$ 108,559	\$ 102,683	\$ 105,172	\$ 102,000
Contributions in relation to the contractually required contribution	(98,232)	(106,699)	(111,815)	(108,326)	(108,559)	(102,683)	(105,172)	(102,000)
Contribution deficiency (excess)	<u>\$ -</u>							
District's covered-employee payroll	15,110,111	14,176,624	13,926,526	13,238,084	12,939,150	12,371,365	12,685,415	12,335,356
Contributions as a percentage of covered-employee payroll	0.65%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%
<u>CASD Postemployment Benefit Plan</u>	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>	
Contractually required contribution	\$ 326,103	\$ 266,792	\$ 193,203	\$ 187,284	\$ 199,216	\$ 256,639	\$ 421,997	
Contributions in relation to the contractually required contribution	(326,103)	(266,792)	(193,203)	(187,284)	(199,216)	(256,639)	(421,997)	
Contribution deficiency (excess)	<u>\$ -</u>							
District's covered-employee payroll	11,741,831	12,319,098	12,319,098	11,218,869	11,218,869	11,165,269	11,165,289	
Contributions as a percentage of covered-employee payroll	2.78%	2.17%	1.57%	1.67%	1.78%	2.30%	3.78%	

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

The accompanying notes to required supplemental information are an integral part of these schedules.

See independent auditor's report on required supplementary information.

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN NET OPEB
LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS**

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>June 30, 2022</u>	<u>June 30, 2021</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2018</u>
Total OPEB Liability							
Service Cost	\$ 341,598	\$ 445,097	\$ 413,131	\$ 299,862	\$ 310,141	\$ 291,998	\$ 409,671
Interest	303,284	183,534	129,255	198,575	180,514	180,839	194,754
Changes of Benefit Terms	(437,024)	-	65,481	-	-	-	-
Differences Between Expected and Actual Experience	1,828,621	-	899,273	-	(293,011)	-	(2,032,529)
Changes of Assumptions	(665,594)	(805,910)	(205,509)	618,020	(142,148)	14,455	(165,645)
Benefit Payments	(326,103)	(266,792)	(193,203)	(187,284)	(199,216)	(256,639)	(421,997)
Other Changes	-	-	-	-	-	-	-
Net Change	1,044,782	(444,071)	1,108,428	929,173	(143,720)	230,653	(2,015,746)
Total OPEB Liability - Beginning	<u>7,305,094</u>	<u>7,749,165</u>	<u>6,640,737</u>	<u>5,711,564</u>	<u>5,855,284</u>	<u>5,624,631</u>	<u>7,640,377</u>
Total OPEB Liability - Ending	<u>\$ 8,349,876</u>	<u>\$ 7,305,094</u>	<u>\$ 7,749,165</u>	<u>\$ 6,640,737</u>	<u>\$ 5,711,564</u>	<u>\$ 5,855,284</u>	<u>\$ 5,624,631</u>
Covered-Employee Payroll	\$ 11,741,831	\$ 12,319,098	\$ 12,319,098	\$ 11,218,869	\$ 11,218,869	\$ 11,165,269	\$ 11,165,269
Total OPEB Liability as a % of Covered-Employee Payroll	71.11%	59.30%	62.90%	59.19%	50.91%	52.44%	50.38%

Ultimately, this schedule should present information for the last ten years. However, until the years of information can be compiled, information is presented for as many years as is available.

The accompanying notes to required supplemental information are an integral part of these schedules.

See independent auditor's report on required supplementary information.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

Public School Employees' Retirement System

Changes of Benefit Terms

None

Changes in 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
- 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, 2021 and as of June 30, 2022
- 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.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTAL INFORMATION
FOR THE YEAR ENDED JUNE 30, 2024**

Other Postemployment Benefits – PSERS Health Insurance Premium Assistance Program

Change of Benefit Terms

None

Change 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.

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.

Other Postemployment Benefits – DPBP

Change of Benefit Terms

Act 110/43 coverage is not offered by the District. Non-confidential support staff are not eligible for coverage. Eligible custodians and confidential support staff can received 8 years of subsidized medical coverage.

Changes in Assumptions

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

SINGLE AUDIT REPORTS

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Source Code	Federal Assistance Listing Number	Pass- Through Grantor's Number	Grant Period Beginning/ Ending Date	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue 7/1/2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue 6/30/2024
U.S. DEPARTMENT OF AGRICULTURE										
Passed Through the Pennsylvania Department of Education										
Breakfast Program	I	10.553	N/A	07/01/2023-06/30/2024	N/A	\$ 351,848	\$ -	\$ 351,848	\$ 351,848	\$ -
				Total ALN 10.553		351,848	-	351,848	351,848	-
National School Lunch Program	I	10.555	N/A	07/01/2023-06/30/2024	N/A	1,030,727	-	1,030,727	1,030,727	-
Supply Chain Assistance	I	10.555	N/A	07/01/2023-06/30/2024	51,325	51,325	-	51,325	51,325	-
Passed Through the Pennsylvania Department of Agriculture										
National School Lunch Program (Commodity Non-Cash)	I	10.555	N/A	07/01/2023-06/30/2024	86,248	86,248	(7,712)	88,648	88,648	(5,312)
				Total ALN 10.555		1,168,300	(7,712)	1,170,700	1,170,700	(5,312)
Passed Through the Pennsylvania Department of Education										
P-EBT Local Administrative Fund	I	10.649	N/A	07/01/2023-06/30/2024	3,256	3,256	-	3,256	3,256	-
				Total ALN 10.649		3,256	-	3,256	3,256	-
TOTAL U.S. DEPARTMENT OF AGRICULTURE						1,523,404	(7,712)	1,525,804	1,525,804	(5,312)
U.S. DEPARTMENT OF EDUCATION										
Passed Through the Pennsylvania Department of Education										
Title I, Improving Basic Programs	I	84.010	013-23-0066	07/01/2022-09/30/2023	514,944	137,310	137,310	-	-	-
Title I, Improving Basic Programs	I	84.010	013-24-0066	07/01/2023-09/30/2024	490,337	374,531	-	490,337	490,337	115,806
				Total ALN 84.010		511,841	137,310	490,337	490,337	115,806
Title II, Supporting Effective Instruction	I	84.367	020-23-0066	07/01/2022-09/30/2023	65,501	18,155	18,155	-	-	-
Title II, Supporting Effective Instruction	I	84.367	020-24-0066	07/01/2023-09/30/2024	52,239	35,817	-	52,239	52,239	16,422
				Total ALN 84.367		53,972	18,155	52,239	52,239	16,422
Title IV, Student Support and Academic Enrich.	I	84.424	144-23-0066	07/01/2022-09/30/2023	40,961	1,942	1,917	25	25	-
Title IV, Student Support and Academic Enrich.	I	84.424	144-24-0066	07/01/2023-09/30/2024	40,961	40,312	-	40,312	40,312	-
				Total ALN 84.424		42,254	1,917	40,337	40,337	-
Passed Through the Carbon-Lehigh Intermediate Unit #21										
IDEA - PART B, Section 611	I	84.027	H027A210093	07/01/2022-09/30/2023	298,599	298,599	298,599	-	-	-
IDEA - PART B, Section 611	I	84.027	H027A210093	07/01/2023-09/30/2024	293,482	-	-	293,482	293,482	293,482
				Total ALN 84.027		298,599	298,599	293,482	293,482	293,482
IDEA - PART B, Section 619	I	84.027X	H027X210093	07/01/2022-09/30/2023	68,725	68,725	68,725	-	-	-
				Total ALN 84.027X		68,725	68,725	-	-	-
IDEA - PART B, Section 619	I	84.173	H173A200090	07/01/2022-09/30/2023	968	968	968	-	-	-
IDEA - PART B, Section 619	I	84.173	H173A200090	07/01/2023-09/30/2024	2,886	-	-	2,886	2,886	2,886
				Total ALN 84.173		968	968	2,886	2,886	2,886
Title III Improving Language Instruction	I	84.365	N/A	07/01/2022-09/30/2023	10,501	957	957	-	-	-
Title III Improving Language Instruction	I	84.365	N/A	07/01/2023-09/30/2024	10,501	10,501	-	10,501	10,501	-
				Total ALN 84.365		11,458	957	10,501	10,501	-
Passed Through the Pennsylvania Department of Education										
ARP ESSER 7% - COVID-19	I	84.425U	225-21-0066	03/13/2020-09/30/2024	326,475	148,398	(58,119)	213,803	213,803	7,286
ESSER III - COVID-19	I	84.425U	223-21-0066	03/13/2020-09/30/2024	4,200,501	992,846	357,096	635,750	635,750	-
ARP ESSER Homeless Children & Youth - COVID-19	I	84.425W	181-21-2064	03/13/2020-09/30/2024	17,726	9,999	1,387	11,660	11,660	3,048
				Total ALN 84.425		1,151,243	300,364	861,213	861,213	10,334
TOTAL U.S. DEPARTMENT OF EDUCATION						2,139,060	826,995	1,750,995	1,750,995	438,930
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES										
Passed Through the Pennsylvania Department of Public Welfare										
Medicaid Assistance Program	I	93.778	044-007066	07/01/2022-06/30/2023	N/A	5,310	5,310	-	-	-
Medicaid Assistance Program	I	93.778	044-007066	07/01/2023-06/30/2024	N/A	21,193	-	21,193	21,193	-
				Total ALN 93.778		26,503	5,310	21,193	21,193	-
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						26,503	5,310	21,193	21,193	-
TOTAL FEDERAL AWARDS						\$ 3,688,967	\$ 824,593	\$ 3,297,992	\$ 3,297,992	\$ 433,618

Source Codes: I - Indirect Funding
D - Direct Funding

See accompanying notes to the schedule of expenditures of federal awards.

**CATASAUQUA AREA SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
JUNE 30, 2024**

1. Basis of Presentation

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

2. Basis of Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain type of expenditures are not allowable or are limited as to reimbursement.

3. 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.

4. Non-Cash Awards

The District received non-cash food commodities during the current year in the amount of \$86,248.

5. Sub-Recipients

There were no federal awards passed through to subrecipients during the year.

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

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Catasauqua 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 District's basic financial statements and have issued our report thereon dated February 24, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Catasauqua 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 Catasauqua Area School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Catasauqua 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 district's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Catasauqua 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Congbell, Rappold & Yucasita LLP

February 24, 2025

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

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

Report on Compliance for Each Major Federal Program

Opinion of Each Major Federal Program

We have audited Catasauqua Area School District's compliance with the types of compliance requirements identified as subject to the audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Catasauqua Area School District's major federal programs for the year ended June 30, 2024. Catasauqua 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, Catasauqua 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 Catasauqua 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 Catasauqua 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 Catasauqua 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 Catasauqua 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 Catasauqua 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 Catasauqua 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 Catasauqua 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 Catasauqua 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

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

Congbell, Rappold & Yasuta LLP

February 24, 2025

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024**

A. SUMMARY OF AUDITOR'S REPORT

Financial Statements

Type of Auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness identified? ___ yes X no

Significant deficiencies identified not considered
to be material weaknesses? ___ yes X none reported

Noncompliance material to financial statements noted? ___ yes X no

Federal Awards

Internal control over major programs:

Material weakness identified? ___ yes X no

Significant deficiencies identified not considered
to be material weaknesses? ___ yes X none reported

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

Any audit findings disclosed that are required to be reported
in accordance with the Uniform Guidance? ___ yes X no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.553	Child Nutrition Cluster – School Breakfast Program
10.555	National School Lunch Program

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

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

**CATASAUQUA AREA SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2024**

B. FINDINGS – FINANCIAL STATEMENT AUDIT

-NONE-

C. FINDINGS AND QUESTIONED COSTS – FEDERAL AWARDS

-NONE-

**CATASAUQUA AREA SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

-NONE-

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