

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.

PRELIMINARY OFFICIAL STATEMENT DATED MARCH 11, 2025

NEW ISSUE – BOOK -ENTRY ONLY

**RATING: Moody's: "Aa1" (Underlying)
(See "RATING" herein)**

In the opinion of Bond Counsel, under existing statutes, regulations and judicial decisions, interest on the Bonds is excluded from gross income for purposes of federal income taxation and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. This opinion of Bond Counsel is subject to continuing compliance by the School District with its covenants in the Resolution and other documents to comply with requirements of the Internal Revenue Code of 1986, as amended, and applicable regulations thereunder.

Bond Counsel is also of the opinion that under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds are exempt from personal property taxes in the Commonwealth of Pennsylvania and the interest on the Bonds is exempt from the Commonwealth of Pennsylvania Personal Income Tax and the Commonwealth of Pennsylvania Corporate Net Income Tax.

Each of the Bonds will be designated by the School District as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code.

For further information concerning federal and state tax matters relating to the Bonds, see "Tax Matters" herein.

\$10,000,000*

North Penn School District

Montgomery and Bucks Counties, Pennsylvania

General Obligation Bonds, Series of 2025

Dated: April __, 2025

Interest Due: March 1 and September 1

Principal Due: March 1, (as shown on inside front cover)

First Interest Payment: September 1, 2025

The General Obligation Bonds, Series of 2025 (the "Bonds") in the aggregate principal amount of \$10,000,000* will be issued in registered form 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 North Penn School District, Montgomery and Bucks Counties, Pennsylvania (the "School District"), payable from its tax and other general revenues. The School District has covenanted in a Resolution adopted by the Board of the School District on February 11, 2025 (the "Resolution") that authorized the Bonds, that it will budget in each year, and will appropriate from its general revenues in each such year, the amount of the debt service due on the Bonds for such year and will duly and punctually pay or cause to be paid from the sinking fund established under the Resolution or any other of its legally available revenues or funds the principal of every Bond and the interest thereon on the dates, at the place and in the manner stated in the Bonds, and for such budgeting, appropriation and payment the School District has irrevocably pledged its full faith, credit and taxing power, which taxing power includes the power to levy ad valorem taxes on all taxable real property within the School District, to the extent permitted by law. (See "Security" and "Taxing Powers of the School District" *infra*).

Interest on each of the Bonds is payable initially on September 1, 2025, and thereafter semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for. The School District has appointed Manufacturers and Traders Trust Company, Buffalo, New York, (the "Paying Agent"), acting as paying agent, registrar 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 designated 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 and mailed to the person(s) in whose name(s) such Bond is registered as of the Record Date with respect to the particular interest payment date (see "THE BONDS" herein).

The Bonds are subject to optional redemption prior to maturity.

Proceeds of the Bonds will be used for: (1) renovations and additions to the High School, (2) construction of a new School District transportation center, (3) other ongoing or proposed capital projects and (4) to pay the costs of issuing the Bonds.

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

MATURITIES, AMOUNTS, RATES AND YIELDS As Shown on 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 Saxton & Stump, LLC, Bond Counsel, of Lancaster, Pennsylvania, to be furnished upon delivery of the Bonds. Certain other legal matters will be passed upon for the School District by Wisler and Pearlstine, LLP, Blue Bell, Pennsylvania, School District Solicitor and McNeas Wallace & Nurick LLC, Lancaster, Pennsylvania, Limited Scope Underwriter's Counsel. PFM Financial Advisors LLC, Harrisburg, Pennsylvania, will act as Financial Advisor to the School District in connection with the issuance of the Bonds. It is expected that the Bonds will be available for delivery at DTC or its agent, on or about April __, 2025.

RAYMOND JAMES®



**Capital
Markets**

Dated: _____

*Estimated, subject to change.

\$10,000,000*
North Penn School District
Montgomery and Bucks Counties, Pennsylvania
General Obligation Bonds, Series of 2025

Dated: April __, 2025

Principal Due: March 1, (as shown below)

Interest Due: March 1 and September 1

First Interest Payment: September 1, 2025

BOND MATURITY SCHEDULE FOR:

Maturity Date (March 1) Year	Principal Amounts	Interest Rates	Initial Offering Yields	CUSIP Numbers⁽¹⁾
2025				
2026				
2027				
2028				
2029				
2030				
2031				
2032				
2033				
2034				
2035				
2036				
2037				
2038				
2039				
2040				
2041				
2042				
2043				
2044				
2045				
2046				
2047				
2048				
2049				
2050				

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

*Estimated, subject to change.

NORTH PENN SCHOOL DISTRICT
Montgomery and Bucks Counties, Pennsylvania

BOARD OF SCHOOL DIRECTORS

Cathy McMurtie.....	President
Juliane Ramic	Vice-President
Christian D. Fusco	Member
Dr. Elisha K. Gee.....	Member
Jonathan M. Kassa	Member
Timothy MacBain.....	Member
Al Roesch	Member
Kunbi Rudnick.....	Member
Tina Stoll	Member

SUPERINTENDENT
DR. TODD BAUER

CHIEF FINANCIAL OFFICER
STEVEN SKROCKI

INTERIM CHIEF FINANCIAL OFFICER
CHARLES LINDERMAN

SCHOOL DISTRICT SOLICITOR
KYLE SOMERS, GENERAL COUNSEL
WISLER PEARLSTINE, LLP
Blue Bell, Pennsylvania

BOND COUNSEL
SAXTON & STUMP, LLC
Lancaster, Pennsylvania

FINANCIAL ADVISOR
PFM FINANCIAL ADVISORS LLC
Harrisburg, Pennsylvania

UNDERWRITERS
RAYMOND JAMES & ASSOCIATES, INC.
Lancaster, Pennsylvania

RBC CAPITAL MARKETS, LLC
West Conshohocken, Pennsylvania

LIMITED SCOPE UNDERWRITER'S COUNSEL
MCNEES WALLACE & NURICK LLC
Lancaster, Pennsylvania

PAYING AGENT
MANUFACTURERS AND TRADERS TRUST COMPANY
Buffalo, New York

SCHOOL DISTRICT ADDRESS
401 East Hancock Street
Lansdale, Pennsylvania 19446-3960

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.

The Underwriters have reviewed the information in this Official Statement pursuant to their responsibilities to investors under the federal securities laws, but the Underwriters do not guarantee the accuracy or completeness of such information.

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PRELIMINARY OFFICIAL STATEMENT

\$10,000,000*

North Penn School District
Montgomery and Bucks Counties, Pennsylvania
General Obligation Bonds, Series of 2025

INTRODUCTION

This Preliminary Official Statement, including the cover page and inside cover page hereof and Appendices hereto, is furnished by North Penn School District, Montgomery and Bucks Counties, Pennsylvania (the "School District"), in connection with the offering of \$10,000,000* aggregate principal amount of General Obligation Bonds, Series of 2025 (the "Bonds"). The Bonds are being issued pursuant to a Resolution of the Board of School Directors of the School District adopted on February 11, 2025 (the "Resolution"), and pursuant to the Local Government Unit Debt Act of the Commonwealth of Pennsylvania (the "Commonwealth"), 53 Pa. Cons. Stat. §8001 *et seq.*, as amended (the "Debt Act"). Manufacturers and Traders Trust Company, Buffalo, New York, will act as paying agent, sinking fund depository and bond registrar for the Bonds (in each capacity referred to as "Paying Agent").

PURPOSE OF THE ISSUE

Proceeds of the Bonds will be used for: (1) renovations and additions to the High School, (2) construction of a new School District transportation center, (3) other ongoing or proposed capital projects and (4) to pay the costs of issuing the Bonds.

Sources and Uses of Bond Proceeds

The following is a summary of the sources and uses of the proceeds of the Bonds:

	TOTAL
<u>Source of Funds</u>	
Par Amount.....	_____
Net Original Issue Premium [Discount].....	_____
Total Source of Funds.....	=====
<u>Use of Funds</u>	
Available for Projects	_____
Costs of Issuance ⁽¹⁾	_____
Total Use of Funds.....	=====

⁽¹⁾Includes legal, financial advisor, printing, rating, underwriter's discount, CUSIP, paying agent, redemption agent, escrow 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 \$10,000,000*, will be dated as of the date of delivery, and will bear interest at the rates and mature in the amounts and on the dates set forth on the inside cover of this Preliminary Official Statement. Interest on the Bonds will be payable initially on September 1, 2025, and thereafter, semiannually on March 1 and September 1 of each year until the maturity date of such Bond or, if such Bond is subject to redemption prior to maturity, until the date fixed for redemption thereof, if payment of the redemption price has been duly made or provided for.

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

Payment of Principal and Interest

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 the Paying Agent, acting as paying agent, registrar and sinking fund depository for the Bonds, at its designated 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 March 1, 2020, 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 to 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 fifteenth (15th) day (whether or not a Business Day) immediately 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 ten (10) days preceding such special record date to the registered owners of such Bonds as of the close of business on the fifth business day preceding the date of mailings.

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 municipality where the principal office of the Paying Agent is located 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 (a “Business Day”), and payment on such subsequent Business Day shall have the same force and effect as if made on the nominal date established for such payment.

Transfer, Exchange and Registration of Bonds

Subject to the provisions described below under “Book-Entry Only System,” 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 of the same series, maturity and interest rate for the aggregate principal amount which the registered owner is entitled to receive. The School District and the Paying Agent may deem and treat the registered owner of any Bond as the absolute owner thereof (whether or not a Bond shall be overdue) for the purpose of receiving payment of or on account of principal and interest and for all other purposes, and the School District and the Paying Agent shall not be affected by any notice to the contrary.

*Estimate, subject to change.

State Enforcement of Debt Service Payments

Section 633 of the Pennsylvania Public School Code of 1949, as amended by Act 150 of 1975, and as further amended and supplemented (the “Public School Code”), presently provides that in all cases where the board of school directors of any school district fails to pay or to provide for the payment of any indebtedness on the date of maturity or date of mandatory redemption or on any sinking fund deposit date, or any interest due on such indebtedness on any interest payment date or on any sinking fund deposit date, in accordance with the schedule under which the bonds were issued, the Pennsylvania Department of Education (“PDE”) 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.

Any payments made by PDE pursuant to Section 633 of the Public School Code are subject to annual appropriation by the General Assembly and are not a general obligation of the Commonwealth. In the event such annual appropriations are delayed due to a budget impasse or otherwise, state funds may not be available to PDE to make timely payments. In addition, 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, or by statutory interpretation or policies of PDE. Enforcement also may be limited by bankruptcy, insolvency, or other laws or equitable principles affecting the enforcement of creditors’ rights. Accordingly, there can be no assurances that any payments pursuant to Section 633 of the Public School Code will be made by the date on which such payments are due to the Bondholders.

But see “**Pennsylvania Budget Adoption**”.

Pennsylvania Budget Adoption

Due to the uncertainty of funding and expenditures caused by the COVID-19 pandemic, on May 29, 2020, the Commonwealth 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.

Then Governor Tom Wolf 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 record high of \$13.55 billion in the 2021-2022 budget.

After a week’s delay, a \$45.2 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 those school districts with a higher at risk student population. The total amount was a \$767.8 million (10.83%) increase over the 2021-2022 fiscal year appropriation.

After over a month delay, a \$45.5 billion budget for the state’s 2023-24 fiscal year was signed by Governor Josh Shapiro on August 3, 2023, which includes \$8.4 billion for the basic education funding appropriation. The total amount is a \$796.6 million (10.45%) increase over the 2022-2023 fiscal year appropriation. The budget also provides \$50 million in additional aid to school districts for special education services for a total of \$1.3 billion. Certain funds authorized within the 2023-2024 Budget required companion implementation language amending the Fiscal Code to be fully implemented. On December 13, 2023, multiple code bills were passed finalizing the 2023-24 Budget for education.

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

*During a state budget impasse, school districts in Pennsylvania cannot be certain when state subsidies and revenues owed them from the Commonwealth will become available. This includes many of the major state subsidies, and overall revenues, that a Pennsylvania school district receives including basic education funding, special education funding, PlanCon reimbursements, and certain block grants, among many others. Future budget impasses may affect the timeliness or amount of payments by the Commonwealth under the withholding provisions of Section 633 of the School Code, however recent legislation included in Act 85 of 2016 has attempted to address the timeliness of the withholding provisions of Section 633 of the 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 XV1-E.4, entitled "School District Intercepts for the Payment of Debt Service During Budget Impasse", which provides for intercept of subsidy payments by Pennsylvania Department of Education ("PDE") from 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" Sections 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 as 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 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 XV11-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 subject to an intercept statute or intercept agreement must deliver to PDE, in such format as PDE may direct, a copy of the final Official Statement for the relevant bonds or notes or the loan documents relating to the obligations, within thirty (30) days of receipt of the proceeds of the obligations. The School District intends on submitting this information 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 Debt 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).

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

In the manner and upon the terms and conditions provided in the Resolution, the following Bonds are subject to mandatory redemption pursuant to operation of the Mandatory Sinking Fund in the manner set forth in the Resolution at a redemption price equal to one-hundred percent (100%) of the principal amount thereof, together with accrued interest, on March 1 of the following years and in the following principal amounts:

Bonds stated to mature _____:

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

*Final Maturity

In lieu of such mandatory redemption, the Paying Agent, on behalf of the School District, may purchase from money in the Sinking Fund, at a price not to exceed the principal amount plus accrued interest, or the School District may tender to the Paying Agent, all or part of the Bonds subject to being drawn for redemption in any such year.

Optional Redemption

The Bonds stated to mature on or after _____, shall be subject to redemption prior to maturity, at the option of the School District, as a whole, on _____, or on any date thereafter, or from time to time, in part (and if in part, in any order of maturity as selected by the School District and within a maturity by lot), in either case upon payment of a redemption price of 100% of the principal amount of such 2025 Bonds, together with accrued interest to the redemption date.

Notice of Redemption

Notice of any redemption shall be given by mailing a copy of the redemption notice by first class United States mail, postage prepaid, or by another method of giving notice which is acceptable to the Paying Agent and customarily used by fiduciaries for similar notices at the time

such notice is given, not more than sixty (60) days and 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 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.

If at the time of the mailing of any notice of optional redemption the School District shall not have deposited with the Paying Agent moneys sufficient to redeem all the Bonds called for redemption, such notice shall state that it is conditional, that is, subject to the deposit or transfer of the redemption moneys with the Paying Agent not later than the opening of business on the redemption date, and that such notice shall be of no effect unless such moneys are so deposited.

Manner of Redemption

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 that number of Bonds which is obtained by dividing the principal amount thereof 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 such Bond in exchange for Bonds of authorized denominations in aggregate principal amount equal to the unredeemed portion of the principal amount thereof.

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THE SCHOOL DISTRICT

Introduction

The School District is located in the north-central section of Montgomery County, Pennsylvania, and a small portion of the southern central Bucks County, Pennsylvania and is comprised of the municipal subdivisions of the Boroughs of Hatfield, Lansdale and North Wales and the Townships of Hatfield, Montgomery, Towamencin and Upper Gwynedd, all located in Montgomery County and a small portion of the Townships of Hilltown and New Britain located in adjacent Bucks County, Pennsylvania.

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 all aspects of operations, including education and finance. The chief financial officer is responsible for budget and financial operations. Both of these officials are selected by the School Board.

School Facilities

The School District presently owns thirteen elementary schools, three middle schools, one high school, an alternative education school, a Support Services Center and the Educational Service Center, all as described in the following table. Students in grades 9-12 also attend the North Montco Technical Career Center.

**TABLE 1
NORTH PENN SCHOOL DISTRICT
SCHOOL FACILITIES**

Building	Original Construction Date	Addition/ Renovation Date	Grades	Rated Pupil Capacity*	2024-25 Enrollment
<i>Elementary:</i>					
Bridle Path.....	1994	---	K-6	889	508
Gwyn-Nor.....	1966	2004	K-6	920	664
Gwynedd Square	1991	---	K-6	980	610
Hatfield.....	1970	2015	K-6	920	501
Inglewood.....	1963	1972/2013	K-6	732	408
Knapp	1955	1999/2022	K-6	665	633
Kulp.....	1957	1963/2009	K-6	1,020	583
Montgomery	1965	1990/2017	K-6	1,098	611
Nash.....	1976	1997	K-6	584	464
North Wales.....	1927	1974/2010	K-6	629	484
Oak Park.....	1959	2002	K-6	856	526
Walton Farm	1994	---	K-6	889	566
York Avenue	1927	2008	K-6	570	291
<i>Secondary:</i>					
Pennbrook Middle	1959	2006	7-9	1,264	767
Penndale Middle.....	1931	1997	7-9	1,749	1,171
Pennfield Middle	1964	2007	7-9	1,362	865
North Penn High.....	1971	1999	10-12	3,782	3,164
Northbridge Credit Recovery School	1989	2008	8-12	---	49
Education Service Center	1963	1990	N/A	---	---
Support Service Center.....	1982	2008	N/A	---	---

*In accordance with PDE/Plancon methodology (does not include modular's and special education classrooms).

Source: School District officials.

Enrollment Trends

The following table presents recent trends in school enrollment and projections of enrollment for the next 5 years, as prepared by School District officials.

**TABLE 2
NORTH PENN SCHOOL DISTRICT
ENROLLMENT TRENDS**

Actual Enrollments				Projected Enrollments			
School Year	K-6	7-12	Total	School Year	K-6	7-12	Total
2020-21	6,456	6,074	12,530	2025-26	7,110	5,852	12,962
2021-22	6,621	6,097	12,718	2026-27	7,140	5,895	13,035
2022-23	6,670	6,052	12,722	2027-28	7,244	5,878	13,122
2023-24	6,828	6,177	13,005	2028-29	7,201	6,103	13,304
2024-25	6,867	5,998	12,865	2029-30	7,245	6,259	13,504

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

Financial Reporting

The financial statements of the School District are prepared in accordance with accounting principles generally accepted in the United States of America. The School District’s reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The government-wide and proprietary fund financial statements apply Financial Accounting Standards Board pronouncements and Accounting Principles Board opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails. The government wide statements report using the economic resources measurement focus and the accrual basis of accounting generally including the reclassification or elimination of internal activity (between or within funds). The School District’s financial statements are audited annually by an independent certified public accountant, as required by Commonwealth law. The firm of Zelenkofske Axelrod LLC currently serves as the School District’s 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 final 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 “Act 1 of 2006 (“The Taxpayer Relief Act”)” 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 “Act 1 of 2006 (“The Taxpayer Relief Act”)” 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.

To use any of the referendum exceptions for which court approval is required under the Taxpayer Relief Act, the school district must petition the court of common pleas no later than 75 days prior to the upcoming election, after giving one week’s public notice of the intent to file such petition. The court may schedule a hearing on the petition, and the school district must prove by clear and convincing evidence that it qualifies for the exception sought. The Taxpayer Relief Act requires that the court rule on the petition and inform the school district of its decision no later than 55 days prior to the upcoming election. Such Act provides that the court in approving the petition shall determine the dollar amount for which the exception is granted, the tax rate increase required to fund the exception and the appropriate duration of the tax increase. If the court denies the school district’s petition, such Act permits the school district to 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.

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Summary and Discussion of Financial Results

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

A summary of general fund balance sheet and changes in fund balances is presented in Tables 3 and 4. Table 5 shows revenues and expenditures for the past five years and the 2024-25 Budget, as adopted June 20, 2024.

TABLE 3
NORTH PENN SCHOOL DISTRICT
SUMMARY OF COMPARATIVE GENERAL FUND BALANCE SHEET
(Years ending June 30)

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
ASSETS					
Cash and Cash Equivalents.....	\$62,219,630	\$68,797,946	\$70,358,643	\$79,783,558	\$95,515,355
Investments.....	2,561,583	377,489	823,233	1,940,749	1,020,388
Taxes Receivable.....	1,756,854	1,551,555	2,464,442	1,782,083	1,531,426
Due from other funds.....	495,483	537,776	857,347	804,000	422,996
Due from other governments	4,464	0	0	11,068	0
State Revenue Receivable.....	9,344,635	9,412,141	9,963,230	10,682,738	11,137,760
Federal Revenue Receivable.....	1,284,941	3,399,537	3,270,193	3,367,250	3,469,755
Inventories	199,960	236,346	195,062	225,696	226,554
Prepaid Expenses.....	74,291	740,698	797,526	1,036,812	647,434
Other Receivables.....	439,968	491,175	329,887	307,908	127,027
TOTAL ASSETS.....	<u>\$78,381,809</u>	<u>\$85,544,663</u>	<u>\$89,059,563</u>	<u>\$99,941,862</u>	<u>\$114,098,695</u>
LIABILITIES					
Due to Other Funds.....	\$2,012,842	\$3,567,784	\$2,010,410	\$8,020,290	\$676,064
Accounts Payable.....	6,504,828	7,610,054	4,158,391	5,601,138	6,548,555
Accrued Salaries & Benefits.....	8,104,966	8,425,267	8,954,790	6,480,326	6,786,853
Payroll Deductions and Withholdings.....	22,330,302	22,504,105	23,996,121	24,209,378	23,963,207
Unearned Revenues.....	161,714	180,879	1,395,965	8,447	71,341
TOTAL LIABILITIES.....	<u>\$39,114,652</u>	<u>\$42,288,089</u>	<u>\$40,515,677</u>	<u>\$44,319,579</u>	<u>\$38,046,020</u>
Deferred Inflows of Resources.....	\$1,378,996	\$1,019,752	\$0	\$1,019,752	\$939,499
FUND EQUITIES					
Nonspendable Fund Balance.....	\$274,251	\$977,044	\$992,589	\$1,262,509	\$873,988
Committed Fund Balance.....	16,806,523	16,806,523	23,106,523	28,165,168	49,064,334
Assigned Fund Balance.....	2,700,000	2,700,000	2,700,000	2,700,000	2,700,000
Unassigned Fund Balance.....	18,107,387	21,753,255	21,744,774	22,474,854	22,474,854
TOTAL FUND EQUITY.....	<u>\$37,888,161</u>	<u>\$42,236,822</u>	<u>\$48,543,886</u>	<u>\$54,602,531</u>	<u>\$75,113,176</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND EQUITIES.....	<u>\$78,381,809</u>	<u>\$85,544,663</u>	<u>\$89,059,563</u>	<u>\$99,941,862</u>	<u>\$114,098,695</u>

Source: School District Annual Financial Reports.

TABLE 4
NORTH PENN SCHOOL DISTRICT GENERAL FUND
SUMMARY OF CHANGES IN FUND BALANCE*

	<u>Actual</u>					<u>Budget</u>
	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024⁽¹⁾</u>	<u>2025⁽²⁾</u>
Beginning Fund Balance	\$41,114,415	\$37,888,162	\$42,236,823	\$48,543,886	\$54,602,531	\$75,113,175
Excess of Revenues over						
(under) Expenditures	(3,226,253)	4,348,661	6,307,063	6,058,645	20,510,644	(185,707)
Chg. Inv/RS equity Trans/Prior Year Adj.	0	0	0	0	0	0
Ending Fund Balance	<u>\$37,888,162</u>	<u>\$42,236,823</u>	<u>\$48,543,886</u>	<u>\$54,602,531</u>	<u>\$75,113,175</u>	<u>\$74,927,468</u>

*Totals may not add due to rounding.

⁽¹⁾Estimated, subject to change and final audit.

⁽²⁾Budget, as adopted June 20, 2024.

Source: School District Annual Financial Reports and Budget.

General Fund Revenue and Expenditures

The School District received \$325,829,241 in revenue in 2023-24 and has budgeted revenue of \$322,278,342 in 2024-25. Local sources contributed an increasing share of total revenue in the past five years, from 65.59 percent in 2019-20 to 76.58 percent in 2023-24. Revenue from Commonwealth sources contributed an increasing share of total revenue from 17.04 percent to an estimated 20.07 percent over this period. Federal and other revenue increased as a share of total revenue from 1.15 percent to an estimated 3.32 percent during the period.

TABLE 5
NORTH PENN SCHOOL DISTRICT
SUMMARY OF SCHOOL DISTRICT GENERAL FUND
REVENUES AND EXPENDITURES*
(For years ending June 30)

REVENUE	Actual					Budget 2025 ⁽¹⁾
	2020	2021	2022	2023	2024	
Local Sources						
Real Estate Taxes (Current)	\$177,744,239	\$185,145,402	\$188,594,718	\$195,825,648	\$206,617,234	\$214,208,707
Interim Real Estate Taxes	1,730,660	1,311,555	1,695,801	1,175,444	1,337,256	781,500
Public Utility Tax	176,699	194,198	202,345	204,839	195,844	200,000
Payments in Lieu of Current Taxes	349	349	349	349	349	350
Total Act 511 Taxes	20,511,537	22,583,681	25,663,373	26,240,732	25,474,881	25,100,000
Delinquent Taxes	1,516,873	2,177,236	2,762,410	2,184,500	1,970,789	1,850,000
Earnings on Investments	2,347,310	439,168	527,730	6,063,008	9,335,735	4,500,000
Revenues from LEA Activities	245,036	229,757	281,368	391,497	340,782	342,000
Fed. IDEA Pass Through Revenue	2,251,801	2,323,659	2,307,234	2,395,665	2,680,564	2,774,420
Federal ARRA IDEA Revenue Received as Pass Through	0	0	162,596	373,943	296,786	0
Federal Cares Act Revenues Received as Pass Through	0	1,625,619	0	0	0	0
Contributions and Donations from Private Sources	0	0	0	250	0	0
Rentals	70,494	117,338	167,849	156,949	183,888	165,000
Tuition	37,593	16,670	0	2,894	0	75,000
Revenue from Community Services Activities	0	0	0	0	0	20,000
Receipts from Other LEAS in PA - Education	264,928	149,653	77,826	76,658	0	0
Other Tuition from Patrons	10,650	0	0	0	0	0
All Other Services Provided Other Govts and LEAs	0	0	0	4,495	0	0
Energy Incentives & Rebates	48,028	44,586	23,716	20,316	31,542	0
Refunds of Prior Years' Expenditures	308,138	624,936	88,179	161,035	553,274	0
All Other Local Revenues Not Specified	118,800	46,122	268,990	608,234	495,736	783,926
Total Local Revenue	\$207,383,134	\$217,029,929	\$222,824,483	\$235,886,457	\$249,514,660	\$250,800,903
State Sources						
Instructional Subsidy	\$11,055,329	\$11,055,307	\$11,810,995	\$14,429,640	16,830,673	\$17,639,676
Migratory Children	160	160	0	0	120	0
Tuition Orphans & Children placed in Private Homes	325,271	157,734	115,017	220,024	167,076	125,000
Special Education	6,774,836	6,787,924	7,024,856	7,264,784	7,447,400	7,589,000
Transportation	2,219,428	2,210,285	1,747,129	2,181,972	2,389,592	2,200,000
Rentals and Sinking Fund Reimbursements	966,794	689,333	463,609	367,801	1,312,277	530,609
Health Services	280,951	280,451	269,561	279,471	282,348	280,000
State Property Tax Reduction Allocation	5,210,934	5,206,406	5,189,050	6,373,145	6,300,788	7,532,481
School Safety and Security Grants	216,714	42,072	97,439	139,105	449,395	250,000
Additional grants not listed elsewhere	0	171,851	750	87,272	0	0
Ready to Learn Block Grant	577,539	577,539	577,539	577,539	577,539	577,539
Revenue for Social Security	4,254,795	5,040,061	4,847,922	5,109,943	5,143,106	5,723,961
Revenue for Retirement	22,000,817	22,143,474	23,738,294	24,468,607	24,504,862	25,141,826
Total State Sources	\$53,883,566	\$54,362,597	\$55,882,162	\$61,499,304	\$65,405,177	\$67,590,092
Federal Sources						
Total Federal Sources	\$3,637,347	\$4,940,833	\$8,079,613	\$6,422,565	\$10,801,405	\$3,587,347
Other Sources						
Total Other Sources	\$51,269,468	\$10,012,393	\$500,000	\$850,000	\$108,000	\$300,000
TOTAL REVENUE	\$316,173,515	\$286,345,751	\$287,286,258	\$304,658,325	\$325,829,241	\$322,278,342
EXPENDITURES						
Instruction	\$169,195,612	\$171,427,862	\$177,693,260	\$182,730,483	\$191,561,767	\$199,260,075
Pupil Personnel	14,632,982	15,599,548	15,554,171	16,521,934	17,755,306	18,918,452
Instructional Staff	8,618,672	8,945,053	9,207,842	11,257,538	11,559,241.21	13,221,421
Administration	13,085,342	13,098,045	14,390,006	14,453,752	15,168,707	14,436,016
Pupil Health	5,125,834	5,024,353	5,561,253	6,163,486	6,703,223	6,661,737
Business	2,446,521	2,328,717	2,437,462	2,578,735	2,631,714	3,799,705
Operation and Maintenance	16,737,054	16,138,868	17,580,026	18,026,925	18,916,683	20,650,762
Student Transportation	13,172,939	11,896,899	13,946,739	14,702,788	15,733,513	16,472,897
Central	3,827,831	3,489,279	3,395,671	3,779,946	4,715,357	5,346,577
Other Support	265,774	275,111	255,470	209,519	214,198	209,500
Operation of Noninstructional Services	2,891,330	2,632,293	2,910,081	3,033,417	3,113,763	3,570,599
Fac. Acq., Const. & Improv.Svcs.	0	12,341	0	64,219	259,562	0
Debt Service	66,898,753	24,395,305	11,059,262	12,032,583	12,380,455	12,303,384
Fund Transfers	2,500,000	6,733,417	6,987,953	13,044,356	4,605,107	6,112,924
Budgetary Reserve/Special Extraordinary Items	1,125	0	0	0	0	1,500,000
TOTAL EXPENDITURES	\$319,399,768	\$281,997,090	\$280,979,195	\$298,599,681	\$305,318,597	\$322,464,049
REVENUES UNDER (OVER) EXPENDITURES	(\$3,226,253)	\$4,348,661	\$6,307,063	\$6,058,645	\$20,510,644	(\$185,707)

*Totals may not add due to rounding.

⁽¹⁾Budget, as adopted June 20, 2024.

Source: School District Annual Financial Reports and Budget.

TAXING POWERS OF THE SCHOOL DISTRICT

In General

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.

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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.

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.

The Bonds are Not Eligible for Act 1 Exception

The Bonds were not authorized before the June 27, 2006, the effective date of Act 1. Therefore, the Bonds do *not* qualify for the exception to the referendum requirement for debt incurred prior to the effective date of Act 1 (or its predecessor statute Act 72). The School District must include the increased debt service due on the Bonds within each applicable Fiscal Year Index.

Act 24 of 2001

Act 24 of 2001 of the Commonwealth of Pennsylvania, which became law on June 22, 2001, authorizes a board of school directors to schedule a public hearing and conduct a ballot referendum on replacing the school district’s occupation tax with an increase in the local earned income tax. Currently, school districts in Pennsylvania share a 1.0% (each receives 0.5%) tax on the annual amount of residents’ wages and other earned income (which excludes unearned or investment income), with the resident municipality. Under the new law, this tax could be increased by the percentage necessary to generate revenue equal to what was collected during the preceding year on the occupation tax. The occupation tax is a flat amount for all employed individuals, or assessed by various trade, occupation and professional titles, regardless of income. The restructured tax is designed to be revenue neutral to the school district. The School District has no current plans to implement Act 24.

Act 48 of 2003

Pennsylvania Act No. 2003-48 (enacted December 23, 2003) prohibits a school district from increasing real property taxes for the school year 2005-2006 or any subsequent school year, 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
Less than or equal to \$11,999,999	12.0%
Between \$12,000,000 and \$12,999,999	11.5%
Between \$13,000,000 and \$13,999,999	11.0%
Between \$14,000,000 and \$14,999,999	10.5%
Between \$15,000,000 and \$15,999,999	10.0%
Between \$16,000,000 and \$16,999,999	9.5%
Between \$17,000,000 and \$17,999,999	9.0%
Between \$18,000,000 and \$18,999,999	8.5%
Greater than or equal to \$19,000,000	8.0%

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

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, Montgomery and Bucks Counties and the municipalities within the School District.

**TABLE 6
NORTH PENN SCHOOL DISTRICT TAX RATES**

Year	Montgomery County	Bucks County	Wage Income (%)⁽¹⁾	Real Estate
	Real Estate (mills)	Real Estate (mills)		Transfer (%)⁽¹⁾
2020-21	26.7742	149.2660	0.50	0.50
2021-22	27.5369	119.7396 ⁽²⁾	0.50	0.50
2022-23	28.4712	154.6167	0.50	0.50
2023-24	29.6365	160.9550	0.50	0.50
2024-25	30.9667	168.1812	0.50	0.50

⁽¹⁾ Subject to sharing with the municipalities.

⁽²⁾ The proportionate share of assessed value between Bucks and Montgomery results in a lower rebalanced millage rate for Bucks County residents.

Source: School District Financial Reports.

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

School District:	2020-21	2021-22	2022-23	2023-24	2024-25
<i>Montgomery County</i>	26.7742	27.5369	28.4712	29.6365	30.9667
<i>Bucks County</i>	149.2660	119.7396	154.6167	160.9550	168.1812
Municipalities within or a portion within the School District:	2021	2022	2023	2024	2025
Hatfield Borough.....	2.2500	3.2500	3.2500	3.2500	4.2500
Hatfield Township.....	5.2220	5.2220	5.2220	5.2220	5.2220
Lansdale Borough.....	5.7500	6.2500	7.2500	7.2500	7.2500
Montgomery Township.....	1.4900	2.4900	2.4900	2.9400	2.9400
North Wales Borough.....	5.5010	6.0000	6.0000	7.0000	7.0000
Towamencin Township.....	4.5580	4.5580	5.6895	5.6895	5.6895
Upper Gwynedd Township.....	2.0410	2.0410	2.0410	2.0410	2.0410
Hilltown Township ⁽¹⁾	8.7500	8.7500	8.7500	8.7500	8.7500
New Britain Township ⁽¹⁾	13.0625	13.0625	14.5000	14.5000	16.0000
County:					
Montgomery County	2.6950	2.6950	2.6950	2.6950	2.6950
Bucks County	25.4500	25.4500	25.4500	27.4500	27.4500

⁽¹⁾ Municipality lies within Bucks County.

Source: PA Dept. of Community & Economic Development – Municipal Statistics – Municipal Tax Information, and PDE Budgets.

Real Property Tax

The real property tax (excluding delinquent collections) produced an estimated \$207,954,489.30 in 2023-24, approximately 63.82% of overall revenue. The tax is levied on July 1 of each year. Taxpayers who remit within 60 days receive a 2% discount, and those who remit subsequent to 120 days after July 1 are assessed a 10% penalty.

The following table summarizes recent trends of assessed and market valuations of real property and real property tax collection data. The last countywide re-assessment in Bucks County was in 1972. Effective in 2005, the County changed the assessed to market value ratio from 25% to 100%. The last County-wide reassessment in Montgomery County was in 1998.

**TABLE 8
NORTH PENN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA**

Year	Market Value	Assessed Value	Ratio
2019-20	\$12,284,950,150	\$7,290,885,004	59.35%
2020-21	12,328,583,447	7,312,940,344	59.32%
2021-22	13,073,884,437	7,297,391,791	55.82%
2022-23	13,162,887,979	7,340,121,603	55.76%
2023-24	13,240,362,181 ⁽¹⁾	7,383,324,133 ⁽²⁾	55.76%

⁽¹⁾Estimated based on prior year's ratio.

⁽²⁾Budgeted per PDE-2028

Source: PA State Tax Equalization Board (STEB)

**TABLE 9
NORTH PENN SCHOOL DISTRICT
REAL PROPERTY ASSESSMENT DATA BY MUNICIPALITY**

	2022 Market Value	2022 Assessed Value	2023 Market Value	2023 Assessed Value
<i>School District</i>	\$13,073,884,437	\$7,297,391,791	\$13,162,887,979	\$7,340,121,603
Hatfield Borough.....	231,189,672	137,109,180	232,546,663	137,793,750
Hatfield Township.....	2,111,752,826	1,223,203,720	2,190,061,787	1,262,839,510
Lansdale Borough.....	1,444,713,877	812,784,128	1,450,932,882	815,468,298
Montgomery Township.....	4,039,210,757	2,179,211,864	4,045,103,547	2,181,171,754
North Wales Borough.....	296,773,410	156,361,910	297,589,085	156,574,740
Towamencin Township.....	2,044,338,232	1,096,043,989	2,044,138,870	1,097,074,341
Upper Gwynedd Township.....	2,875,917,389	1,689,743,100	2,872,526,871	1,686,265,310
Hilltown Township ⁽¹⁾	7,662,610	744,910	7,662,610	744,910
New Britain Township ⁽¹⁾	22,325,664	2,188,990	22,325,664	2,188,990
Bucks County.....	80,702,691,308	8,398,833,600	81,363,949,916	8,453,524,260
Montgomery County.....	111,811,536,551	61,967,163,014	112,859,436,067	62,456,390,017

⁽¹⁾Municipality lies within Bucks County.

Source: PA State Tax Equalization Board (STEB)

**TABLE 10
NORTH PENN SCHOOL DISTRICT
ASSESSMENT BY LAND USE**

	2019	2020	2021	2022	2023
Residential.....	\$4,772,737,875	\$4,795,992,605	\$4,820,316,585	\$4,836,100,818	\$4,867,880,168
Lots.....	14,757,550	14,521,450	13,822,200	13,971,020	13,839,290
Trailers.....	46,396,124	46,419,374	46,375,464	45,238,594	46,763,554
Seasonal.....	83,260	83,260	83,260	83,260	83,260
Industrial.....	456,745,638	451,092,918	451,556,008	453,824,258	476,731,698
Commercial.....	1,949,095,344	1,973,487,887	1,971,526,757	1,937,104,341	1,925,159,423
Agriculture.....	8,845,390	8,872,830	8,845,390	8,454,320	7,755,010
Oil/Gas/Mineral.....	0	0	0	1,206,660	1,206,660
Land.....	970,170	414,680	414,680	1,408,520	702,540
Totals	\$7,249,631,351	\$7,290,885,004	\$7,312,940,344	\$7,297,391,791	\$7,340,121,603

⁽¹⁾ Estimated based on prior year's ratio

⁽²⁾ As per PDE-2028 Budget

Source: PA State Tax Equalization Board (STEB)

**TABLE 11
NORTH PENN SCHOOL DISTRICT
REAL PROPERTY TAX COLLECTION DATA**

School Year	County	Assessed Valuation	Mills	Gross Adjusted Levy	Current Collections Amount	Current Year Collections As a Percent	Total Collections Amount ⁽¹⁾	Total Collections As a Percent
2019-20	Montgomery Bucks		26.0957 145.4835					
	Total	\$7,271,472,577		\$184,815,397	\$179,031,445	96.87%	\$180,548,318	97.69%
2020-21	Montgomery Bucks		26.7742 149.2660					
	Total	\$7,298,002,638		\$190,469,559	\$184,653,264	96.95%	\$186,830,500	98.09%
2021-22	Montgomery Bucks		26.7742 119.7396					
	Total	\$7,317,561,113		\$196,576,963	\$188,817,917	96.05%	\$191,580,327	97.46%
2022-23	Montgomery Bucks		28.4712 154.6167					
	Total	\$7,301,118,937		\$201,858,379	\$196,565,893	97.38%	\$198,750,393	98.46%
2023-24	Montgomery Bucks		29.6365 160.9550					
	Total	\$7,356,888,124		\$209,357,178	\$206,690,921	98.73%	\$208,661,710	99.67%

⁽¹⁾Includes delinquent real estate collection.
Source: School District Financial Reports.

The ten largest real property taxpayers, together with their assessed values are shown on Table 12 which follows. The aggregate assessed value of these ten taxpayers totals approximately 11.39 percent of total assessed value.

**TABLE 12
NORTH PENN SCHOOL DISTRICT
TEN LARGEST REAL PROPERTY TAXPAYERS**

Owner	Current Year Assessed Value
Merck Sharpe & Dohme Corp	\$508,711,870
Nappen & Associates	59,975,380
Montgomeryville Mall Realty Holding LLC*	45,589,000
MSVEF-MF Pennbrook Station PA LP**	36,889,460
KIR Montgomery 049 LLC	35,960,000
Brittany Pointe Estates	31,770,560
Hatfield Village Associates	31,472,000
KBF Associates LP	31,220,000
Willowycck Real Estate Fund LLC	27,800,000
Towamencin Apt Joint Venture	26,381,000
Total	\$835,769,270

Source: School District Officials

*Taxpayer initiated appeal

**School District initiated appeal

Note 1: While not required under the law, the School District has historically reserved 25% of the tax at issue on an annual basis in each of these taxpayer appeals regardless of whether they are paid under protest. This practice is designed to avoid unfunded liability exposure when these appeals are either resolved by stipulation or disposed of by the court. The School District has also instituted its own tax assessment appeals initiative since 2009. To date, the School District has successfully negotiated several settlement agreements with several property owners which have produced an increased level of tax revenue.

Note 2: Since fiscal year 2013-2014, the School District reduced the 25% tax reserve to 20% for certain taxpayer appeals not paid under protest on the basis that a full 25% tax reserve was not necessary given the nature of the appeal.

Other Taxes

Under Act 511, the School District collected an estimated \$25,474,880.63 in other taxes in 2023-24. Among the taxes authorized by Act 511, the Real Estate Transfer Tax and Wage and Income Tax, are levied by the School District. The Act 511 limit, equal to 12 mills on the market value of real property, was \$157,954,655.75.

Wage and Income Tax. The School District levies a tax of 1.0 percent 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 \$21,753,885.73 or 6.68 percent of total revenue.

Real Estate Transfer. The School District levies a tax of 1.0 percent (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 \$3,720,994.90 or 1.14 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 the Pennsylvania Department of Education ("PDE"). Commonwealth reimbursement is calculated based on the "Reimbursable Percentage" assigned to the Bonds by the DOE and the School District's permanent Capital Account Reimbursement Fraction ("CARF") (16.44%) or the wealth based Market Value Aid Ratio ("MVAR") currently (20.27%), whichever is higher. The Reimbursable Percentage is determined through a process known as the "Planning and Construction Workbook" or "PlanCon".

Based on the current PlanCon program, School District officials have estimated that the Reimbursable Percentage of the Bonds will be 27.29% (there has been no determination by the PDE). The School District's CARF (which is higher than the MVAR) is 16.44%. The product of these two factors is 4.49%, which is the estimated percentage of debt service which may be reimbursed by the Commonwealth, subject to annual appropriation. In future years, this percentage may change as the School District's MVAR changes, or as a result of future legislation regarding changes to, or even elimination of, the PlanCon program.

In May of 2016, the Commonwealth enacted appropriation legislation known as Act 25 ("Act 25"), which contains authorization for the Commonwealth Finance Authority ("CFA") to issue up to \$2.5 billion of debt to fund PlanCon reimbursements to school districts. Act 25 also instituted a moratorium on new projects entering the PlanCon process while an advisory committee established under Act 25 considers amendments to the PlanCon reimbursement program. This moratorium went into effect on May 15, 2016 and expired on June 30, 2017. On November 6, 2017, House Bill 178 became law without the signature of the Governor and became known as Act 55 of 2017. Contained in Act 55 of 2017 was an extension of the PlanCon moratorium through the end of the 2017-18 fiscal year and a retroactive effective date of July 1, 2017. Subsequently, the Commonwealth enacted Act 42 of 2018, which permitted PlanCon applications submitted between July 1, 2017 and November 6, 2017, and whose school district votes to proceed with construction and award bids on their construction contracts no later than July 1, 2021, to receive PlanCon funding as permitted by law, if made available by the Commonwealth. On June 22, 2018, the Governor approved and signed House Bill 1448, known as Act 39 of 2018, extending the PlanCon moratorium through the end of the 2018-2019 fiscal year. On June 28, 2019, the Governor approved and signed House Bill 1615, known as Act 16 of 2019, that included a continuation of the moratorium on new Part A submittals through the end of the 2019-20 fiscal year.

To date, the CFA has issued \$1,559,680,000, 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, as well as its Revenue Bonds (Federally Taxable), Series of 2025 in the total amount of \$388,975,000 issued on May 9, 2019. 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 which follows shows the debt of the School District as of March 3, 2025 including the issuance of the Bonds.

**TABLE 13
NORTH PENN SCHOOL DISTRICT
DEBT STATEMENT
(As of March 3, 2025)***

	Gross
	Outstanding
NONELECTORAL DEBT	
General Obligation Bonds, Series of 2025	\$10,000,000*
General Obligation Note, Series A of 2020	4,654,000
General Obligation Note, Series of 2020 (Taxable)	20,520,000
General Obligation Bonds, Series of 2017	12,420,000
TOTAL NONELECTORAL DEBT	\$47,594,000
School Lease Revenue Bonds, Series of 2021	\$1,756,410
TOTAL LEASE RENTAL DEBT	\$1,756,410
TOTAL PRINCIPAL OF DIRECT DEBT	\$49,350,410

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

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 \$51,023,410. After adjustment for available funds and estimated Commonwealth aid, the local effort of direct debt will total \$49,492,491.

TABLE 14
NORTH PENN SCHOOL DISTRICT
BONDED INDEBTEDNESS AND DEBT RATIOS
(As of March 3, 2025)*

	Gross Outstanding	Local Effort or Net of Available Funds and Estimated State Aid⁽¹⁾
<u>DIRECT DEBT</u>		
Nonelectoral Debt	\$47,594,000	\$46,849,587
Lease Rental Debt	1,756,410	1,026,622
TOTAL DIRECT DEBT	\$49,350,410	\$47,876,208
<u>OVERLAPPING DEBT</u>		
Montgomery County, General Obligations ⁽²⁾	\$77,724,750	\$77,724,750
Bucks County, General Obligation ⁽³⁾	52,493	52,493
Municipal Debt	95,570,989	95,570,989
TOTAL OVERLAPPING DEBT	\$173,348,232	\$173,348,232
TOTAL DIRECT AND OVERLAPPING DEBT	\$222,698,642	\$221,224,441
<u>DEBT RATIOS</u>		
Per Capita.....	\$2,107.83	\$2,093.88
2023-24 Percent of Assessed Value	3.02%	3.00%
2023-24 Percent Market Value	1.68%	1.67%

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

⁽¹⁾The School District may, at any time, claim a credit against the gross principal of debt outstanding equal to the amount to be reimbursed by state sources.

⁽²⁾Pro rata 11.64% share of \$668,918,545.76 principal amount outstanding as reported by the Department of Community and Economic Development.

⁽³⁾Pro rata 0.04% share of \$142,648,954.18 principal amount outstanding as reported by the Department of Community and Economic Development.

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Debt Limit and Remaining Borrowing Capacity

The statutory borrowing limit of the School District under the Debt 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 Debt Act), for the three full fiscal years ended next preceding the date of incurring debt. The School District calculates its present borrowing base and borrowing capacity as follows:

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 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:

Total Revenues for 2021-22	\$281,293,622
Total Revenues for 2022-23	300,032,013
Total Revenues for 2023-24	316,333,369
Totals	\$897,659,004
Annual Arithmetic Average (Borrowing Base)	\$299,219,668

	<u>Legal Limit</u>	<u>Net Debt Outstanding</u>	<u>Borrowing Capacity</u>
Net Non-electoral Debt and Lease Rental Debt Limit:			
225% of Borrowing Base	\$673,244,253	\$49,350,410	\$623,893,843

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

Does not reflect all credits against gross indebtedness that may be claimed for the portion of principal of debt estimated to be reimbursed by Commonwealth aid.

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Debt Service Requirements

Table 15 presents the debt service requirements on the School District's outstanding general obligation indebtedness including debt service on the Bonds.

Table 16 presents data on the extent to which Commonwealth Aid provides coverage for debt service requirements.

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

**TABLE 15
NORTH PENN SCHOOL DISTRICT
DEBT SERVICE REQUIREMENTS***

<u>Year</u>	<u>Lease Rev Series of 2021</u>	<u>Other Outstanding General Obligation Debt</u>	<u>Series Of 2025</u>			<u>Total Requirements</u>
			<u>Principal</u>	<u>Interest</u>	<u>Subtotal</u>	
2024-25	\$309,477	\$11,902,171				
2025-26	307,614	11,706,499				
2026-27	307,891	7,688,878				
2027-28	307,563	3,035,538				
2028-29	306,637	3,040,585				
2029-30	308,379	3,040,169				
2030-31	308,948	3,040,383				
2031-32	0	3,222,180				
2032-33	0	3,222,378				
2033-34	0	3,223,000				
2034-35	0	0				
2035-36	0	0				
2036-37	0	0				
2037-38	0	0				
2038-39	0	0				
2039-40	0	0				
2040-41	0	0				
2041-42	0	0				
2042-43	0	0				
2043-44	0	0				
2044-45	0	0				
	<u>\$2,156,508</u>	<u>\$53,121,781</u>				

*Totals may not add due to rounding.

**TABLE 16
NORTH PENN SCHOOL DISTRICT
COVERAGE OF DEBT SERVICE
REQUIREMENTS BY STATE AID***

2023-24 Commonwealth Aid Received.....	\$65,405,177
2023-24 Debt Service Requirements	12,380,455
Maximum Future Debt Service Requirements after Issuance of Bonds	\$
2023-24 Debt Service Requirements	5.28 times
Coverage of Maximum Future Debt Service Requirements after Issuance of Bonds.....	times

*Assumes current Commonwealth CARF. See "Commonwealth Aid to School Districts."

Future Financing

The School District anticipates borrowing approximately \$230 million in the next 5 years.

LABOR RELATIONS

School District Employees

There are approximately 2,165 employees of the School District, including 1,095 teachers, 66 administrators and 1,004 support personnel including secretaries, maintenance staff, custodial staff, cafeteria staff, transportation and teacher aides.

The School District teachers are represented by the North Penn Education Association (the "Association"), an affiliate of the Pennsylvania State Education Association (PSEA), under a contract with the School District, which expires on June 30, 2027. North Penn Educational Support Professional Association (NPESPA), an affiliate of PSEA, representing classroom assistants, special education assistants, secretaries and various other support personnel are under contract with the School District, which expires on 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 34.0% for the fiscal year 2025-26.

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

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

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

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

Annual School District contributions have been as follows:

2019-20	43,214,349
2020-21	43,868,446
2021-22	45,863,878
2022-23	46,557,868
2023-24	48,403,077

At June 30, 2024, the School District reported a liability of \$412,255,000 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, 2023, the School District's proportion as 0.9267% which was an increase of 0.0160% from its proportion measured as of June 30, 2022.

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, Audits and PSERS.

Other Post-Employment Benefits (OPEB)

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. For a full description of the plan, please refer to Appendix "D" - Audit Report - Fiscal year Ended June 30, 2024.

LITIGATION

At the time of settlement, there is no litigation pending or threatened with respect to the Bonds, the Resolution or the right of the School District to issue said Bonds and there is no litigation which would materially affect the School District's financial condition.

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, 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 actions in the Court of Common Pleas of Montgomery and/or Bucks County. The Act provides 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 MATTERS

In the opinion of Saxton & Stump, LLC, Lancaster, Pennsylvania, Bond Counsel, interest on the Bonds (a) is excludable from the gross income of the registered owners thereof for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. The opinion set forth in clause (a) above is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, (the "Code") and any regulations thereunder, now or hereafter enacted, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be (or continue to be) excludable from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause the interest on the Bonds to be included in the gross income of the registered owners thereof retroactive to the date of issuance of the Bonds. The issuer has covenanted to comply with all such requirements. Except for the discussion of original issue discount below, Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Bond Counsel is of the opinion, based on existing law, that the original issue discount in the selling price of Bonds, if any, to the extent properly allocable to each holder of such Bonds, is excluded from gross income for federal income tax purposes with respect to such holder. The original issue discount is the excess of the stated redemption price at maturity of such Bonds over the initial offering price to the public, excluding underwriters and other intermediaries, at which price a substantial amount of such Bonds were sold. Original issue discount on tax-exempt bonds accrues on a compound basis. The amount of original issue discount that accrues to holders of such Bonds who acquire the Bonds in this offering during any accrual period generally equals (i) the issue price of such Bonds plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (ii) the yield to maturity of such Bonds (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), less (iii) any interest payable on such Bonds during such accrual period. The amount of original issue discount so accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excluded from gross income for federal income tax purposes, and will increase the holder's tax basis in such Bonds. Any gain realized by the holder from a sale, exchange, payment or redemption of a Bond would be treated as gain from the sale or exchange of such Bond.

Prospective purchasers of the Bonds should be aware that (i) section 265 of the Code denies a deduction for interest on indebtedness incurred or continued to purchase or carry the Bonds or, in the case of a financial institution, that portion of a holder's interest expense allocated to interest on the Bonds, except with respect to certain financial institutions (within the meaning of Section 265 (b)(5) of the Code), (ii) with respect to insurance companies subject to the tax imposed by Section 831 of the Code, for taxable years beginning after December 31, 1986, Section 832 (b)(5)(B)(i) reduces the deduction for loss reserves by 15 percent of the sum of certain items, including interest on the Bonds, (iii) for taxable years beginning after December 31, 1986, interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code, (iv) passive investment income including interest on the Bonds, may be subject to federal income taxation under Section 1375 of the Code for Subchapter S corporations that have Subchapter C earnings and profits at the close of the taxable year if greater than 25% of the gross receipts of such Subchapter S corporation is passive

investment income and (v) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account in determining gross income, receipts or accruals of interest on the Bonds.

In the opinion of Bond Counsel, under the existing statutes, regulations and decisions, the interest on the Bonds is exempt from taxation for state and local purposes within the Commonwealth of Pennsylvania. Such exemption, however, does not extend to profits, gains or income derived from the sale, exchange or other disposition of the Bonds, nor to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the interest on the Bonds. Under the laws of the Commonwealth profits, gains, or income derived from the sale, exchange, or other disposition of certain government obligations, including the Bonds, may be subject to state and local taxation within the Commonwealth of Pennsylvania. Pennsylvania Act 68 of 1993 enacted a statutory provision allowing taxation of such profits, gains or income; although the statute is unclear as to its applicability to obligations of political subdivisions, the Pennsylvania Department of Revenue interprets the statute as applicable to obligations of political subdivisions.

The issuer of the Bonds will issue its certificate to the effect that on the basis of the facts, estimates and circumstances in existence on the date of delivery of the Bonds, it is not expected that proceeds of the Bonds will be used in a manner that would cause the Bonds to be "arbitrage bonds" under Section 103 (b)(2) and Section 148 of the Internal Revenue Code of 1986, as amended, or as contemplated by the United States Treasury regulations relating to "arbitrage bonds".

Each of the Bonds will be designated by the School District as a "qualified tax-exempt obligation" pursuant to Section 265(b)(3) of the Code.

BONDHOLDER CONSIDERATIONS

The Bonds, like all investment securities, carry a risk of loss of the investment, in whole or in part. This Preliminary Official Statement does not purport to describe all of the risks of an investment in the Bonds; both the School District and the Underwriter disclaim any responsibility to advise prospective investors of such risks either as they may exist at the date of dissemination of this Preliminary Official Statement or as they may appear or change from time to time in the future. Prospective purchasers of the Bonds should consult their own legal and tax advisors as to the risks associated with an investment in the Bonds, their ability to bear a loss from an investment in the Bonds and the suitability of investing in the Bonds, in light of their particular, individual circumstances. Prospective purchasers should carefully consider the matters described below, as well as all the information contained within this entire Preliminary Official Statement inclusive of its Appendices.

Cybersecurity

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 Agreement (as hereafter defined).

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 has not experienced increases in extreme weather events, but has established reserves to address severe weather disasters and maintains a comprehensive insurance policy.

Economic Factors Affecting the Financial Condition of the School District

Changes in current economic conditions, on local, regional and national levels, could adversely affect the School District's operating revenues and expenses and, consequently, the School District's ability to pay debt service on the Bonds. Among the factors that could have such adverse effects are: changes in local demographics; closure or relocation of key industries and employers; increases in local rates of unemployment; decreases in the assessed value of real estate within the School District; decreases in real estate tax collections; future contract negotiations with organized labor and the consequent impact on wage scales and operating costs; increasing costs of supplies and materials necessary to provide public services; loss or reduction of State and federal subsidies and reimbursements for operating and capital costs; and delays in adoption of, failure to budget and appropriate within or other adverse changes to, the Commonwealth's budget, as the same may affect School District revenues or the timely payment thereof.

Uncertainty of Tax Revenues

While present State law authorizes the School District to levy ad valorem real estate taxes in order to support the payment of debt service on the Bonds, there can be no firm assurance or guaranty that the School District will realize sufficient revenues through its taxing and other revenue generating powers to make full and timely payment of the debt service on the Bonds. Moreover, the School District's ability to increase certain rates or purposes of taxation is limited by State law. (See "The Taxpayer Relief Act (Act 1), as Amended" and "Status of the Bonds Under Act 1" herein.

Additionally, the availability of tax and other locally-generated revenue is dependent on the tax base within the School District and the ability of this tax base to support the tax burden imposed in any year not only by the School District, but also by such overlapping taxing authorities as Montgomery and Bucks Counties and the component municipalities of the School District.

Charter Schools

The School District paid \$4,871,037 for charter school tuition for the 2023-24 school year. The District's exposure to charter schools is relatively modest with brick and mortar representing less than 5.00%. The District has implemented a number of steps to attempt to recapture those students enrolled in charter schools.

Actions In the Event of Default

If the School District fails or neglects to budget, appropriate and pay debt service on the Bonds when due, a holder or trustee may petition the Court of Common Pleas of the Counties of Montgomery and Bucks, and upon a finding of such failure or neglect, the Court may direct, by order of mandamus, the School District to pay into the sinking fund established for the Bonds the first tax moneys or other available revenues or moneys thereafter received. Such judgment could mandate that the School District pay such debt service prior to all other School District expenses, including School District employee wages and benefits. Notwithstanding such provisions of law, courts generally exercise wide discretion in deciding whether to grant a writ of mandamus, and the judges who enter such orders are usually elected to the bench by local voters. Additionally, municipal officials presented with a writ could resign rather than carry out the mandamus order, in which case it is uncertain the extent to which bond purchasers would be able to cause other School District officials to pay amounts then due and owing.

In the event the School District defaults in the payment of the principal of or the interest on the Bonds after the same shall come due, whether at the stated maturity or upon call for prior redemption, and such default shall continue for thirty days, or if the School District fails to comply with any provision of the Bonds or the Resolution, the Act provides that the holders of 25% in aggregate principal amount of such Bonds then outstanding may, upon appropriate action, appoint a trustee to represent the Bond purchasers. The trustee may, and upon request of the holders of 25% in principal amount of such Bonds then outstanding and upon being provided with indemnity satisfactory to it, shall, take such action on behalf of the Bond purchasers as is more specifically set forth in the Act. Such representation by the trustee shall be exclusive.

Competing Commonwealth Intercept Authorities

Under current Pennsylvania law, Commonwealth subsidies to school districts can be intercepted for purposes other than to pay debt service then due and owing on school district debt. For example, Pennsylvania law authorizes the diversion of Commonwealth Subsidies directly to charter schools if the relevant school district fails to transfer such subsidies to the charter school. Additionally, Pennsylvania law authorizes the diversion of state subsidies to the Pennsylvania Public School Employees' Retirement System ("PSERS") if the school district fails to fully fund its annual contribution to the retirement system.

Pension Plans and Pension Funding Pressure

Future changes in actuarial assumptions, benefit plan modifications or variations in actual experience from actuarial assumptions may result in additional unfunded liability (and amortization payments) or over-funding (and credits), as the case may be, that are not currently reflected in reports prepared by the PSERS actuary.

The School District's annual pension contribution obligation may increase over the next several years. As PSERS' pension obligations rise, it should be expected that the annual amount payable by the School District to PSERS will also rise, potentially absorbing a greater share of available revenues and leaving less funding for student learning and negatively impacting the available sources of funds the School District has to pay debt service on the Bonds and its other indebtedness. See "Pension Program" herein.

No Assurance of Secondary Market for the Bonds

There can be no guarantee that there will be a secondary market for the Bonds or, if a secondary market exists, that the Bonds can be sold for any particular price. Accordingly, purchasers of the Bonds should be prepared to have their funds committed until the Bonds mature. Prices of issues for which a market is being made will depend upon then prevailing circumstances. Such prices could be substantially different than the original purchase price. Moreover, while the Underwriter expects to reoffer the Bonds in the secondary market, the Underwriter is not specifically required to do so.

Impact of Economic Conditions on Project Costs and Schedule

The estimated costs of, and the projected schedule for, the capital project to be financed with proceeds of the Bonds (please see “PURPOSE OF THE BOND ISSUE” herein) are subject to change based on factors related to prevailing economic conditions. Volatility in general economic conditions that could result in impacts may include, but are not limited to, cost increases due to demand for labor and materials, material and/or labor shortages due to demand and supply chain issues, and unforeseen site conditions. The impact of any of or all of these factors may impede the ability of the School District to complete the capital project within the current budget and on the predicted schedule.

Risk of Audit by Internal Revenue Service

The Internal Revenue Service has an ongoing program of auditing tax-exempt obligations to determine whether, in the view of the Internal Revenue Service, interest on such tax-exempt obligations is includible in the gross income of the owners thereof for federal income tax purposes. No assurances can be given as to whether or not the Internal Revenue Service will commence an audit of the Bonds. If an audit is commenced, under current procedures the Internal Revenue Service is likely to treat the School District as the taxpayer and Bond purchasers may have no right to participate in such procedure. None of the School District, the Underwriter or Bond Counsel is obligated to defend the tax-exempt status of the Bonds on behalf of the Bond purchasers, nor to pay or reimburse the cost of any Bond purchaser with respect to any audit or litigation relating to the Bonds. See “TAX MATTERS” herein.

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirement of Rule 15-c-2-12 (the “Rule”) of the United States Securities and Exchange Commission (the “SEC”), 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 Agreements 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 Agreement (not all of which will be relevant to the School District). The School District may from time to time choose to file notice of other events in addition to those specified in the Continuing Disclosure Agreement.

The School District acknowledges that its undertaking pursuant to the Rule described herein and in the Continuing Disclosure Agreement is intended to be for the benefit of the holders and beneficial owners of the Bonds and shall be enforceable by the 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>.

Continuing Disclosure Filing History

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

Fiscal Year	Filing	Filing Date:		
		Audit	Operating Data*	Budget
6/30/2024	3/27/2025	12/09/2024	12/09/2024	7/03/2024
6/30/2023	3/26/2024	12/26/2023	12/26/2023	7/05/2023
6/30/2022	3/27/2023	12/16/2022	12/16/2022	7/11/2022
6/30/2021	3/27/2022	12/28/2021	12/28/2021	6/23/2021
6/30/2020	3/27/2021	12/23/2020	12/23/2020	12/28/2020

*Currently, the School District is only subject to a voluntary filing under its previous Continuing Disclosure Agreement for General Obligation Bonds, Series of 2017 and Series A of 2017 at least, until these Bonds are matured or refunded; however, with the issuance of the General Obligation Bonds, Series of 2025, the School District will become subject to the operating data filing requirement under the Continuing Disclosure Agreement entered into under these Bonds, beginning with Fiscal Year Ending on June 30, 2025.

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

Future Continuing Disclosure Compliance

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

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

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

RATING

Moody’s Investor’s Service, Inc. which has assigned its municipal bond rating of “Aa1” 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 Investor’s Service, Inc., 7 World Trade Center at 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.

UNDERWRITING

Raymond James & Associates, Inc. and RBC Capital Markets, LLC (the “Underwriters”) have agreed, subject to certain conditions, to purchase the Bonds from the School District at an aggregate purchase price of \$_____, comprised of the par amount of the Bonds plus an original issue premium of \$_____ less an underwriter’s discount of \$_____. The Underwriter’s obligations to purchase the Bonds are subject to certain conditions precedent; however, the Underwriter is 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 Underwriters 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 Underwriters 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 Underwriters and their respective affiliates may engage in transactions for their own accounts involving the securities and instruments made the subject of this securities offering or other offering of the Issuer. The Underwriters and their respective affiliates may make a market in credit default swaps with respect to municipal securities in the future. The Underwriters 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.

LEGAL OPINION

The Bonds are offered subject to the receipt of the approving legal opinion of Saxton & Stump LLC, Bond Counsel of Lancaster, Pennsylvania. Certain other legal matters will be passed upon for the School District by Wisler Pearlstine, LLP, Blue Bell, Pennsylvania, School District Solicitor, and McNees Wallace & Nurick LLC, Lancaster, Pennsylvania, Limited Scope Underwriter's Counsel.

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

NORTH PENN SCHOOL DISTRICT MONTGOMERY AND BUCKS COUNTIES PENNSYLVANIA

By: _____
President, Board of School Directors

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APPENDIX A
Demographic and Economic Information
Relating to the North Penn School District

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Introduction

North Penn School District is located in north central section of Montgomery County and a small portion of south central Bucks County and is comprised of the municipal subdivisions of the Boroughs of Hatfield, Lansdale and North Wales and the Townships of Hatfield, Montgomery, Towamencin and Upper Gwynedd, all located in Montgomery County and a small portion of the Townships of Hilltown and New Britain located in adjacent Bucks County. Geographically, the 42.6 square mile area lies approximately 18 miles north of center-city Philadelphia, 20 miles south of Allentown, 10 miles west of Doylestown and 10 miles northeast of King of Prussia, Pennsylvania. In addition to the incorporated communities, there are several well-known unincorporated communities located within the School District including: West Point in Upper Gwynedd Township, Kulpsville in Towamencin Township, Montgomeryville in Montgomery Township and Line Lexington in New Britain Township.

Character

North Penn School District is characterized by rolling hills common to the piedmont region of the Commonwealth of Pennsylvania. The Borough of Lansdale and North Wales are the financial and professional center for the surrounding area and of considerable industrial importance. The Townships are principally residential in character, with large regional shopping malls and office industrial centers. The residential growth has taken place in the Townships due chiefly to the large industrial companies located within or adjacent to the School District and the ease of commuting to the major employment centers throughout the south eastern region of Pennsylvania.

Population

Table A-1 which follows shows recent population trends for the School District, Montgomery and Bucks Counties and the Commonwealth of Pennsylvania. Table A-2 shows 2024 age composition in Montgomery and Bucks Counties and for the State.

**TABLE A-1
RECENT POPULATION TRENDS**

	<u>2010</u>	<u>2020</u>	Compound Average Annual Percentage Change <u>2010-2020</u>
<i>School District</i>	98,257	101,581	0.33%
<i>Montgomery County</i>	799,874	856,553	0.69%
<i>Bucks County</i>	625,249	646,538	0.34%
<i>Pennsylvania</i>	12,702,379	13,002,700	0.23%

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

**TABLE A-2
AGE COMPOSITION**

<u>Area</u>	<u>0-17 Years</u>	<u>18-64 Years</u>	<u>65+ Years</u>
Montgomery County	21.50%	60.20%	18.30%
Bucks County	20.10	59.90	19.90
Pennsylvania	20.60	60.30	19.10

Source: PA Dept. of Labor and Industry – Center for Workforce Information & Analysis – County Profiles – December 2024

Employment

Overall employment data are not compiled for the School District, but such data are compiled for the Montgomery-Bucks-Chester, PA Metropolitan Division (an area which includes the School District) as shown on Table A-3.

TABLE A-3
DISTRIBUTION OF EMPLOYMENT BY INDUSTRY
MONTGOMERY-BUCKS-CHESTER, PA METROPOLITAN DIVISION
 (Bucks, Chester, and Montgomery - PA counties)
December 2024
NONFARM JOBS - NOT SEASONALLY ADJUSTED

Establishment Data	Industry Employment				Net Change From:	
	Dec 2024	Nov 2024	Oct 2024	Dec 2023	Nov 2024	Dec 2023
TOTAL NONFARM	1,141,700	1,139,700	1,136,200	1,126,800	2,000	14,900
TOTAL PRIVATE	1,054,300	1,052,100	1,049,600	1,040,700	2,200	13,600
GOODS PRODUCING	146,200	146,800	147,500	147,700	-600	-1,500
Construction, Natural Resources, and Mining	57,300	57,900	59,100	56,600	-600	700
Manufacturing	88,900	88,900	88,400	91,100	0	-2,200
Durable Goods	45,600	45,600	45,300	45,900	0	-300
Non-Durable Goods	43,300	43,300	43,100	45,200	0	-1,900
Chemical Manufacturing	19,300	19,200	19,200	20,200	100	-900
SERVICE-PROVIDING	995,500	992,900	988,700	979,100	2,600	16,400
PRIVATE SERVICE-PROVIDING	908,100	905,300	902,100	893,000	2,800	15,100
Trade, Transportation, and Utilities	209,800	206,900	203,400	208,300	2,900	1,500
Wholesale Trade	59,500	59,300	59,400	58,900	200	600
Retail Trade	113,500	111,400	108,800	112,900	2,100	600
General merchandise stores	20,800	20,300	19,300	21,200	500	-400
Transportation, Warehousing, and Utilities	36,800	36,200	35,200	36,500	600	300
Information	25,600	25,400	25,400	25,200	200	400
Financial Activities	90,800	90,200	90,500	89,900	600	900
Finance and insurance	76,200	75,700	76,000	75,400	500	800
Credit Intermediation and Related Activities	17,400	17,400	17,400	17,400	0	0
Depository Credit Intermediation	10,300	10,300	10,300	10,100	0	200
Insurance carriers and related activities	29,500	29,400	29,400	29,300	100	200
Real estate and rental and leasing	14,600	14,500	14,500	14,500	100	100
Professional and Business Services	211,100	212,500	212,700	213,100	-1,400	-2,000
Professional and technical services	114,700	115,000	115,200	116,200	-300	-1,500
Scientific research and development services	23,300	23,400	23,500	23,600	-100	-300
Management of companies and enterprises	31,400	31,300	31,400	30,500	100	900
Administrative and waste services	65,000	66,200	66,100	66,400	-1,200	-1,400
Education and Health Services	229,300	229,700	227,800	218,700	-400	10,600
Educational services	30,500	31,500	31,200	31,900	-1,000	-1,400
Health care and social assistance	198,800	198,200	196,600	186,800	600	12,000
Ambulatory health care services	75,200	75,000	74,400	69,600	200	5,600
Hospitals	32,400	32,300	32,100	31,700	100	700
Nursing and residential care facilities	36,300	36,200	35,900	34,900	100	1,400
Social assistance	54,900	54,700	54,200	50,600	200	4,300
Leisure and Hospitality	92,000	91,600	93,200	89,800	400	2,200
Accommodation and food services	73,100	72,300	73,100	72,200	800	900
Other Services	49,500	49,000	49,100	48,000	500	1,500
Government	87,400	87,600	86,600	86,100	-200	1,300
Federal Government	6,300	6,300	6,300	6,400	0	-100
State Government	10,700	10,700	10,500	10,600	0	100
Local Government	70,400	70,600	69,800	69,100	-200	1,300
Local Government educational services	50,100	50,300	49,600	49,000	-200	1,100
Local Government excluding educational services	20,300	20,300	20,200	20,100	0	200
Data benchmarked to March 2023	***Data changes of 100 may be due to rounding***					

Source: Center for Workforce Information & Analysis, Pennsylvania Department of Labor & Industry

Major employers within or near the School District in Montgomery County include:

Name	Product or Service
Merck Sharp & Dohme Corporation	Pharmaceutical
Abington Memorial Hospital	Hospital
Main Line Hospitals Inc	Health System
State Government	Governmental
SEI Investments Company	Financial Services
Albert Einstein Medical Center	Hospital
Giant Food Stores LLC	Grocery
SmithKline Beecham Corporation	Pharmaceutical
Lockheed Martin Corp	Aerospace Manufacturer
Montgomery County	Governmental

Source: Pennsylvania Department of Labor and Industry – Top Employers 2nd Quarter 2024 (Montgomery County)

Major employers within or near the School District in Bucks County include:

Name	Product or Service
Giant Food Stores LLC	Grocery
Central Bucks School District	School District
Bucks County	Governmental
Doylestown Hospital	Hospital
Wal-Mart Associates Inc	Retail/Grocery/Warehouse
Saint Mary Medical Center	Hospital
Grand View Health	Hospital
ELC Beauty LLC	Cosmetic Manufacturer
Pennsbury School District	School District
Wawa Inc	Gas and Convenience

Source: Pennsylvania Department of Labor and Industry – Top Employers 2nd Quarter 2024 (Bucks County)

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Table A-4 shows recent trends in labor force, employment, and unemployment for Montgomery County, Bucks County 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
Bucks County						
Civilian Labor Force (000)	338.8	342.6	347.0	350.8	346.5	0.45%
Employment (000)	310.7	324.4	336.8	341.8	336.3	1.60%
Unemployment (000)	28.1	18.2	10.2	9	10.2	-18.35%
Unemployment Rate	8.30%	5.30%	2.90%	2.60%	3.00%	
Montgomery County						
Civilian Labor Force (000)	447.0	455.5	461.6	467.5	462.1	0.67%
Employment (000)	412.9	432.9	449.6	456.3	449.2	1.70%
Unemployment (000)	34	22.6	12.1	11.2	12.9	-17.62%
Unemployment Rate	7.60%	5.00%	2.60%	2.40%	2.80%	
Pennsylvania						
Civilian Labor Force (000)	6,483.0	6,406.0	6,479.0	6,485.0	6,426.0	-0.18%
Employment (000)	5,894.0	5,999.0	6,196.0	6,296.0	6,215.0	1.07%
Unemployment (000)	589.0	407.0	283.0	189.0	211.0	-18.56%
Unemployment Rate	9.10%	6.30%	4.40%	2.90%	3.30%	

⁽¹⁾ As of November 2024

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

Income

The data on Table A-5 shows recent trends in per capita income for Montgomery County and the Commonwealth over the 2010-2020 period. The per capita income of the School District is higher than the County and the Commonwealth and at faster rate over this period than per capita for the Commonwealth and County.

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

	<u>2010</u>	<u>2020</u>	Average Annual Percentage Change <u>2010-2020</u>
Montgomery County.....	\$39,511	\$49,905	2.36%
Bucks County	35,687	47,266	2.85
Pennsylvania.....	26,678	35,518	2.90

Source: 2010 & 2020 Census, Pennsylvania State Data Center & General Income Characteristics: Pennsylvania.

*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.

Table A-6 shows recent trends for retail sales in Bucks County, Montgomery County, the PMSA and the Commonwealth.

TABLE A-6
TOTAL RETAIL SALES
(000)

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bucks County	13,527,495	13,989,832	13,177,060	13,839,837	15,138,691
Montgomery County	21,566,509	22,055,191	21,239,179	22,982,660	24,998,262
Philadelphia Metropolitan Statistical Area	118,054,280	121,588,785	117,611,766	129,095,108	138,955,072
Pennsylvania	244,709,540	251,185,116	274,685,600	297,770,327	310,912,244

Source: The Nielsen Company.

Educational Institutions

In addition to the numerous institutions of higher education which are located in the Philadelphia area, i.e., Temple University, The University of Pennsylvania and Drexel University, the following institutions of higher education are found in Montgomery County: Academy of New Church, Antonelli Institute of Art and Photography, Arcadia University, Biblical Theological Seminary, Bryn Mawr College, Calvary Baptist Theological Seminary, Combs College of Music, Dropsie College, Eastern Baptist Theological Seminary, Faith Theological Seminary, Gwynedd-Mercy College, Harcum Junior College, Haverford College, Lansdale School of Business (Lansdale and Pottstown), Manor Junior College, Montgomery County Community College, Northeastern Christian Junior College, The Pennsylvania State University (Malvern and Abington Campuses), Reconstructionist Rabbinical College, Rosemont College, St. Charles Borromeo Seminary, Temple University (Amber Campus), Ursinus College, Welder Training and Testing Institute, and Westminster Theological Seminary. Other nearby institutions are: Muhlenberg College, Moravian College, Lafayette College, Lehigh University, DeSales University, and Cedar Crest College.

Medical Facilities

The major hospital facility servicing residents of the School District is Abington – Lansdale Hospital is a 135-bed, acute care general hospital providing a comprehensive range of inpatient and outpatient healthcare services. The facility includes a 24-hour emergency department, an 18-bed Orthopedic and Spine Institute, a six-bed Acute Rehabilitation Unit, a Pain Center, Sleep Center and Wound Care Center. Home to over 700 employees, Abington – Lansdale Hospital has a staff of more than 300 active physicians. Physicians are supported by a dedicated team of professional nurses who draw from years of clinical experience and training.

Residents of the School District also utilize major medical facilities located in the Philadelphia region.

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APPENDIX B
BOND COUNSEL OPINION

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SAXTON & STUMP

LAWYERS AND CONSULTANTS

280 Granite Run Drive, Suite 300 • Lancaster, PA 17601
P: (717) 556-1000 • F: (717) 441-3810

DRAFT

**NORTH PENN SCHOOL DISTRICT
MONTGOMERY AND BUCKS COUNTIES, PENNSYLVANIA
\$ _____ GENERAL OBLIGATION BONDS, SERIES OF 2025**

OPINION

We have acted as Bond Counsel in connection with the issuance by the North Penn School District, Lancaster County, Pennsylvania (the "School District"), of the \$ _____ General Obligation Bonds, Series of 2025 (the "Bonds").

We have examined the law and such certified proceedings and other papers as we deem necessary to render this opinion. As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us, without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that, under existing law:

1. The Bonds are issued in accordance and in compliance with the provisions of the Local Government Unit Debt Act of the Commonwealth of Pennsylvania, as codified by the Act of December 19, 1996 (53 Pa. Cons. Stat. Chs. 80-82), ("the Act"), without the assent of the electors, and pursuant to two resolutions adopted by the Board of School Directors of the School District on February 11, 2025.
2. The Bonds are a valid and binding obligation of the School District.
3. The School District has established with the Paying Agent, as Sinking Fund Depositary, a sinking fund in which it has covenanted to deposit amounts sufficient to pay the principal of and interest on the Bonds as the same become due and payable and, to the extent required, to apply such amounts to such purposes.
4. The School District has further covenanted that, subject to statutory restrictions and limitations, it will include in its budget for each fiscal year in which the Bonds are outstanding, and will appropriate in each such fiscal year, the amount of the debt service on the Bonds for such year, that it will duly and punctually pay or cause to be paid, the principal of and interest on the Bonds at the dates and place and in the manner stated on the Bonds; and for such budgeting, appropriation and payment, the School District has irrevocably pledged its full faith, credit and taxing power. For purposes of such payments, the School District has covenanted that it will exercise its ad valorem taxing power, within limitations provided by law, upon all taxable property within the School District. The Bonds are additionally secured by the

“state aid intercept” provisions of Section 633 of the Public School Code of 1949, as amended by Act 150 of 1975.

5. The interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bonds, in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The School District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Bonds in gross income for federal income tax purposes to be retroactive to the date of issuance of the Bonds. We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

6. The Bonds are “qualified tax-exempt obligations” as defined in Section 265(b)(3)(B) of the Internal Revenue Code of 1986, as amended (the “Code”) and, in the case of certain financial institutions (within the meaning of Section 265(b)(5) of the Code), a deduction is allowed for 80 percent of the portion of such financial institutions’ interest expense allocable to interest on the Bonds. The opinions set forth in the preceding sentence are subject to the condition that the School District comply with all requirements of the Code, and any regulations promulgated thereunder, that must be satisfied subsequent to the issuance of the Bonds, in order that the Bonds continue to constitute qualified tax exempt obligations for purposes of Section 265(b)(3) of the Code. Failure to comply with such requirements may cause the Bonds to cease to constitute qualified tax exempt obligations, with the result that the Bonds would have to be taken into account by financial institutions (as defined in Section 265(b)(5) of the Code) for purposes of determining the allocation of interest expense to tax-exempt interest under Sections 265(b)(1) and (2) of the Code retroactive to the date of issuance of the Bonds.

7. Under the laws of the Commonwealth of Pennsylvania as presently enacted and construed, the Bonds and the interest thereon will be free from taxation for state and local purposes within the Commonwealth of Pennsylvania, but this exemption does not extend to gift, estate, succession or inheritance taxes or any other taxes not levied or assessed directly on the Bonds or the interest thereon. Under the laws of the Commonwealth, profits, gains or income derived from the sale, exchange or other disposition of certain government obligations, including the Bonds, may be subject to state and local taxation within the Commonwealth of Pennsylvania.

The rights of the holders of the Bonds and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may also be subject to the exercise of judicial discretion in appropriate cases.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

Very truly yours,

SAXTON & STUMP, LLC

_____, 2025

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APPENDIX C
CONTINUING DISCLOSURE AGREEMENT

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DRAFT

NORTH PENN SCHOOL DISTRICT MONTGOMERY AND BUCKS COUNTIES, PENNSYLVANIA

\$ _____ GENERAL OBLIGATION BONDS, SERIES OF 2025
DATED, ISSUED AND DELIVERED _____, 2025

CONTINUING DISCLOSURE AGREEMENT

This agreement (the "Agreement") is executed as one of the closing documents for the \$ _____ General Obligation Bonds, Series of 2025 (the "Bonds") in accordance with the provisions of Rule 15c2-12, as amended (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934.

The undersigned are officers of the Board of School Directors of North Penn School District (the "School District"), a Pennsylvania governmental unit, and hereby certify on behalf of the School District as follows:

Section 1. Undertaking to file current information with MSRB. The School District agrees, in accordance with the Rule, to provide or cause to be provided, to the Municipal Securities Rulemaking Board ("MSRB") as designated by the Commission in accordance with the Rule, the following annual financial information and operating data commencing with the fiscal year ended June 30, 2025:

a. A copy of its budget and audited financial statements, prepared in accordance with the guidelines adopted by the Governmental Accounting Standard Board and the American Institute of Certified Public Accountants' Audit Guide, Audits of State and Local Government, containing the:

- (i) Combined balance sheet of all fund types and account groups; and
- (ii) Combined statement of revenues, expenditures and changes in fund balances - all governmental fund types and expendable trust funds.

b. An update of the following information in the Official Statement for the Bonds dated _____:

- (i) Tax Rates - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);
- (ii) Real Property Assessment Data – (may be contained within the budget or audit for the current fiscal year without need for further cross reference);
- (iii) Real Property Tax Collection Data - (may be contained within the budget or audit for the current fiscal year without need for further cross reference);

(iv) Ten Largest Real Property Taxpayers - (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 also be included by specific reference to other documents, including official statements of debt issues of the Issuer or related public entities, which have been submitted to the MSRB or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB. The Issuer shall clearly identify each such other document so included by reference.

Section 2. Modification of types of information and format of information permitted. The School District reserves the right to modify from time to time the specific types of information provided, the time period within which the information must be filed, the format of the presentation of such information, or any other requirements hereunder, in its sole discretion, so long as such modification or amendment would have been allowed under the Rule at the time of the undertaking. Any such modification will be done in a manner consistent with the Rule at the time of the undertaking, and will not substantially impair the interest of the holders of the Bonds.

Section 3. Time period within which annual information must be filed. The annual information and operating data described above in Section 1 must be provided within 270 days after the end of each fiscal year, commencing with the fiscal year ending June 30, 2025. Such information shall be made available, in addition to the MSRB, to the Paying Agent for the Bonds and to each holder of Bonds who makes request for such information. In the event that no such audited financial statement is available within 270 days of the close of the fiscal year, the School District shall provide an unaudited statement, and shall thereafter provide an audited financial statement for the same period as soon as available. Upon receipt of the audited financial statement, the School District will promptly file it.

Section 4. Notice of failure to comply with annual information updates. The School District agrees to provide or cause to be provided, in a timely manner, to the Paying Agent for the Bonds, and to the MSRB, notice of a failure by the School District to provide the annual financial information described in Section 1 above on or prior to the date set forth in Section 3 above.

Section 5. Event disclosure. The School District agrees to provide or cause to be provided to the MSRB, in a timely manner, not to exceed ten (10) days after occurrence, notice of the occurrence of any of the following events with respect to the Bonds:

- a. Principal and interest payment delinquencies;
- b. Non-payment related defaults, if material;
- c. Unscheduled draws on debt service reserves reflecting financial difficulties;
- d. Unscheduled draws on credit enhancements reflecting financial difficulties;
- e. Substitution of any credit or liquidity providers, or their failure to perform;

- f. Adverse tax opinions, IRS notices or material events affecting the tax status of the Bonds;
- g. Modifications to rights of holders of the Bonds, if material;
- h. Bond calls, if material, and tender offers;
- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the Bonds, if material;
- k. Rating changes;

l. Bankruptcy, insolvency, receivership or similar event of the School District (which is considered to occur when any of the following occur: appointment of a receiver, fiscal agent or similar officer for the School District 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 School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of any 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 School District);

m. Merger, consolidation or acquisition involving the School District, if material; or

n. Appointment of successor or additional trustee or the change of name of a trustee, if material.

o. 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

p. 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.

For purposes of this Section, the term financial obligation shall mean a (i) debt obligation; (ii) derivative instrument entered onto 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 shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The School District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if, in the judgment of the School District, such

other event is material with respect to the Bonds, but the School District does not commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 6. Termination of reporting obligation. The School District's obligations under this Agreement shall terminate upon the redemption or payment in full of all of the Bonds.

Section 7. Enforcement. The School District agrees that its undertakings pursuant to this Agreement are intended to be for the benefit of the holders of the Bonds (including beneficial owners thereof) and shall be enforceable by the holders of the Bonds or the Paying Agent for the Bonds on behalf of such holders; provided that the holders of the Bonds, or in lieu thereof, the Paying Agent's right to enforce the provisions of this undertaking shall be limited to a right to obtain specific enforcement of the School District's obligations hereunder, and any failure by the School District to comply with the provisions of this undertaking shall not be an event of default, with respect to the Bonds.

Section 8. Amendment; waiver. Notwithstanding any other provision of this Agreement, the School District may amend this Agreement, and any provision of this Agreement may be waived, if such amendment or waiver is supported by an opinion of Bond Counsel, 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.

IN WITNESS WHEREOF, the undersigned officers of the School District, being duly authorized, have executed this certificate in the name of and on behalf of the School District and in our own names and on our own behalf, the day and year of the issuance and delivery of the Bonds set forth above.

North Penn School District

By: _____
(Vice) President

Attest: _____
Secretary

(SEAL)

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APPENDIX D
BASIC FINANCIAL STATEMENTS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2024

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NORTH PENN SCHOOL DISTRICT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
YEAR ENDED JUNE 30, 2024

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NORTH PENN SCHOOL DISTRICT

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Zelenkofske Axlerod LLC

CERTIFIED PUBLIC ACCOUNTANTS

EXPERIENCE | EXPERTISE | ACCOUNTABILITY

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
North Penn School District
Lansdale, Pennsylvania

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the North Penn School District (the "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 as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (GAS)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

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



To the Board of Directors
North Penn School District
Page 2

that an audit conducted in accordance with GAAS and GAS 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 GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, budgetary comparison information, Schedule of the School District's Proportionate Share of the Net Pension Liability, Schedule of the School District's Pension Contributions, Schedule of the School District's Proportionate Share of the PSERS Net other Postemployment Benefits Liability, Schedule of the School District's PSERS Other Postemployment Benefits Plan Contributions, and the Schedule of Changes in the Total Other Postemployment Benefits Plan Liability and Related Ratios on pages 4 through 12 and pages 56 through 62 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires 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.



To the Board of Directors
North Penn School District
Page 3

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The governmental funds combining statements ("supplementary information") are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information 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 November 29, 2024 on our consideration of the 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
November 29, 2024

This section of the North Penn School District's annual financial report presents its discussion and analysis of the School District's financial performance during the fiscal year ending June 30, 2024.

FINANCIAL HIGHLIGHTS

The School District's budget is prepared according to Pennsylvania law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The School District uses site-based budgeting and the budgeting system is designed to tightly control site budgets but provide flexibility for site management.

For the General Fund, actual revenues were \$325.8 million or \$14.4 million above the originally budgeted revenues. The strong revenues reflect real estate tax collection, earned income tax, real estate transfer tax, and higher interest rates leading to significantly higher investment income. Actual expenditures totaled \$305.3 million and included \$4.6 million that was transferred to the Capital Reserve Fund. Actual expenditures were \$5.9 million under the originally budgeted expenditures. The School District experienced a net \$21.3 million positive variance relative to the original budget. The unassigned fund balance in the General Fund remained at \$22,474,854. Total fund balances in the general fund increased from a fiscally healthy \$54,602,531 to \$75,113,176. The increase was far greater than the originally budgeted decrease. The fund balance includes \$49,064,334 committed to Capital Projects.

OVERVIEW OF THE FINANCIAL STATEMENTS

The accompanying financial statements have been prepared in accordance with GASB Statement No. 34 and present both government-wide and fund level financial statements using both the accrual and modified accrual basis of accounting, respectively.

This annual report consists of three parts: management's discussion and analysis (this section), basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements.
 - ✓ **Governmental Funds** statements tell how basic services, such as regular and special education, were financed in the short term, as well as what remains for future spending.
 - ✓ **Proprietary Funds** statements offer short- and long-term financial information about the activities the District operates like businesses, such as School Nutrition Services.
 - ✓ **Fiduciary Funds** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

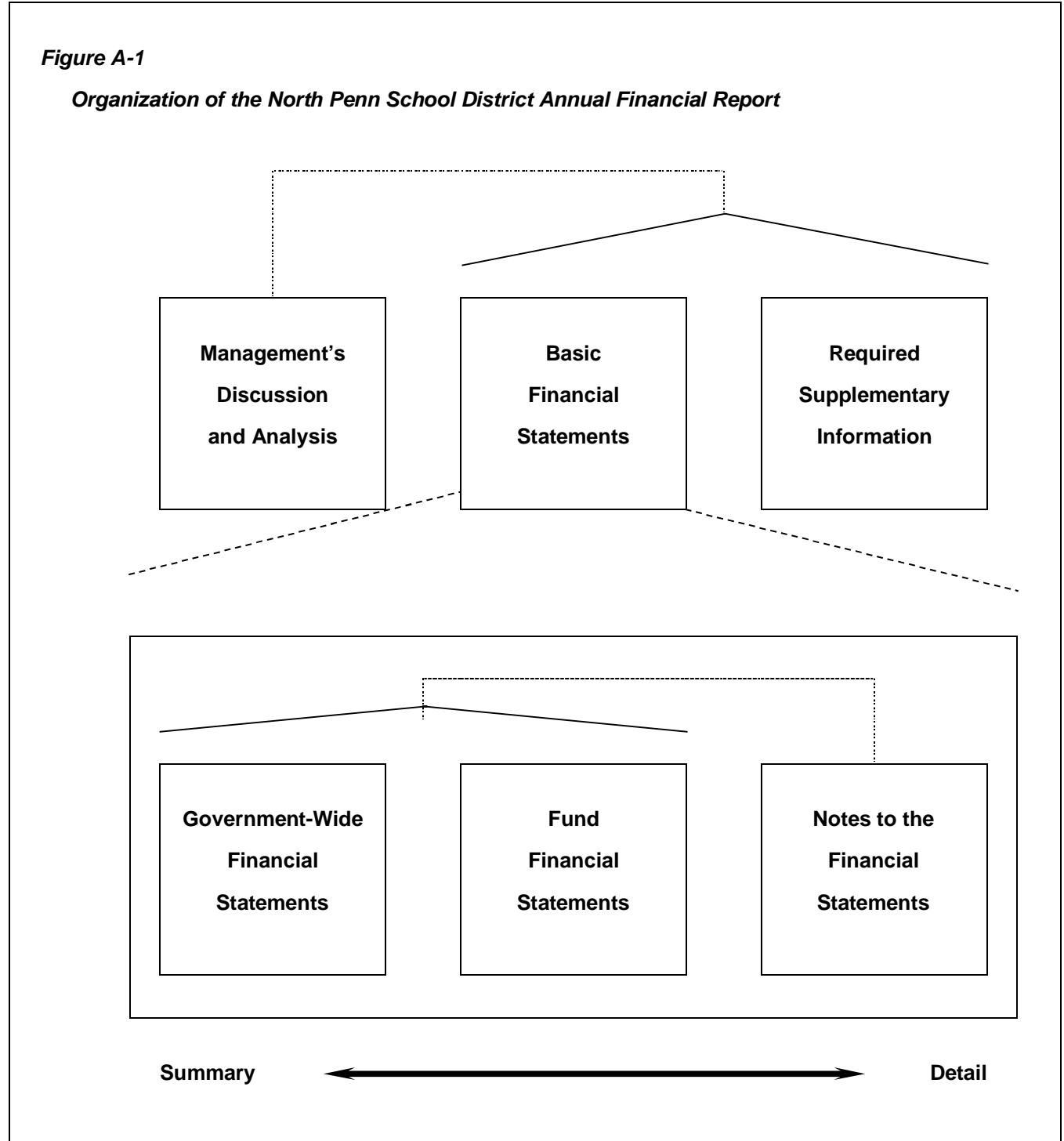


Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview

section of the management's discussion and analysis highlights the structure and contents of each of the statements.

Figure A-2				
Major Features of the Government-Wide and Fund Financial Statements				
	Government-Wide	Fund Financial Statements		
	Statements	Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire School District (except Fiduciary Funds)	The activities of the School District that are not proprietary or fiduciary, such as special education and building maintenance	Activities the School District operates similar to private businesses: school nutrition services and community education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student sponsored activities monies
Required financial statements	<ul style="list-style-type: none"> • Statement of net assets • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances 	<ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in net assets • Statement of cash flows 	<ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial 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, short-term and long-term	Generally assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities 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; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All revenues and expenses during the year, regardless of when cash is received or paid	All additions and deductions during the year, regardless of when cash is received or paid

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets and liabilities, is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indication of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, one needs to consider additional nonfinancial factors, such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the government-wide financial statements, the District's activities are divided into two categories:

- **Governmental Activities:** Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and state and federal subsidies and grants finance most of these activities.
- **Business-Type Activities:** The District's community education, extended child care, and school nutrition service programs are included here. The District charges fees to cover the costs of the services provided.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not on the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by state law and by bond covenants.
- The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues.

The District has three kinds of funds:

- **Governmental Funds:** Most of the District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the Governmental Fund's statements provide a detailed short-term view that help one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the long-term focus of the District-wide statements, additional information accompanying the Governmental Funds statements explains the relationship (or differences) between them.

- **Proprietary Funds:** Services for which the District charges a fee are generally reported in Proprietary Funds. Proprietary Funds are reported in the same way as the District-wide statements. The District's Enterprise Funds (one type of Proprietary Fund) report its business-type activities, providing more detail and additional information such as cash flows.
- **Fiduciary Funds:** The District is the trustee, or fiduciary, for assets that belong to others, such as the Scholarship Fund and the Student Sponsored Activities Funds. The District is responsible for ensuring the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because the District cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

- The net asset deficit of the governmental activities decreased by \$46.0 million while the net asset deficit of the business-type activities decreased by \$2.0 million (Figure A-3).
- Program-specific revenues in the form of charges for services and grants and contributions accounted for \$73.5 million or 22% of total revenues. General revenues accounted for \$264.1 million or 78% of total revenues (Figure A-4).
 - Governmental fund expenses totaled \$304.0 million of which \$191.6 million was spent on instructional services, \$93.4 million was spent on support services, \$3.3 million was spent on non-instructional/student activities/athletic services, \$11.9 million was spent for debt service payments, \$3.3 million was spent on facilities acquisition, construction, and improvement services, \$0.48 million was for refunds of prior year revenues, and \$0.09 million was used for miscellaneous expenses (See Statement of Revenues, Expenditures, and Changes in Fund Balances for Governmental Funds on page 17).
 - The North Penn Education Association (NPEA), an affiliation of the Pennsylvania State Education Teachers Association, represents the professional staff of the District. The District and NPEA have a three-year agreement that expires June 30, 2027.
 - The North Penn Educational Support Personnel Association (NPESPA), an affiliation of the Pennsylvania State Education Teachers Association, represents part of the support staff of the District. The District and NPESPA have a three-year agreement that expires June 30, 2028.
 - The District administrators have a three-year agreement with the Board of School Directors that expires June 30, 2025.

NORTH PENN SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
YEAR ENDED JUNE 30, 2024

FIGURE A-3
Condensed Statement of Net Position (In Millions of Dollars)

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2024-2023
	2024	2023	2024	2023	2024	2023	
Assets							
Current and Other Assets	\$ 152.6	\$ 129.9	\$ 9.3	\$ 7.8	\$ 161.9	\$ 137.7	
Capital Assets, Net	200.9	207.6	0.6	0.4	201.5	208.0	
Total Assets	353.5	337.5	9.9	8.2	363.4	345.7	5.1%
Deferred Outflows of Resources	75.0	71.5	2.3	2.2	77.3	73.7	4.9%
Liabilities							
Long-Term Liabilities	479.5	496.6	13.1	13.3	492.6	509.9	
Other Liabilities	40.9	40.6	1.2	0.9	42.1	41.5	
Total Liabilities	520.4	537.2	14.3	14.2	534.7	551.4	-3.0%
Deferred Inflows of Resources	22.0	31.6	0.7	1.0	22.7	32.6	-30.4%
Net Position							
Net Investment in Capital Assets	158.3	154.3	0.5	0.4	158.8	154.7	
Restricted	12.3	23.5	-	-	12.3	23.5	
Unrestricted	(284.5)	(337.6)	(3.3)	(5.2)	(287.8)	(342.8)	
Total Net Position	\$ (113.9)	\$ (159.8)	\$ (2.8)	\$ (4.8)	\$ (116.7)	\$ (164.6)	-29.1%

FIGURE A-4
Changes in Net Position from Operating Results (In Millions of Dollars)

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2024-2022
	2024	2023	2024	2023	2024	2023	
Revenues							
Program Revenues	\$ 63.2	\$ 50.2	\$ 10.3	\$ 10.0	\$ 73.5	\$ 60.2	
Other Revenues	263.7	254.3	0.4	-	264.1	254.3	
Total Revenues	326.9	304.5	10.7	10.0	337.6	314.5	7.3%
Expenses	280.9	279.5	8.7	8.3	289.6	287.8	0.6%
Change in Net Position	\$ 46.0	\$ 25.0	\$ 2.0	\$ 1.7	\$ 48.0	\$ 26.7	79.8%

Governmental Activities

Governmental activities consist of the General Fund, Capital Reserve, Bond Funds, and Special Revenue Fund (Student Sponsored Activities). Total governmental assets increased by \$16.0 million and total liabilities decreased by \$16.8 million due to changes in the net pension and OPEB liabilities. The Governmental Net Position deficit decreased by \$46.0 million (Figure A-4).

The District depends heavily on local taxes to fund the District's programs. For 2023-2024, local sources comprised 76.6% of total revenue, of which current real estate taxes, including interim taxes, were \$208.0 million, delinquent real estate taxes were \$2.0 million, transfer taxes were \$3.7 million and earned income taxes were \$21.8 million. Other revenue comes from state subsidies (20.1%) and federal grants and other sources (3.3%).

Business-Type Activities

Business-type activities include the School Nutrition Services Program, the Extended School Care Program and the Community Education Program (Figure A-4). Each Enterprise Fund is operated separately. These programs had operating and non-operating revenues of \$10.7 million and expenses of \$8.7 million, resulting in a \$2.0 million increase in net position for the year. The programs are designed to operate at or near break-even so that the cost for the services offered will benefit District residents. Business-type activities typically receive no support from tax revenues.

The School Nutrition Services Program provides school lunches and operates a breakfast program as well as catering services. The School Nutrition Services Program receives both federal and state subsidies for lunch and breakfast programs. It also receives some government commodities on a routine basis. The majority of revenue comes from federal subsidies. The School Nutrition Services Program was heavily supported by federal and state funding during the year. All students were provided a free breakfast with state funding.

The Extended School Care Program provides before and after-school care and summer camps for the resident children of the District. Revenues are generated by those utilizing the services.

The Community Education Program provides trips, tours, and classes for the residents of the North Penn area. Evening classes are held at several of the District's schools. These programs cater to the improvement of the quality of life for the residents of the North Penn area.

General Fund Budgetary Highlights

The economic environment continued to improve during the fiscal year. Real estate tax collections remained strong despite continued prolonged installment payments and a reduction in the late payment fee from 10% to 7.5%. The realty transfer tax (\$1.1 million) and earned income tax (\$0.3 million) exceeded the budgeted amounts. Investment income reached a record high and exceeded the budgeted amount by \$5.2 million due to the interest rate environment remaining relatively high.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

For the North Penn School District, capital assets include land, buildings, furniture and equipment, vehicles and other items that meet the following criteria:

- a. The individual asset must have a useful life greater than one year.
- b. The individual asset cost is equal to or greater than \$5,000 or was purchased with debt proceeds.

The District maintains fixed asset records for the above capital assets as well as for any item costing over \$1,000 with a life extending at least one year. Each department or school is responsible for the protection of these assets.

The District maintains more than 16,000 computers for students and staff. Technology equipment is replaced when the functionality or educational requirement necessitates it, not based on a set time period. The District embarked on a 1:1 student computer initiative in the summer of 2016. The District maintains approximately 115 buses and 21 vans that typically transport the District's students over 1.8 million miles per year. The District also transports approximately 1,500 non-public students each year. The District purchased an additional 5 propane-powered buses during the 2023-2024 fiscal year, bringing the total propane fleet to 54. Regular improvements to the buildings of the District are ongoing. The District is presently planning for a major renovation project at North Penn High School.

Capital assets, net of depreciation, decreased by \$6.5 million during the 2023-2024 fiscal year (Figure A-5). This represents a 3.1% decrease from the prior fiscal year.

Figure A-5
Capital Assets (Net of Depreciation, In Millions of Dollars)

	Governmental Activities		Business-Type Activities		Total District		Total Percentage Change 2024-2023
	2024	2023	2024	2023	2024	2023	
Land and Site Improvements	\$ 10.7	\$ 10.8	\$ -	\$ -	\$ 10.7	\$ 10.8	
Construction in Progress	4.4	4.0	-	0.2	4.4	4.2	
Buildings, Net	170.0	176.9	-	-	170.0	176.9	
Furniture and Equipment, Net	15.9	15.9	0.6	0.3	16.5	16.2	
	<u>\$ 201.0</u>	<u>\$ 207.6</u>	<u>\$ 0.6</u>	<u>\$ 0.5</u>	<u>\$ 201.6</u>	<u>\$ 208.1</u>	-3.1%

Obligations

Long-term obligations decreased by \$18.3 million, due to decreases in general obligation bonds and notes and the net pension liability. The short-term debt increased by \$0.3 million due to the schedule of bond, note, and lease obligations. Total outstanding obligations decreased by 3.5% (Figure A-6).

Figure A-6
Outstanding Long-Term Obligations (In Millions of Dollars)

	2024	2023	Total Percentage Change
Long-Term Obligations			
General Obligation Bonds and Notes	\$ 37.6	\$ 49.4	
Other General Obligations	443.5	450.0	
Total Long-Term Obligations	<u>481.1</u>	<u>\$ 499.4</u>	
Short-Term Obligations			
General Obligation Bonds and Notes	10.6	10.3	
Other General Obligations	0.3	0.3	
Total Short-Term Obligations	<u>10.9</u>	<u>10.6</u>	
TOTAL	<u>\$ 492.0</u>	<u>\$ 510.0</u>	<u>-3.5%</u>

FACTORS BEARING ON THE DISTRICT'S FUTURE

As the preceding information shows, the School District maintains a healthy investment in fixed assets to support and provide comprehensive educational services, considers future implications of current and ongoing financial obligations, and prudently manages its financial assets. Academic performance is supported by regionally competitive per-pupil spending. Balanced payment schedules on existing debt obligations should mean steady tax implications in the future.

Financial challenges face many school districts in the state of Pennsylvania and North Penn School District is not alone in this regard. With the passage of Act 1 of 2006, school districts are faced with a cap on the money that can be funded from a property tax increase. The cap is an inflationary index annually calculated by the Pennsylvania Department of Education (PDE). Act 1 does provide for some exceptions that permit districts to increase property taxes in excess of the cap. Exceptions are approved by the PDE. Limited tax relief arrived starting in the 2008-2009 fiscal year as the state distributed a portion of gambling revenue to offset real estate tax increases. The School District was fortunate to receive \$6,300,788 in the 2023-2024 fiscal year that offset property taxes for those property owners who qualified for the homestead exemption.

The 2023-2024 school year was another strong year financially for the North Penn School. The District was able to make \$4,605,107 million in transfers to the Capital Reserve Fund from the General Fund to support capital projects. The unassigned fund balance in the General Fund remained at \$22,474,854. Total fund balances in the general fund increased from a fiscally healthy \$54,602,531 to \$75,113,176. The increase was far greater than the originally budgeted decrease. The fund balance includes \$49,064,334 committed to Capital Projects, which will be a major asset to help address the upcoming high school renovation project and the ten-year capital projects plan.

North Penn School District has committed itself to educational and financial excellence. The District's system of budgeting, internal controls, and long-term financial projections are well-regarded and consistently followed. The District was recognized by the Association of School Business Officials International with the prestigious Meritorious Budget Award for the ninth straight year. The District also maintained its Aa1 bond rating with Moody's during the fiscal year. Continued diligence in all financial matters will be a key component of continued successful financial performance well into the future.

The future direction of the District remains to uphold its high level of quality education while efficiently managing and preserving resources to maintain a budget near the Act I index and minimize the impact on its taxpayers.

CONTACTING THE SCHOOL DISTRICT FINANCIAL MANAGEMENT

The financial report is designed to provide the citizens, taxpayers, parents, students, investors, and creditors with a general overview of the School District's finances and to show the District's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Steve Skrocki, Chief Financial Officer, North Penn School District, 401 East Hancock Street, Lansdale, PA 19446, 215-853-1010, skrocksb@npenn.org or visit the School District's website at www.npenn.org.

**NORTH PENN SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2024**

	Governmental Activities	Business-Type Activities	Totals
Assets			
Current Assets			
Cash and Cash Equivalents - Unrestricted	\$ 107,181,357	\$ 9,299,046	\$ 116,480,403
Cash and Cash Equivalents - Restricted	18,810,358	-	18,810,358
Investments	1,020,388	-	1,020,388
Taxes Receivable	1,531,426	-	1,531,426
Internal Balances	401,302	(401,302)	-
Due From Custodial Funds	972	-	972
Due from Other Governments	14,607,515	169,273	14,776,788
Inventories	226,554	201,934	428,488
Other Receivables	153,067	24,392	177,459
Prepaid Expenses	8,702,043	22,636	8,724,679
Capital Assets			
Land	10,491,943	-	10,491,943
Construction in Progress	4,371,043	-	4,371,043
Site Improvements	661,917	-	661,917
Building and Building Improvements	340,011,487	-	340,011,487
Furniture and Equipment	52,329,617	2,259,671	54,589,288
Accumulated Depreciation	(206,926,956)	(1,684,143)	(208,611,099)
Total Assets	<u>353,574,033</u>	<u>9,891,507</u>	<u>363,465,540</u>
Deferred Outflows of Resources			
Deferred Amount of Refunding	151,896	-	151,896
Deferred Outflows of Resources, Pension Activity	69,445,616	2,147,801	71,593,417
Deferred Outflows of Resources, OPEB Activity	5,353,149	165,562	5,518,711
Total Deferred Outflows of Resources	<u>74,950,661</u>	<u>2,313,363</u>	<u>77,264,024</u>
Liabilities			
Accounts Payable	7,414,986	92,032	7,507,018
Accrued Interest on Long-Term Debt	619,565	-	619,565
Accrued Salaries and Benefits	32,747,258	45,141	32,792,399
Due to Custodial Funds	5,931	-	5,931
Unearned Revenue	72,079	1,045,822	1,117,901
Long-Term Liabilities			
Portion Due or Payable Within One Year			
Bonds Payable, Net	10,581,000	-	10,581,000
Compensated Absences	282,711	-	282,711
Portion Due or Payable After One Year			
Bonds Payable, Net	38,232,378	-	38,232,378
Compensated Absences	6,338,211	-	6,338,211
Net Pension Liability	399,887,351	12,367,649	412,255,000
Net OPEB Obligation	24,141,929	746,659	24,888,588
Total Liabilities	<u>520,323,399</u>	<u>14,297,303</u>	<u>534,620,702</u>
Deferred Inflows of Resources			
Deferred Inflows of Resources, Pension Activity	12,330,640	381,359	12,711,999
Deferred Inflows of Resources, OPEB Activity	9,672,180	299,139	9,971,319
Total Deferred Inflows of Resources	<u>22,002,820</u>	<u>680,498</u>	<u>22,683,318</u>
Net Position			
Net Investment in Capital Assets	158,314,134	575,528	158,889,662
Restricted	12,335,811	-	12,335,811
Unrestricted	(284,451,470)	(3,348,459)	(287,799,929)
Total Net Position	<u>\$ (113,801,525)</u>	<u>\$ (2,772,931)</u>	<u>\$ (116,574,456)</u>

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Functions / Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Totals
Governmental Activities							
Instruction							
Regular Programs	\$ 131,078,086	\$ 339,791	\$ 50,364,775	\$ -	\$ (80,373,520)	\$ -	\$ (80,373,520)
Special Programs	47,907,197	-	7,614,476	-	(40,292,721)	-	(40,292,721)
Vocational Programs	5,664,853	-	-	-	(5,664,853)	-	(5,664,853)
Other Instructional Programs	583,365	-	-	-	(583,365)	-	(583,365)
Nonpublic Schools	47,648	-	-	-	(47,648)	-	(47,648)
Support Services							
Pupil Personnel Services	16,503,350	-	500,000	-	(16,003,350)	-	(16,003,350)
Instructional Staff Services	10,589,794	-	-	-	(10,589,794)	-	(10,589,794)
Administrative Services	14,455,842	-	-	-	(14,455,842)	-	(14,455,842)
Pupil Health Services	6,401,742	-	-	-	(6,401,742)	-	(6,401,742)
Business Services	2,569,043	-	282,348	-	(2,286,695)	-	(2,286,695)
Operation & Maintenance of Plant Services	18,236,439	-	31,542	-	(18,204,897)	-	(18,204,897)
Facilities Acquisition, Construction and Improvement Services	441,711	-	-	-	(441,711)	-	(441,711)
Operation of Non-Instructional Services							
Student Transportation Services	16,602,331	-	2,389,592	-	(14,212,739)	-	(14,212,739)
Central and Other Support Services	4,864,149	-	-	-	(4,864,149)	-	(4,864,149)
Student Activities and Athletics	3,065,429	362,261	-	-	(2,703,168)	-	(2,703,168)
Community Services	43,572	-	-	-	(43,572)	-	(43,572)
Miscellaneous	471,799	-	-	-	(471,799)	-	(471,799)
Interest on Long-Term Debt	1,348,828	-	-	1,312,277	(36,551)	-	(36,551)
Total Governmental Activities	280,875,178	702,052	61,182,733	1,312,277	(217,678,116)	-	(217,678,116)
Business-Type Activities							
School Nutrition Services	6,330,372	2,312,332	5,268,293	-	-	1,250,253	1,250,253
Extended Care	2,106,373	2,181,278	284,958	-	-	359,863	359,863
Community Education	203,240	233,060	-	-	-	29,820	29,820
Total School District Activities	8,639,985	4,726,670	5,553,251	-	-	1,639,936	1,639,936
Total Primary Government	\$ 289,515,163	\$ 5,428,722	\$ 66,735,984	\$ 1,312,277	(217,678,116)	1,639,936	(216,038,180)
General Revenues and Transfers							
Taxes							
Property Taxes, Levied for General Purposes					213,566,368	-	213,566,368
Earned Income					21,753,886	-	21,753,886
Public Utility Taxes					195,844	-	195,844
Investment Earnings					10,244,330	466,907	10,711,237
Gain on Sale of Capital Assets					8,000	-	8,000
Transfers					100,000	(100,000)	-
Grants and Contributions Not Related to a Specific Program					16,830,673	-	16,830,673
Miscellaneous Income					998,079	-	998,079
Total General Revenues and Transfers					263,697,180	366,907	264,064,087
Change in Net Position					46,019,064	2,006,843	48,025,907
Net Position at Beginning of Year					(159,820,589)	(4,779,774)	(164,600,363)
Net Position at End of Year					\$ (113,801,525)	\$ (2,772,931)	\$ (116,574,456)

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets			
Cash and Cash Equivalents - Unrestricted	\$ 95,515,355	\$ -	\$ 95,515,355
Cash and Cash Equivalents - Restricted	-	18,810,358	18,810,358
Investments	1,020,388	-	1,020,388
Taxes Receivable, Net	1,531,426	-	1,531,426
Due from Other Funds	422,024	663,220	1,085,244
Due from Custodial Funds	972	-	972
Due from Other Governments	14,607,515	-	14,607,515
Inventories	226,554	-	226,554
Other Receivables, Net	127,027	1,098	128,125
Prepaid Expenditures	647,434	385	647,819
	<u>\$ 114,098,695</u>	<u>\$ 19,475,061</u>	<u>\$ 133,573,756</u>
Total Assets			
Liabilities, Deferred Inflows of Resources and Fund Balances			
Liabilities			
Accounts Payable	\$ 6,548,555	\$ 726,005	\$ 7,274,560
Due to Other Funds	670,133	16,533	686,666
Due to Custodial Funds	5,931	-	5,931
Unearned Revenue	71,341	-	71,341
Accrued Salaries and Benefits	30,750,060	-	30,750,060
	<u>38,046,020</u>	<u>742,538</u>	<u>38,788,558</u>
Total Liabilities			
Deferred Inflows of Resources			
Unavailable Revenue, Property Taxes	939,499	-	939,499
Fund Balances			
Nonspendable, Prepaid Expenditures	647,434	-	647,434
Nonspendable, Inventory	226,554	-	226,554
Restricted for Student Activities	-	208,251	208,251
Restricted for Capital Projects	-	18,524,272	18,524,272
Committed to			
Capital Projects	49,064,334	-	49,064,334
Assigned to			
Self-funded Insurance	2,700,000	-	2,700,000
Unassigned	22,474,854	-	22,474,854
	<u>75,113,176</u>	<u>18,732,523</u>	<u>93,845,699</u>
Total Fund Balances			
Total Liabilities, Deferred Inflows of Resources & Fund Balances	<u>\$ 114,098,695</u>	<u>\$ 19,475,061</u>	<u>\$ 133,573,756</u>

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
REONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2024**

Total Governmental Funds Balances	<u>\$ 93,845,699</u>
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:</p>	
Land	10,491,943
Construction in Progress	4,371,043
Site Improvements	661,917
Building and Building Improvements	340,011,487
Furniture and Equipment	52,329,617
Accumulated Depreciation	<u>(206,926,956)</u>
	<u>200,939,051</u>
<p>Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. These consist of:</p>	
Deferred Amount on Refunding	<u>151,896</u>
<p>Deferred inflows and outflows of resources related to pension activities are not financial resources and therefore not reported in the governmental funds.</p>	
	<u>57,114,976</u>
<p>Deferred inflows and outflows of resources related to OPEB activities are not financial resources and therefore not reported in the governmental funds.</p>	
	<u>(4,319,031)</u>
<p>Property taxes receivable will be collected this year but are not available soon enough to pay for the current period's expenditures and, therefore, are deferred in the funds.</p>	
	<u>939,499</u>
<p>The assets and liabilities of certain Internal Service Funds are not included in the fund financial statements but are included in the governmental activities on the statement of net position.</p>	
	<u>17,609,530</u>
<p>Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:</p>	
Bonds Payable	(48,175,000)
Bond Premium/Discount, Net of Amortization	(638,378)
Accrued Interest	(619,565)
Compensated Absences	(6,620,922)
Net Pension Liability	(399,887,351)
Other Postemployment Benefits	<u>(24,141,929)</u>
	<u>(480,083,145)</u>
Net Position of Governmental Activities	<u>\$ (113,801,525)</u>

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	General Fund	Nonmajor Governmental Funds	Total Governmental Funds
Revenues			
Local Sources	\$ 249,514,659	\$ 1,145,253	\$ 250,659,912
State Sources	65,405,176	-	65,405,176
Federal Sources	10,801,407	-	10,801,407
Total Revenues	325,721,242	1,145,253	326,866,495
Expenditures			
Current:			
Instruction	191,561,797	-	191,561,797
Support Services	93,397,948	-	93,397,948
Facilities Acquisition, Construction and Improvement Services	259,561	3,069,201	3,328,762
Student Activities and Athletics	3,022,436	256,304	3,278,740
Refund of Prior Year Revenues	477,197	-	477,197
Miscellaneous	91,292	-	91,292
Debt Service	11,903,259	-	11,903,259
Total Expenditures	300,713,490	3,325,505	304,038,995
Excess (Deficiency) of Revenues Over (Under) Expenditures	25,007,752	(2,180,252)	22,827,500
Other Financing Sources (Uses)			
Transfers In	100,000	4,605,107	4,705,107
Transfers Out	(4,605,107)	-	(4,605,107)
Gain or Sale - Fixed Assets	8,000	-	8,000
Total Other Financing Sources (Uses)	(4,497,107)	4,605,107	108,000
Net Change in Fund Balances	20,510,645	2,424,855	22,935,500
Fund Balances at Beginning of Year	54,602,531	16,307,668	70,910,199
Fund Balances at End of Year	\$ 75,113,176	\$ 18,732,523	\$ 93,845,699

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

Net Changes in Fund Balances - Total Governmental Funds \$ 22,935,500

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

Capital outlays are reported in Governmental Funds as expenditures and sale of capital assets are reported as revenues. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeds capital outlays in the current period.

Capital Outlays	6,283,628
Depreciation	<u>(12,903,865)</u>
	<u>(6,620,237)</u>

Because some property taxes will not be collected for several months after the School District's fiscal year ends, they are not considered as "available" revenues in the Governmental Funds. Unavailable tax revenues decreased by this amount.

(80,253)

In the statement of activities, certain operating expenses - compensated absences (vacation and sick leave) - are measured by the amounts earned during the year. In the Governmental Funds, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net change in accrued compensated absences is:

(177,854)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds:

Accrued Interest	126,735
Insurance Provision	(582,130)
OPEB Plan Expense	(160,355)
Pension Plan Expense	<u>20,149,962</u>
	<u>19,534,212</u>

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to Governmental Funds, while the repayment of the principal long-term debt consumes the current financial resources of Governmental Funds. Neither transaction, however, has any effect on net position. Also, Governmental Funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Amortization of Deferred Charge on Refunding	(427,506)
Repayment of Bond Principal	10,279,000
Amortization of Bond Discounts and Premiums	<u>576,202</u>
	<u>10,427,696</u>

Change in Net Position of Governmental Activities \$ 46,019,064

**NORTH PENN SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
JUNE 30, 2024**

	Business-Type Activities				Governmental Activities
	Enterprise Funds			Total Enterprise Funds	
	School Nutrition Services Fund	Extended Care Fund	Community Education Fund		
Assets					
Current Assets					
Cash and Cash Equivalents	\$ 8,439,390	\$ 697,102	\$ 162,554	\$ 9,299,046	\$ 11,666,002
Due from Other Governments	169,273	-	-	169,273	-
Due from Other Funds	1,648	-	-	1,648	6,913
Other Receivables	12,914	11,478	-	24,392	24,942
Prepaid expenses	-	19,142	3,494	22,636	8,054,224
Inventories	201,934	-	-	201,934	-
Total Current Assets	<u>8,825,159</u>	<u>727,722</u>	<u>166,048</u>	<u>9,718,929</u>	<u>19,752,081</u>
Capital Assets, Net	573,742	-	1,786	575,528	-
Total Assets	<u>9,398,901</u>	<u>727,722</u>	<u>167,834</u>	<u>10,294,457</u>	<u>19,752,081</u>
Deferred Outflows of Resources					
Deferred Outflows of Resources - Pension Activity	1,181,291	816,164	150,346	2,147,801	-
Deferred Outflows of Resources - OPEB Activity	102,648	57,946	4,968	165,562	-
Total Deferred Outflows of Resources	<u>1,283,939</u>	<u>874,110</u>	<u>155,314</u>	<u>2,313,363</u>	<u>-</u>
Liabilities					
Accounts Payable	35,527	15,128	41,377	92,032	140,426
Accrued Salaries and Benefits	17,821	27,320	-	45,141	1,997,198
Due to Other Funds	218,751	180,474	3,725	402,950	4,189
Unearned Revenue	798,821	150,387	96,614	1,045,822	738
Long-Term Liabilities					
Net Pension Liability	6,802,207	4,699,707	865,735	12,367,649	-
Other Postemployment Benefits	462,928	261,331	22,400	746,659	-
Total Liabilities	<u>8,336,055</u>	<u>5,334,347</u>	<u>1,029,851</u>	<u>14,700,253</u>	<u>2,142,551</u>
Deferred Inflows of Resources					
Deferred Inflows of Resources - Pension Activity	209,748	144,916	26,695	381,359	-
Deferred Inflows of Resources - OPEB Activity	185,467	104,699	8,973	299,139	-
Total Deferred Inflows of Resources	<u>395,215</u>	<u>249,615</u>	<u>35,668</u>	<u>680,498</u>	<u>-</u>
Net Position					
Net Investment in Capital Assets	573,742	-	1,786	575,528	-
Restricted for Health Claims	-	-	-	-	-
Unrestricted	<u>1,377,828</u>	<u>(3,982,130)</u>	<u>(744,157)</u>	<u>(3,348,459)</u>	<u>17,609,530</u>
Total Net Position	<u>\$ 1,951,570</u>	<u>\$ (3,982,130)</u>	<u>(742,371)</u>	<u>\$ (2,772,931)</u>	<u>\$ 17,609,530</u>

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND
CHANGE IN NET POSITION
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Business-Type Activities				Governmental
	School Nutrition Services Fund	Enterprise Funds			Activities Internal Service Fund Self-Insurance Fund
		Extended Care Fund	Community Education Fund	Total Enterprise Funds	
Operating Revenues					
Charges for Service	\$ 2,312,332	\$ 2,181,278	\$ 233,060	\$ 4,726,670	\$ -
Premiums transferred from General Fund	-	-	-	-	31,742,315
Other	-	-	-	-	778,225
Total Operating Revenues	<u>2,312,332</u>	<u>2,181,278</u>	<u>233,060</u>	<u>4,726,670</u>	<u>32,520,540</u>
Operating Expenses					
Salaries	2,117,866	1,567,783	24,249	3,709,898	-
Employee Benefits	688,315	428,257	(27,801)	1,088,771	33,893,332
Purchased professional and technical service	37,140	10,058	168,541	215,739	-
Purchased property service	47,951	-	-	47,951	-
Other purchased service	323,000	14,926	14,797	352,723	-
Supplies	3,053,908	10,254	7,402	3,071,564	-
Depreciation	56,141	-	2,677	58,818	-
Other operating expenses	6,051	75,095	13,375	94,521	-
Total Operating Expenses	<u>6,330,372</u>	<u>2,106,373</u>	<u>203,240</u>	<u>8,639,985</u>	<u>33,893,332</u>
Operating Income (Loss)	(4,018,040)	74,905	29,820	(3,913,315)	(1,372,792)
Nonoperating Revenues					
Contributions	-	-	-	-	-
Investment Income	414,665	44,367	7,875	466,907	790,662
Local Sources	12,432	284,958	-	297,390	-
State Sources	914,920	-	-	914,920	-
Federal Sources	4,340,941	-	-	4,340,941	-
Total Nonoperating Revenues	<u>5,682,958</u>	<u>329,325</u>	<u>7,875</u>	<u>6,020,158</u>	<u>790,662</u>
Income (Loss) before transfers	1,664,918	404,230	37,695	2,106,843	(582,130)
Transfers In (Out)	-	(100,000)	-	(100,000)	-
Change in Net Position	1,664,918	304,230	37,695	2,006,843	(582,130)
Net Position at Beginning of Year	<u>286,652</u>	<u>(4,286,360)</u>	<u>(780,066)</u>	<u>(4,779,774)</u>	<u>18,191,660</u>
Net Position at End of Year	<u>\$ 1,951,570</u>	<u>\$ (3,982,130)</u>	<u>\$ (742,371)</u>	<u>\$ (2,772,931)</u>	<u>\$ 17,609,530</u>

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
YEAR ENDED JUNE 30, 2024**

	Business-Type Activities				Governmental
	Enterprise Funds				Activities
	School Nutrition Services Fund	Extended Care Fund	Community Education Fund	Total Enterprise Funds	Internal Service Fund Self-Insurance Fund
Cash Flows From Operating Activities					
Cash Received from Users	\$ 2,235,979	\$ 2,123,997	\$ 233,060	\$ 4,593,036	\$ 32,752,353
Premiums Transferred from General Fund	-	-	-	-	1,920,771
Cash Payments to Employees for Services	(3,140,279)	(2,217,716)	(39,926)	(5,397,921)	(34,235,133)
Cash Payments to Suppliers for Goods and Services	(3,278,221)	(67,901)	(200,927)	(3,547,049)	-
Cash Payments for Other Operating Expenses	-	-	(194,000)	(194,000)	-
Net Cash Used By Operating Activities	<u>(4,182,521)</u>	<u>(161,620)</u>	<u>(201,793)</u>	<u>(4,545,934)</u>	<u>437,991</u>
Cash Flows From Noncapital Financing Activities					
Local Sources	12,432	284,958	-	297,390	-
State Sources	914,920	-	-	914,920	-
Federal Sources	4,340,941	-	-	4,340,941	-
Net Cash Provided by Noncapital Financing Activities	<u>5,268,293</u>	<u>284,958</u>	<u>-</u>	<u>5,553,251</u>	<u>-</u>
Cash Flows From Investing Activities					
Interest Received	414,665	44,367	7,875	466,907	790,664
Gain on Disposal of Capital Assets	-	-	-	-	-
Purchase of Capital Assets	(179,596)	-	-	(179,596)	-
Transfers available for Operating Purposes	-	(100,000)	-	(100,000)	-
Investment Transfers	-	-	-	-	-
Net Cash Provided By Investing Activities	<u>235,069</u>	<u>(55,633)</u>	<u>7,875</u>	<u>187,311</u>	<u>790,664</u>
Net Increase In Cash and Cash Equivalents	<u>1,320,841</u>	<u>67,705</u>	<u>(193,918)</u>	<u>1,194,628</u>	<u>1,228,655</u>
Cash and Cash Equivalents At Beginning Of Year	<u>7,118,549</u>	<u>629,397</u>	<u>356,472</u>	<u>8,104,418</u>	<u>10,437,347</u>
Cash and Cash Equivalents at End of Year	<u>\$ 8,439,390</u>	<u>\$ 697,102</u>	<u>\$ 162,554</u>	<u>\$ 9,299,046</u>	<u>\$ 11,666,002</u>
Reconciliation of Operating Loss To Net Cash Used By Operating Activities					
Operating Income (Loss)	\$ (4,018,040)	\$ 74,905	\$ 29,820	\$ (3,913,315)	\$ (1,372,792)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities					
Depreciation	56,141	-	2,677	58,818	-
Pension Expense	(342,761)	(236,815)	(43,622)	(623,198)	-
OPEB Expense (Increase) Decrease in (Increase) Decrease in	3,077	1,738	148	4,963	-
Due From Other Funds	1,530	-	-	1,530	(1,069)
Due From Other Governments	71,445	-	-	71,445	-
Prepays	1,522	(13,182)	(597)	(12,257)	1,902,305
Other Receivables	(8,114)	7,096	-	(1,018)	231,174
Inventories	(5,809)	-	-	(5,809)	-
Increase (Decrease) in					
Due to Other Funds	(139,685)	(64,377)	(194,000)	(398,062)	1,710
Unearned Revenue	169,672	127,380	3,758	300,810	(4,254)
Accrued Salaries	5,584	13,401	-	18,985	(341,801)
Accounts Payable	22,917	(71,766)	23	(48,826)	22,718
Net Cash Used By Operating Activities	<u>\$ (4,182,521)</u>	<u>\$ (161,620)</u>	<u>\$ (201,793)</u>	<u>\$ (4,545,934)</u>	<u>\$ 437,991</u>
Supplemental Disclosures					
Noncash Activities					
Donated Foods	<u>\$ 730,611</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2024**

	Private Purpose Trust Funds	Custodial Funds
	Scholarship Trust Funds	Student Activities
Assets		
Cash and Cash Equivalents	\$ 276,858	\$ 387,242
Investments	270,462	-
Due from other funds	-	5,931
Other Receivables	-	4,258
Prepaid Expense	-	109
Total Assets	547,320	397,540
Liabilities		
Accounts payable	-	194,661
Unearned Revenue	83,080	-
Due to other funds	-	972
Total Liabilities	83,080	195,633
Net Position		
Restricted for Student Activities	-	201,907
Held in Trust for Benefits and Other Purposes	464,240	-
Total Net Position	\$ 464,240	\$ 201,907

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2024**

	Private Purpose Trust Funds	Custodial Funds
	Scholarship Trust Funds	Student Activities
Additions		
Revenue from Local Sources	\$ -	649,465
Donations	-	3,791
Net Investment Gain	34,966	15,586
Total Additions	34,966	668,842
Deductions		
Payments for Student Activities	-	670,680
Scholarships Awarded and Fees Paid	9,249	-
Total Deductions	9,249	670,680
Change in Net Position	25,717	(1,838)
Net Position At Beginning of Year	438,523	203,745
Net Position At End of Year	\$ 464,240	\$ 201,907

The accompanying notes are integral part of the financial statements.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the North Penn School District (the "School District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applies to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

Reporting Entity

The accompanying financial statements comply with the provisions of GASB Statement No. 61, *The Financial Reporting Entity: Omnibus*, in that the financial statements include all organizations, activities and functions for which the School District is financially accountable. Financial accountability is defined as the appointment of a voting majority of a component unit's board and either (1) the School District's ability to impose its will over a component unit or (2) the possibility that the component unit will provide a financial benefit or impose a financial burden on the School District. In addition, component units can be organizations for which the nature and significance of their relationship with the School District are such that exclusion would cause the School District's financial statements to be misleading. This report presents the activities of the North Penn School District. Based upon the application of these criteria, the School District is not a component unit of another reporting entity. Currently, the School District does not have any potential component units that should be included in the School District's reporting entity.

Basis of Presentation and Accounting

Government-Wide Financial Statements

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

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary funds financial statements but differs from the manner in which governmental funds financial statements are prepared. Governmental funds financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The government-wide statement of activities presents a comparison between School District expenses and program revenues for each segment of the business-type activities of the School District and for each function or program of the School District's governmental activities. Direct expenses are those that are associated specifically with a service, program or department and therefore clearly identifiable to a particular function.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting (Continued)

Government-Wide Financial Statements (Continued)

Program revenues include charges paid by the recipients of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Revenues, which are not classified as program revenues, are presented as general revenues of the School District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the School District.

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

Fund Financial Statements

Fund financial statements report detailed information about the School District. The focus of governmental and propriety funds financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column (Nonmajor Governmental Funds). Fiduciary funds are reported by fund type.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered to be available when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within 60 days of the end of the fiscal period. 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. The financial statements for Governmental Funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e. expenditures and other financing used) of current financial resources.

All Proprietary Fund Types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The statement of revenues, expenses and changes in net position presents increases (i.e. revenues) and decreases (i.e. expenses) in net position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary activities.

Proprietary Funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the School District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include cost of sales and

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting (Continued)

Fund Financial Statements (Continued)

services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Fiduciary Funds are reported using the economic resources measurement focus.

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

Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The various funds of the School District are grouped into the categories governmental, proprietary and fiduciary.

Governmental Funds

General Fund – The General Fund is used to account for all financial resources except those required to be accounted for in another fund. The General Fund balance is available for any purpose provided it is expended or transferred according to the general laws of Pennsylvania.

Capital Project Funds – Capital Project Funds are used to account for financial resources to be used for the acquisition and construction of capital equipment and improvements in accordance with the applicable general obligation bond agreements. The School District's Capital Reserve Fund is accounted for in this fund type.

Special Revenue Funds – Student Activities Funds – The Special Revenue Fund for Student Activities support activities that are based in student organizations.

Proprietary Funds

Enterprise Funds – The Enterprise Funds (School Nutrition Services Fund, Extended Care Fund and Community Education Fund) are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (2) where the governing body had decided that periodic determination of revenues earned, expenses incurred and/or net income are appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Proprietary Funds (Continued)

Internal Service Fund – The Internal Service Fund is used to account for the financing of goods or services provided by an activity to other departments, funds, or component units of the School District on a cost-reimbursement basis. Because the principal users of the internal services are the School District's governmental activities, the financial statements of the Internal Service Fund are consolidated into the governmental activities column when presented in the government-wide financial statements. The Self-Insurance Fund is used to account for all financial transactions related to the administration of the School District's self-insured health plans.

Fiduciary Funds

Trust and Custodial Funds - Trust and Custodial Funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals. Custodial Funds accounts for assets held by the District in a custodial function.

Cash and Cash Equivalents

The School District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition and no restrictions on withdrawal.

Investments

The PA School Code of 1949, as amended, authorizes the District to invest funds in: 1) United States Treasury Bills, 2) short-term obligations of the United States government or its agencies, 3) deposits in accounts insured by the Federal Deposit Insurance Corporation or NCUA, and 4) Obligations of the United States or its agencies backed by the full faith and credit, obligations of the Commonwealth of PA backed by full faith and credit, or any political subdivision of the Commonwealth backed by the full faith and credit of the political subdivision.

The School 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.

Short-Term Interfund Receivables/Payables

During the course of operations, transactions may occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the Governmental Funds balance sheet. Short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the statement of net position, except for amounts due between governmental and business-type activities, which, when present, are shown as internal balances.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Inventories and Prepaid Items

Inventory of food and milk in the School Nutrition Services Fund consists of supplies purchased and donated commodities received from the federal government. The donated commodities are valued at their fair market value in accordance with the *Manual of Accounting for Pennsylvania School Systems - Food Service Fund*. Food and supplies are carried at cost using the first-in, first-out method.

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

Capital Assets

Capital assets, which include property, plant, and equipment and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The School District defines a capital asset as an asset with an initial, individual cost equal to or greater than \$5,000 or purchased with debt proceeds and must have an estimated useful life in excess of one year. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at 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, inclusive of ancillary costs.

Property, plant, and equipment of the School District are depreciated using the straight-line method over the following estimated useful lives:

Site improvements	15 - 20 years
Buildings and building improvements	10 – 45 years
Furniture and equipment	5 – 20 years

Unearned Revenue

Unearned revenue arises when assets are recognized before the revenue recognition criteria have been satisfied. Such is the case when resources are received by the School District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when revenue recognition criteria are met or when the School District has a legal claim to the resources, the liability for unearned revenue is removed from the Governmental Funds balance sheet and revenue is recognized.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Long-Term Obligations

In the government-wide financial statements and Proprietary Fund Types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or Proprietary Fund Type statement of net position. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are recognized during the period in which they were incurred.

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

Compensated Absences

It is the School District's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. The benefits are accrued when incurred in the government-wide and Proprietary Funds financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position

Net position represents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction, or improvement of those assets. Net position is reported as restricted on the government-wide statements when there are limitations imposed on its use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position is reported as unrestricted when there are no limitations on its use.

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 a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualify for reporting in this category. They are the deferred charge on reported refunding in the government-wide statement of net position and the deferred charge outflow related to pension and OPEB activity, reported in the government-wide state of net position and the proprietary fund statement of net position. A deferred charge on refunding results from the difference in carrying value of refunded debt and its reacquisition prices. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources (Continued)

The deferred outflows related to pension and OPEB activity are reported in the statement of net position and are deferred and recognized as an outflow of resources in the period to which the expense applies.

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(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has three types of items that qualify for reporting in this category. The first item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. The other items, deferred inflows related to pension and OPEB activity, are reported in the government-wide statement of net position. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net Position Flow Assumption

Sometimes the School District will fund outlays for a particular purpose for both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide and Proprietary Fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the School District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balance

The School District has previously implemented GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on the School District's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent either because they are not in spendable form or because of legal or contractual constraints. Fund balance types of this category are inventories and prepaid expenditures.

Restricted – Amounts that can be spent only for specific purposes stipulated by external resource providers or through enabling legislation. Fund balance types in this category include amounts for capital projects, student activities, and health claims.

Committed – Amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority and do not lapse at year-end. Fund balance of this type is for capital project costs.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Balance (Continued)

Assigned – Amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Intent should be expressed by the Board or the CFO. Fund balance types in this category include Self-Insurance.

Unassigned – Amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. It is the policy of the School District to follow state requirements that unassigned fund balance will not exceed 8% of the subsequent year operating budget in the unassigned category.

The Board of School Directors established (and modified or rescinds) fund balance commitments by passage of a resolution. Assigned fund balance is intended to be used by the government for specific purposes but does not meet the criteria to be classified as restricted or committed. The details of the fund balances are included in the Governmental Funds balance sheet (page 15). Restricted funds are used first as appropriate, followed by committed resources and then assigned resources, to the extent that expenditure authority has been budgeted by the Board of School Directors. The School District does reserve the right to first reduce unassigned fund balance to defer the use of these other classified funds. In the event that unassigned fund balance becomes zero, then assigned and committed fund balances are used in that order.

Use of Estimates

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

PSERS Pensions and OPEB

For purposes of measuring net pension and OPEB liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the fiduciary net position of the Public Schools Employee's 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 (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms and investments are reported at fair value.

NOTE 2: CASH AND INVESTMENTS

Cash

The District is required by state statute to deposit funds in depositories that are either banks, banking institutions or trust companies. To the extent that such deposits exceed federal insurance, the depositories must pledge as collateral obligations of the United States, Commonwealth of Pennsylvania or any political subdivision. Under Act 72 of 1971, as amended, the depositories may meet this collateralization requirement by pooling appropriate securities to cover all public funds on deposit. Of the bank balance, \$2,840,204 was covered by federal depository insurance, and \$133,960,816 was collateralized by the District's depositories in accordance with Act 72, specifically an irrevocable Federal Home Loan Bank letter of credit, and the collateral was held by the depositories' agent in pooled public funds.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Interest Rate Risk – The School District’s investment policy limits investment maturities in accordance with the Commonwealth of Pennsylvania School Code as a means of managing its exposure to fair value losses arising from increasing interest rates.

Investments

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

Investment Type	Balance	Investment Maturities <u>Less Than One Year</u>
State Investment Pools	\$ 1,020,388	\$ 1,020,388
Stocks	270,462	-
	<u>\$ 1,290,850</u>	<u>\$ 1,020,388</u>

The District was the recipient of a stock donation into the Private Trust Fund. The balance of the account on June 30, 2024 was \$270,462.

A portion of the School District’s investments are in the PSDLAF program, which are similar to mutual funds. GASB Statement No. 3, Paragraph 69, provides that certain types of cash and investments, such as cash investments in a State Treasurer’s investment pool of mutual fund, cannot be assigned a credit risk category because the government does not own specific securities. Therefore, the PSDLAF cash investments included in these statements will not be assigned a credit risk category. The carrying amount of these investments at June 30, 2024, is \$1,020,388. These assets maintain a stable net asset value of \$1 per share. PSDLAF is not SEC-registered. All investments are monitored weekly by Standard & Poor’s and are subject to an independent audit on an annual basis.

Investments held with qualifying external state investment pools are valued at amortized cost in accordance with GASB Statement No. 79.

Credit Risk – State law permits the School District to invest funds in the following types of investments:

Obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

The School District’s investment policy does not further limit its investment choices. As of June 30, 2024, the School District’s investment in the state investment pool was rated AAAM by Standard & Poor’s.

Concentration of Credit Risk – The School District does not have an investment in any one issuer that is in excess of 5% of the School District’s total investments.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 2: CASH AND INVESTMENTS (CONTINUED)

Fair Value Measurement

The School District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are those that lack significant observable inputs. The School District's investment in stocks are classified as Level 1 investments.

Equity Securities classified in Level 1 of the fair value hierarchy are valued using prices quoted in active market for those securities.

NOTE 3: TAXES – REAL ESTATE AND OTHER

The School Board is authorized by state law to levy property taxes for School District operations, capital improvements and debt service. In addition, the School District levies a 0.5% earned income tax. Property taxes are based on assessed valuations of real property within the School District.

Taxes are levied on July and payable in the following periods:

- Discount period: July 1 to August 31 – 2% of gross levy
- Face period: September 1 to October 31
- Penalty period: October 31 to collection – 7.5% of gross levy
- Lien date: January 15

School District taxes are billed and collected by the local elected tax collectors. Property taxes attach as an enforceable lien on property as of July 1.

NOTE 4: RECEIVABLES

Receivables at June 30, 2024, consisted of taxes, other revenue and intergovernmental grants and entitlements. The real estate taxes receivable account represents real estate transfer taxes and prior year uncollected tax levies. All receivables are considered fully collectible due to the ability to lien property for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds.

A summary of receivables by fund is as follows:

	General Fund	Nonmajor Governmental Funds	School Nutrition Services Fund	Extended Care Fund	Self-Insurance Fund
Real Estate Taxes	\$ 998,592	\$ -	\$ -	\$ -	\$ -
Earned Income Tax	286,184	-	-	-	-
Real Estate Transfer Tax	246,650	-	-	-	-
Federal Subsidies	3,469,755	-	139,392	-	-
State Subsidies	11,137,760	-	29,881	-	-
Other Receivables	127,027	1,098	12,914	11,478	24,942
	<u>\$ 16,265,968</u>	<u>\$ 1,098</u>	<u>\$ 182,187</u>	<u>\$ 11,478</u>	<u>\$ 24,942</u>

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 5: INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Due to/from Other Funds

The composition of interfund balances of June 30, 2024, is as follows:

	<u>Due From</u>	<u>Due To</u>
General Fund	\$ 422,024	\$ 670,133
General Fund (Due from Custodial Funds)	972	5,931
Nomajor Governmental Funds	663,220	16,533
Extended Care Fund	-	180,474
Nutrition Services Fund	1,648	218,751
Community Education Fund	-	3,725
Self Insurance	6,913	4,189
Custodial Funds	5,931	972
	\$ 1,100,708	\$ 1,100,708

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” The amounts between the General Fund, School Nutrition Services Fund, Extended Care Fund and Community Education Fund are for payroll. The amounts between the General Fund and Other Governmental Funds are for future capital projects. The amounts between the General Fund and the Self-Insurance Fund are for insurance premiums.

Interfund Transfers

Transfer In	Transfer Out	
Capital Reserve	General Fund	\$ 4,605,107
General Fund	Extended Care Fund	100,000
		\$ 4,705,107

The Board approved a transfer from the General Fund to the Capital Reserve Fund. In addition, the School District made a transfer from the Extended Care Fund to the General Fund.

NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024

NOTE 6: CAPITAL ASSETS

A summary of changes in capital assets is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
GOVERNMENTAL ACTIVITIES				
Capital Assets not being depreciated				
Land	\$ 10,491,943	\$ -	\$ -	\$ 10,491,943
Construction in Progress	4,035,482	2,867,051	(2,531,490)	4,371,043
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	14,527,425	2,867,051	(2,531,490)	14,862,986
Capital Assets being depreciated				
Site Improvements	661,917	-	-	661,917
Buildings and building improvements	337,819,356	2,192,131	-	340,011,487
Furniture and Equipment	48,853,898	3,755,936	(280,217)	52,329,617
TOTAL CAPITAL ASSETS BEING DEPRECIATED	387,335,171	5,948,067	(280,217)	393,003,021
Accumulated Depreciation				
Site improvements	(429,167)	(28,213)	-	(457,380)
Buildings and building improvements	(160,873,815)	(9,134,388)	-	(170,008,203)
Furniture and equipment	(33,000,326)	(3,741,264)	280,217	(36,461,373)
TOTAL ACCUMULATED DEPRECIATION	(194,303,308)	(12,903,865)	280,217	(206,926,956)
TOTAL CAPITAL ASSETS BEING DEPRECIATED, NET	193,031,863	(6,955,798)	-	186,076,065
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, net	\$ 207,559,288	\$ (4,088,747)	\$ (2,531,490)	\$ 200,939,051
BUSINESS TYPE ACTIVITIES				
Capital assets not being depreciated				
Construction in Progress	\$ 169,990	\$ -	\$ (169,990)	\$ -
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED	169,990	-	(169,990)	-
Capital Assets being depreciated				
Furniture	1,910,085	349,586	-	2,259,671
TOTAL CAPITAL ASSETS BEING DEPRECIATED	1,910,085	349,586	-	2,259,671
Accumulated depreciation	(1,625,325)	(58,818)	-	(1,684,143)
TOTAL ACCUMULATED DEPRECIATION	(1,625,325)	(58,818)	-	(1,684,143)
BUSINESS TYPE ACTIVITIES CAPITAL ASSETS, NET	454,750	290,768	(169,990)	575,528
Total Capital Assets, net	\$ 208,014,038	\$ (3,797,979)	\$ (2,701,480)	\$ 201,514,579

Depreciation expense was charged to governmental functions as follows:

INSTRUCTION	
Regular Programs	7,036,796
Special Programs	1,015,256
Other Instructional Programs	645,728
SUPPORT	
Support	69,086
Support-Instruction	35,590
Admin	393,108
Pupil Health	62,855
Business	96,933
Plant	1,105,783
Transportation	1,885,854
Central	503,546
OPERATION OF NON-INSTRUCTIONAL SERVICES	
Non Instruction	53,330
	<u>\$ 12,903,865</u>

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 7: LONG-TERM DEBT

General Obligation Bonds and Note

The School District issues general obligation bonds and notes to provide funds for the acquisition and construction of major capital facilities. At June 30, 2024, the outstanding balance of general obligation bonds and notes issued was \$48,175,000.

Annual debt service requirements to maturity for general obligation bonds and note are as follows:

Year Ending June 30,	Principal	Interest
2025	\$ 10,581,000	\$ 1,321,171
2026	10,698,000	1,008,499
2027	6,960,000	728,878
2028	2,580,000	455,538
2029	2,644,000	396,585
2030-2034	14,712,000	1,036,110
	\$ 48,175,000	\$ 4,946,781

NOTE 8: CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2024, was as follows:

GENERAL OBLIGATION BONDS

Bonds	Interest Rate	Maturity Date	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Series of 2017	1.75 - 5.00%	3/1/2027	\$ 15,155,000	\$ -	\$ (1,345,000)	\$ 13,810,000	\$ 1,390,000
Series A of 2019	3.00%	1/15/2025	14,645,000	-	(7,205,000)	7,440,000	7,440,000
Series of 2020	2.285%	3/1/2034	21,080,000	-	(277,000)	20,803,000	283,000
Series A of 2020	0.920%	2/15/2026	7,574,000	-	(1,452,000)	6,122,000	1,468,000
			58,454,000	-	(10,279,000)	48,175,000	10,581,000
Deferred amounts							
Issuance premium			1,214,580	-	(576,202)	638,378	-
TOTAL GENERAL OBLIGATION BONDS			59,668,580	-	(10,855,202)	48,813,378	10,581,000
COMPENSATED ABSENCES			6,443,068	177,854	-	6,620,922	282,711
NET OPEB LIABILITY			24,727,553	161,035	-	24,888,588	-
NET PENSION LIABILITY			419,112,000	-	(6,857,000)	412,255,000	-
TOTAL LONG-TERM LIABILITIES			\$ 509,951,201	\$ 338,889	\$ (17,712,202)	\$ 492,577,888	\$ 10,863,711

Debt service for general obligation bonds is funded primarily from real estate taxes. Compensated absences attributable to governmental activities are generally liquidated by the General Fund. Other postemployment benefits costs attributed to governmental activities are also generally liquidated by the General Fund.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 9: UNEARNED REVENUE

General Fund

Program grants received prior to the incurrence of qualifying expenditures are recorded as unearned revenue. At June 30, 2024, unearned revenue consisted of \$71,341, which represents funds received to be used for future expenditures.

School Nutrition Services Fund

Unearned revenue of \$798,821 in the School Nutrition Services Fund represents the carryover of student deposits and the unspent Supply Chain Grant.

Community Education Fund

Unearned revenue of \$150,387 represents deposits received for 2023-2024 school year programs.

Extended Care Fund

Unearned revenue of \$96,614 represents unapplied credit accounts.

NOTE 10: PENSIONS

Summary of Significant Accounting Policies

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

PSERS 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 was established on July 18, 1917, under the provisions of Pamphlet Law, No. 343. Benefit payments to members and contribution provision by employers and employees are specified in the Pennsylvania Public School Employees' Retirement Code ("Code"). The Commonwealth General Assembly has the authority to amend the benefit terms of the PSERS by passing a bill in the Senate and House of Representatives and sending the bills to the Governor for approval. PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 10: PENSIONS (CONTINUED)

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62, with at least one 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 became new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E ("Class T-E"), and Membership Class T-F ("Class T-F"). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service. The current stand-alone defined benefit plan is no longer available to new members after June 30, 2019.

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

Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to two percent or two and one-half percent, depending upon the 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.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 10: PENSIONS (CONTINUED)

Contributions

Member Contributions

Member Contribution Rates				
Membership Class	Continuous Employment Since	Defined Benefit Contribution Rate	Defined Contribution Rate	Total Contribution Rate
T-C	Prior to July 22, 1983	5.25%	N/A	5.25%
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%*	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.00%
T-F	On or after July 1, 2011	10.30%*	N/A	Prior to 7/1/21: 10.30% After 7/1/21: 10.80%
T-G	On or after July 1, 2019	5.50%*	N/A	Prior to 7/1/21: 8.25% After 7/1/21: 9.00%
T-H	On or after July 1, 2019	4.50%*	N/A	Prior to 7/1/21: 7.50% After 7/1/21: 8.25%
DC	On or after July 1, 2019	N/A	7.50%	7.50%

**This contribution rate is subject to a shared risk provision below.*

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

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2024, was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the plan from the District were \$48,403,077 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 School District reported a total liability of \$412,255,000 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 School 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 for all members of the PSERS Plan. At June 30, 2023, the School District's proportion was 0.9267 percent, which was an increase of 0.0160 percent from its proportion measured as of June 30, 2022.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 10: PENSIONS (CONTINUED)

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

For the year ended June 30, 2024, the School District recognized pension expense of \$38,569,791. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
GOVERNMENTAL ACTIVITIES		
Differences between expected and actual experience	\$ 90,210	\$ 5,475,650
Changes in assumptions	5,966,470	-
Changes in proportions	3,556,020	6,854,990
Difference between employer contributions and proportionate share of total contributions	1,488,310	-
Contributions subsequent to the measurement date	47,028,586	-
Net difference between projected and actual investment earnings	11,316,020	-
	\$ 69,445,616	\$ 12,330,640
 BUSINESS-TYPE ACTIVITIES		
Differences between expected and actual experience	\$ 2,790	\$ 169,350
Changes in assumptions	184,530	-
Net difference between projected and actual investment earnings	349,980	-
Changes in proportions	109,980	212,009
Difference between employer contributions and proportionate share of total contributions	46,030	-
Contributions subsequent to the measurement date	1,454,491	-
	\$ 2,147,801	\$ 381,359

\$48,483,077 reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability in the year ending June 30, 2024. Other amounts reported as deferred outflows and resources and deferred inflows of resources related to pensions, and will be recognized in pension expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities	Total
2024	\$ 3,610,471	\$ 111,664	\$ 3,722,135
2025	(8,225,808)	(254,406)	(8,480,214)
2026	11,651,285	360,349	12,011,634
2027	3,413,262	105,565	3,518,827
2028	(362,820)	(11,221)	(374,041)
Thereafter	-	-	-
	\$ 10,086,390	\$ 311,951	\$ 10,398,341

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 10: PENSIONS (CONTINUED)

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:

- Investment rate of return was 7.0%
- The inflation assumption was 2.50%
- Salary growth was an effective range of 4.5%, which was comprised of inflation of 2.5% and 2.0% 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 MP-2015 Morality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

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

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

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

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.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 10: PENSIONS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	<u>100%</u>	

Discount Rate - The discount used to measure the total pension liability was 7.00 percent. 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 which are 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 and Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents District's Proportionate Share of the net pension liability, calculated using the discount rate of 7.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate.

1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
<u>\$ 534,396,000</u>	<u>\$ 412,255,000</u>	<u>\$ 309,205,000</u>

Payable to the Pension Plan

At June 30, 2024, the District reported a payable of \$17,394,720 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2024.

Plan Fiduciary Net Position

Pension Plan Fiduciary Net Position – Detailed information about PSERS's fiduciary net position is available in the PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) - PSERS

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2023, there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

Retirees of the System can participate in the PSERS Plan 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 services and retired after reaching superannuation age, and
- Participate in the HOP or employer-sponsored health insurance program.

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.

Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefits 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.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

**NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – PSERS
(CONTINUED)**

Benefits Provided

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

Employer Contributions

The School Districts' 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 School District were \$937,720 for the year ended June 30, 2024.

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

At June 30, 2024, the School District reported a liability of \$16,703,000 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 School 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, 2023, the School District's proportion was 0.9232 percent, which was an increase of 0.0169 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2023, the School District recognized OPEB expense of \$489,000. At June 30, 2023, the School 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 Resource
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ 105,730	\$ 161,020
Change in assumptions	1,399,710	3,066,170
Net Difference between projected and actual investment earnings	36,860	-
Change in Proportions	1,078,640	1,722,720
Contributions made subsequent to measurement date	909,588	-
Difference between employer contributions and proportionate share of total contributions	-	40,740
	<u>\$ 3,530,528</u>	<u>\$ 4,990,650</u>
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ 3,270	\$ 4,980
Change in assumptions	43,290	94,830
Net Difference between projected and actual investment earnings	1,140	-
Change in Proportions	33,360	53,280
Contributions made subsequent to measurement date	28,132	-
Difference between employer contributions and proportionate share of total contributions	-	1,260
	<u>\$ 109,192</u>	<u>\$ 154,350</u>

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – PSERS
(CONTINUED)

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows or Resources Related to OPEB (Continued):

\$1,011,834 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	Governmental Activities	Business-Type Activities	Total
2025	(444,372)	(13,743)	\$ (458,115)
2026	(515,986)	(15,958)	(531,944)
2027	(587,733)	(18,177)	(605,910)
2028	(652,845)	(20,191)	(673,036)
2029	(168,774)	(5,221)	(173,995)
Thereafter	-	-	-
	<u>\$ (2,369,710)</u>	<u>\$ (73,290)</u>	<u>\$ (2,443,000)</u>

Actuarial Assumptions

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

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and 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, 2021.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

**NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – PSERS
(CONTINUED)**

- Mortality Tables for Males and Females, adjusted to reflect PSERS’ experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Change in Actuarial 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.

Investments - 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 PSERS Board. Under the Program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100%	0.5%
	100%	

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

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

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

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 per year. As of June 30, 2022, 93,293 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2023, 522 members were receiving less than \$1,200 per year cap is a smaller percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

**NOTE 11: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) – PSERS
(CONTINUED)**

The following presents the District's net OPEB liability for June 30, 2023, calculated using current Healthcare cost trends as well as what the District's Proportionate Share of the net OPEB liability would be if health cost trends were 1-percentage point lower or 1-percentage higher than the current rate:

	1% Decrease (Between 4% to 6.00%)	Current Trend Rate (Between 5% to 7.00%)	1% Increase (Between 6% to 8.00%)
District's Proportionate Share of net OPEB liability	\$ 16,701,000	\$ 16,703,000	\$ 16,704,000

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

The following presents the District's Proportionate Share of the net OPEB liability, calculated using a discount rate of 4.13%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.13%) or 1 percentage point higher (5.13%) than the current discount rate:

Discount Sensitivity

	1% Decrease 3.13%	Current Discount Rate 4.13%	1% Increase 5.13%
District's Proportionate Share of net OPEB liability	\$ 18,884,000	\$ 16,703,000	\$ 14,877,000

Payable to the Pension Plan

At June 30, 2024, the District reported a payable of \$378,037 for the outstanding amount of contributions to the OPEB plan required for the year ended June 30, 2024.

Plan Fiduciary Net Position

OPEB Plan Fiduciary Net Position – Detailed information about PSERS's fiduciary net position is available in the PSERS Comprehensive Annual Financial Report which can be found on the System's website at www.psers.state.pa.us.

NOTE 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN

Plan Description

The School administers a single-employer defined benefit healthcare plan. The plan provides medical insurance benefits to eligible retirees and their spouses. The Board of School Directors has the authority to establish and amend benefit provisions through the collective bargaining process with members of the professional and support staff, an agreement with administrative employees and individual employment contracts with certain employees. The plan does not issue any financial report and is not included in the report of any public employee retirement system or any other entity.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS - SINGLE EMPLOYER PLAN (CONTINUED)

Plan Membership

As of June 30, 2024, plan membership consisted of the following:

Active Participants:	1,909
Vested Former Participants:	125
Retired Participants:	<u>52</u>
	2,086

Funding Policy and Funding Status

The plan is an unfunded plan with no assets accumulated in a trust that meet the criteria in paragraph four of GASB Statement No. 75. The plan is funded on a pay-as-you-go basis; contributions to the plan are equal to benefit payments. For the year ending June 30, 2024 benefit payments paid as they came due were \$292,282.

Benefits Provided

The plan provides the following benefits:

Administrators

Superintendents and administrators who are eligible for PSERS retirement, shall be eligible for participation in medical, prescription drug, dental, and vision insurance until Medicare age. Members are responsible for the full premium.

Administrators who retire after July 1, 2011 are entitled to participate in group life insurance coverage until age 70. Members are responsible for the full premium.

All Other Employees

All employees other than administrators, who are eligible for PSERS retirement, will be eligible to participate in group coverage for medical and prescription drug insurance until reaching Medicare age. Members are responsible for the full premium.

Total OPEB Liability

The District's total OPEB liability of \$8,185,588 was determined by rolling forward the total OPEB liability as of July 1, 2022 to July 1, 2023 using the actuarial assumptions disclosed below.

Assumptions

The following assumptions and actuarial methods and calculation were used:

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

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

**NOTE 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SINGLE EMPLOYER PLAN
(CONTINUED)**

- Percent of Eligible Retirees Electing Coverage in Plan – 100% of superintendents and CFOs are assumed to elect coverage. 50% of teachers and administrators and 20% of the support staff are assumed to elect coverage. 50% of administrators and CFOs are assumed to elect life insurance coverage.
- Percent Married at Retirement – 40% of employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- Spouse Age – Wives are assumed to be two years younger than their husbands.
- Retiree Contributions – Retiree Contributions are assumed to increase at the same rate as the Health Care Cost Trend Rate.
- Actuarial Value of Assets – Equal to the Market Value of Assets.
- Actuarial Cost Method – Entry Age Normal – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued Liability over the Actuarial Value of Assets. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

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

Changes in the District's total OPEB liability for the fiscal year ended June 30, 2024 were as follow:

Balance at June 30, 2023	\$	7,422,553
Changes for the year		
Service Cost		435,304
Interest Cost		312,601
Changes of Benefit Terms		33,100
Difference between Expected and Actual Experience		(443,779)
Change of Assumptions		718,091
Benefit Payments		(292,282)
Net Changes		763,035
Balance at June 30, 2024	\$	8,185,588

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

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

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

**NOTE 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SINGLE EMPLOYER PLAN
(CONTINUED)**

	1% Decrease 3.13%		Current Discount Rate 4.13%		1% Increase 5.13%
System Total OPEB liability	\$ 8,820,221	\$	8,185,588	\$	7,585,418

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

The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using healthcare cost trend rate that is 1- percentage point lower (6.00 percent) or 1 percentage point higher (7.00 percent) than the current healthcare cost trend rate:

	1% Decrease 6.00%		Current Trend Rate 7.00%		1% Increase 8.00%
System Total OPEB liability	\$ 7,310,204	\$	8,185,588	\$	9,211,789

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - For the year ended June 30, 2024, the School District recognized OPEB expense of \$379,058. At June 30, 2023, the School 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 Resource
GOVERNMENTAL ACTIVITIES		
Difference between expected and actual experience	\$ -	\$ 2,183,410
Change in assumptions	1,452,764	2,498,120
Benefit payments made subsequent to measurement date	369,857	-
	\$ 1,822,621	\$ 4,681,530
BUSINESS-TYPE ACTIVITIES		
Difference between expected and actual experience	\$ -	\$ 67,528
Change in assumptions	44,931	77,261
Benefit payments made subsequent to measurement date	11,439	-
	\$ 56,370	\$ 144,789

\$381,296 is reported as deferred outflows of resources related to OPEB resulting from School District benefit payments made subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

**NOTE 12: POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS SINGLE EMPLOYER PLAN
(CONTINUED)**

Year Ending June 30,	Governmental Activities	Business-Type Activities
2025	\$ (389,889)	\$ (12,058)
2026	(389,889)	(12,058)
2027	(389,889)	(12,058)
2028	(389,889)	(12,058)
2029	(389,892)	(12,059)
Thereafter	<u>(1,279,319)</u>	<u>(39,566)</u>
	<u>\$ (3,228,766)</u>	<u>\$ (99,858)</u>

NOTE 13: COMPENSATED ABSENCES

School District employees who are required to work on a 12-month schedule are credited with vacation at rates which vary with length of service or job classification. Vacation (for most employee categories) may be taken or accumulated within certain limits and is paid prior to retirement or termination at the employee’s current rate of pay.

The liability to current employees is estimated and will change since unused vacation will be paid at the rate of pay in effect at the time of separation. These accumulated leaves are recorded as an expenditure in the period taken or as an accrued expenditure in the fiscal year of separation. Termination compensation payable in future years, which was \$2,041,853 at June 30, 2024, is recorded in compensated absences on the statement of net position.

The School District pays various per diem rates to retirees for unused sick and vacation time. Compensation payable in future years, which was \$6,620,922 at June 30, 2024, is recorded in compensated absences on the statement of net position.

NOTE 14: COMMITMENTS AND CONTINGENCIES

There are a number of tax assessment appeals in the Court of Common Pleas of Montgomery County from the decisions of the Board of Assessment Appeals. Legal counsel for the School District cannot give an opinion on the outcome of these appeals nor can they reasonable estimate the financial impact.

NOTE 15: RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. It is the policy of the School District to purchase commercial insurance for the risks of loss to which it is exposed, including worker’s compensation and employee health and accident insurance. Settlement claims resulting from these risks have not exceeded commercial insurance coverage in the past three years.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 16: JOINT VENTURE

The School District is a participating member of the North Montco Technical Career Center (the "Center"). The Center is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The Board of School Directors of each participating district must approve the Center's annual operating budget. Each participating district pays a pro rata share of the Center's operating costs based on the number of students attending the Center from each district. The School District's share of the Center's operating and debt service costs for 2023-2024 was \$5,019,125.

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

The District entered into a long-term sublease agreement with the Center through May 2031 for a portion of the debt service payments on the Center's School Lease Revenue Bonds, Series of 2015, which were refunded in current year with the issuance of a 2021 Note.

Future minimum sublease payments (net of projected state subsidy) are as follows:

2024	\$	179,707
2025		180,889
2026		179,800
2027		179,962
2028		179,770
2029-2031		540,056
	<u>\$</u>	<u>1,440,184</u>

NOTE 17: DONATED FOODS

The School Nutrition Services Fund generally contains inventories which consist of both food commodities donated by the federal government and other food and supply inventories. Donated food inventory is valued at last unit cost in accordance with the recommendations of the Food Nutrition Service of the Department of Agriculture and are expensed as used. There was \$730,611 in donated foods received during the year ended June 30, 2024.

NOTE 18: SELF-INSURANCE

In July 2011, the School District elected to sponsor a self-insured employee welfare benefit plan for health care coverage. An administrative services agreement was signed with a third-party insurance company (claims administrator) to administer the costs and claims associated with the plan. The agreement required the School District to establish a deposit with the administrator. These funds are reported as prepaid expenses on the statement of net position in the amount of \$8,054,224. The deposit will be used to pay claims, retention charges and broker commissions incurred prior to but paid after the date of determination. The deposit is intended to secure only the School District's obligations to the claims administrator and has no effect, application, or operating regarding the School District's direct obligation to the benefit program. The claims administrator may, in its discretion, require a greater or lesser deposit amount from the School District to secure the School District's obligations under the agreement. If the claims administrator requires a lesser amount, the School District will receive a refund or credit.

**NORTH PENN SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
JUNE 30, 2024**

NOTE 18: SELF-INSURANCE (CONTINUED)

The Self-Insurance Plan reported a liability for the years ended June 30, 2024 and June 30, 2023 as follows:

<u>Liability</u> as of 6-30-23	<u>Incurred</u> Claims	<u>Payments</u> Made	<u>Liability</u> as of 6-30-24
\$ 2,338,999	\$ 33,551,531	\$ (33,893,332)	\$ 1,997,198

<u>Liability</u> as of 6-30-22	<u>Incurred</u> Claims	<u>Payments</u> Made	<u>Liability</u> as of 6-30-23
\$ 1,583,710	\$ 33,981,961	\$ (33,226,672)	\$ 2,338,999

NOTE 19: ADOPTED ACCOUNTING PRONOUNCEMENTS

The District adopted the remaining provisions of GASB Statement No. 99, *Omnibus 2022*. The adoption of this statement did not result in modification to previously reported amounts.

The District adopted the provisions of GASB Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*". The adoption of this statement did not result in modification of previously reported amounts.

NOTE 20: NEW ACCOUNTING PRONOUNCEMENTS

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The District is required to adopt the provisions of Statement No. 101 for its fiscal year 2025 financial statements.

In December 2023, the GASB issued Statement No. 102, *Certain Risk Disclosures*. The District is required to adopt the provisions of Statement No. 102 for its fiscal year 2025 financial statements.

In April 2024, the GASB issued Statement No. 103, *Financial Reporting Model Improvements*. The District is required to adopt the provisions of Statement No. 103 for its fiscal year 2026 financial statements.

In September 2024, the GASB issued Statement No. 104, *Disclosure of Certain Capital Assets*. The District is required to adopt the provisions of Statement No. 104 for its fiscal year 2026 financial statements.

The District has not yet completed the various analysis required to estimate the financial statement impact of these new pronouncements.

NOTE 21: SUBSEQUENT AND CONTINUING EVENTS

The District has evaluated subsequent events for disclosure or recording through November 29 2024, the date the audit was ready for release.

REQUIRED SUPPLEMENTARY INFORMATION

**NORTH PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Budgeted Amounts		Actual Amounts GAAP Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Local sources	\$ 240,155,474	\$ 240,155,474	\$ 249,514,659	\$ 9,359,185
State sources	63,427,744	63,427,744	65,405,176	1,977,432
Federal sources	7,803,394	7,803,394	10,801,407	2,998,013
Total Revenues	<u>311,386,612</u>	<u>311,386,612</u>	<u>325,721,242</u>	<u>14,334,630</u>
Expenditures				
Current:				
Instruction	194,915,230	193,515,644	191,561,797	1,953,847
Support	95,879,974	96,962,949	93,397,948	3,565,001
Operation of Non-Instructional Services	3,360,342	3,369,200	3,022,436	346,764
Facilities Acquisition, Construction and Improvement Services	263,715	263,715	259,561	4,154
Refund of Prior Year Revenues	277,960	487,960	477,197	10,763
Miscellaneous	124,416	130,368	91,292	39,076
Debt Service	11,903,259	11,903,259	11,903,259	-
Total Expenditures	<u>306,724,896</u>	<u>306,633,095</u>	<u>300,713,490</u>	<u>5,919,605</u>
Other Financing Sources (Uses):				
Budgetary Reserve	(1,500,000)	(980,491)	-	980,491
Proceeds from Sale of Capital Assets	-	-	8,000	8,000
Transfers In	-	-	100,000	100,000
Transfers Out	<u>(3,993,797)</u>	<u>(4,605,107)</u>	<u>(4,605,107)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,493,797)</u>	<u>(5,585,598)</u>	<u>(4,497,107)</u>	<u>1,088,491</u>
Net Change in Fund Balance	(832,081)	(832,081)	20,510,645	21,342,726
Fund Balance at Beginning of Year	<u>54,602,531</u>	<u>54,602,531</u>	<u>54,602,531</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 53,770,450</u>	<u>\$ 53,770,450</u>	<u>\$ 75,113,176</u>	<u>\$ 21,342,726</u>

**NORTH PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
NOTES TO THE BUDGETARY COMPARISON SCHEDULE
YEAR ENDED JUNE 30, 2024**

NOTE 1: BUDGETARY INFORMATION

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. An annual appropriated budget is adopted for the General Fund. All annual appropriations lapse at fiscal year-end. Project-length financial plans are adopted for all Capital Project Funds.

1. In January, the School District must make the Act 1 preliminary budget available for public inspection 20 days prior to the School Board vote.
2. The School Board of Directors must approve the Act 1 preliminary budget 90 days prior to the Pennsylvania primary election.
3. The operating budget includes proposed expenditures and the means of financing them for the fiscal year commencing the following July 1.
4. Public hearings are conducted at the School District offices to obtain taxpayer comments.
5. Prior to July 1, the budget is legally enacted through passage of an ordinance.
6. The Business Manager is authorized to transfer budgeted amounts between functions within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the School Board.
7. Formal budgetary integration is employed as a management control device during the year for the General Funds. Formal budgetary integration is not employed for the Special Revenue Funds. Formal budgetary integration is also not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture provisions.
8. Budgeted amounts are as originally adopted or as amended by the School Board.

All budget amounts presented in the accompanying required supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions to the annual budgets during the year).

**NORTH PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S
PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
LAST TEN FISCAL YEARS**

	Measurement Date									
	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
District's proportion of the net pension liability	0.9267%	0.9427%	0.9268%	0.9414%	0.9973%	0.8500%	1.1055%	0.7548%	0.9051%	0.8931%
District's proportionate share of the net pension liability	\$ 412,255,000	\$ 419,112,000	\$ 380,514,000	\$ 463,536,000	\$ 466,563,000	\$ 408,042,000	\$ 545,989,000	\$ 374,055,000	\$ 392,046,000	\$ 353,497,000
District's covered payroll	\$ 141,874,585	\$ 138,242,529	\$ 131,038,126	\$ 129,190,879	\$ 137,541,880	\$ 114,469,452	\$ 147,188,129	\$ 97,749,376	\$ 116,454,969	\$ 113,971,850
District's proportionate share of the net pension liability as a percentage of its covered payroll	290.58%	303.17%	290.38%	358.80%	339.22%	356.46%	370.95%	382.67%	336.65%	310.16%
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%	46.54%	57.24%

**NORTH PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S
PENSION CONTRIBUTIONS
LAST TEN FISCAL YEARS**

	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Contractually required contribution	\$ 48,483,077	\$ 48,524,611	\$ 46,990,271	\$ 43,868,446	\$ 43,214,349	\$ 44,661,000	\$ 38,963,000	\$ 35,740,000	\$ 29,998,000	\$ 23,825,000
Contributions in relation to the contractually required contribution	48,483,077	48,524,611	46,990,271	43,868,446	43,214,349	44,661,000	38,963,000	35,740,000	29,998,000	23,825,000
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 141,433,716	\$ 141,874,585	\$ 138,242,529	\$ 131,038,126	\$ 129,190,879	\$ 137,541,880	\$ 114,469,452	\$ 147,188,129	\$ 97,749,376	\$ 116,454,969
Contributions as a percentage of covered payroll	34.28%	34.20%	33.99%	33.48%	33.45%	32.47%	34.04%	24.28%	30.69%	20.46%

**NORTH PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE PSERS NET OTHER POSTEMPLOYMENT
BENEFITS PLAN CONTRIBUTIONS
LAST SEVEN FISCAL YEARS**

	Measurement Date						
	2023	2022	2021	2020	2019	2018	2017
District's proportion of the net OPEB liability	0.9232%	0.9401%	0.9244%	0.9416%	0.9973%	0.8500%	1.1055%
District's proportionate share of the net OPEB liability	\$ 16,703,000	\$ 17,305,000	\$ 21,908,000	\$ 20,345,000	\$ 21,211,000	\$ 17,722,000	\$ 22,524,000
District's covered payroll	\$ 141,874,585	\$ 138,242,529	\$ 131,038,126	\$ 129,190,879	\$ 137,541,880	\$ 114,469,452	\$ 147,188,129
District's proportionate share of the net OPEB liability as a percentage of its covered payroll	11.77%	12.52%	16.72%	15.75%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	5.30%	5.30%	5.69%	5.56%	5.56%	5.73%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

**NORTH PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PSERS OTHER POSTEMPLOYMENT
BENEFITS PLAN CONTRIBUTIONS
LAST SEVEN FISCAL YEARS**

	Measurement Date						
	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually determined contribution	\$ 937,720	\$ 1,011,834	\$ 1,002,562	\$ 368,574	\$ 1,088,131	\$ 1,143,000	\$ 323,295
Contributions in relation to the contractually determined contribution	937,720	1,011,834	1,002,562	368,574	1,088,131	1,143,000	323,295
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 141,433,716	\$ 141,874,585	\$ 138,242,529	\$ 131,038,126	\$ 129,190,879	\$ 137,541,880	\$ 114,469,452
Contributions as a percentage of covered payroll	0.66%	0.71%	0.73%	0.28%	0.84%	0.83%	0.28%

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

**NORTH PENN SCHOOL DISTRICT
REQUIRED SUPPLEMENTAL INFORMATION
SCHEDULE OF CHANGES IN TOTAL OTHER POSTEMPLOYMENT BENEFIT PLAN LIABILITY AND RELATED RATIOS-
SINGLE EMPLOYER PLAN
LAST SEVEN FISCAL YEARS**

	Measurement Date						
	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability							
Service cost	\$ 435,304	\$ 671,287	\$ 720,049	\$ 521,222	\$ 782,829	\$ 722,217	\$ 666,971
Interest	312,601	219,328	177,998	262,750	316,102	306,533	223,783
Change in benefit terms	33,100	-	-	-	94	-	(2,527)
Changes of assumptions	718,091	(2,297,415)	(279,357)	982,546	(217,553)	8,956	431,851
Differences between expected and actual experience	(443,779)	-	(276,636)	-	(3,141,478)	-	(308,591)
Benefit payments	(292,282)	(259,707)	(224,205)	(205,172)	(337,679)	(221,071)	(307,357)
Net change in total OPEB liability	763,035	(1,666,507)	117,849	1,561,346	(2,597,685)	816,635	704,130
Total OPEB liability - beginning	7,422,553	9,089,060	8,971,211	7,409,865	10,007,550	9,190,915	8,486,785
Total OPEB liability - ending	<u>\$ 8,185,588</u>	<u>\$ 7,422,553</u>	<u>\$ 9,089,060</u>	<u>\$ 8,971,211</u>	<u>\$ 7,409,865</u>	<u>\$ 10,007,550</u>	<u>\$ 9,190,915</u>
Covered payroll	\$ 139,919,551	\$ 131,844,692	\$ 131,844,692	\$ 126,547,566	\$ 126,547,566	\$ 116,833,571	\$ 116,833,571
District's total OPEB liability as a percentage of covered payroll	5.85%	5.63%	6.89%	7.09%	5.86%	8.57%	7.87%

Changes of Assumptions

- The discount rate changed from 4.06% to 4.13% in 2024, 2.18% to 4.06% in 2023, 2.28% to 2.18% in 2022, 1.86% to 2.28% in 2021, 3.36% to 1.86% in 2020, 2.98% to 3.36% in 2019 and from 2.98% to 2.98% in 2018.

* This schedule is intended to illustrate information for 10 years. However, until a 10 year trend is compiled, the School is presenting information for those years for which information is available.

NOTE

No assets are accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

SUPPLEMENTARY INFORMATION SECTION

**NORTH PENN SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2024**

	Capital Projects Funds				Special Revenue Fund	Total Nonmajor Governmental Funds
	2017/2018 Bond Fund	2016/2017 Bond Fund	2014/2015 Bond Fund	2013 Bond Fund		
Assets						
Cash and Cash Equivalents - Restricted	\$ 14,702,270	\$ 2,905,322	\$ 718,766	\$ 222,822	\$ 203,876	\$ 18,810,358
Due from Other Funds	659,254	-	-	-	3,966	663,220
Other Receivables	-	-	-	-	1,098	1,098
Prepaid Expense	-	-	-	-	385	385
Total Assets	\$ 15,361,524	\$ 2,905,322	\$ 718,766	\$ 222,822	\$ 209,325	\$ 19,475,061
Liabilities, Deferred Inflows of Resources and Fund Balances						
Liabilities						
Accounts Payable	\$ 726,005	\$ -	\$ -	\$ -	\$ -	\$ 726,005
Due to Other Funds	15,459	-	-	-	1,074	16,533
Total Liabilities	741,464	-	-	-	1,074	742,538
Fund Balances						
Restricted for student activities	-	-	-	-	208,251	208,251
Restricted for capital projects	14,620,060	2,905,322	718,766	222,822	-	18,524,272
Total Fund Balances	14,620,060	2,905,322	718,766	222,822	208,251	18,732,523
Total Liabilities, Deferred Inflows of Resources & Fund Balances	\$ 15,361,524	\$ 2,905,322	\$ 718,766	\$ 222,822	\$ 209,325	\$ 19,475,061

**NORTH PENN SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2024**

	Capital Projects Funds				Special Revenue Fund	Total Nonmajor Governmental Funds
	2017/2018 Bond Fund	2016/2017 Bond Fund	2014/2015 Bond Fund	2013 Bond Fund		
Revenues	Capital Reserve Fund	2017/2018 Bond Fund	2016/2017 Bond Fund	2014/2015 Bond Fund	2013 Bond Fund	Total Nonmajor Governmental Funds
Local Sources	\$ 689,458	\$ 154,064	\$ 38,115	\$ 3,038	\$ 11,816	\$ 1,145,253
Total Revenues	689,458	154,064	38,115	3,038	11,816	1,145,253
Expenditures						
Facilities Acquisition, Construction and Improvement Services	3,069,201	-	-	-	-	3,069,201
Student Activities and Athletics	-	-	-	-	-	256,304
Total Expenditures	3,069,201	-	-	-	-	3,325,505
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,379,743)	154,064	38,115	3,038	11,816	(2,180,252)
Other Financing Sources (Uses)	4,605,107	-	-	-	-	4,605,107
Total Other Financing Sources (Uses)	4,605,107	-	-	-	-	4,605,107
Net Change in Fund Balances	2,225,364	154,064	38,115	3,038	11,816	2,424,855
Fund Balances at Beginning of Year	12,394,696	2,751,258	680,651	54,264	211,006	16,307,668
Fund Balances at End of Year	\$ 14,620,060	\$ 2,905,322	\$ 718,766	\$ 57,302	\$ 222,822	\$ 18,732,523



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**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**

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
North Penn School District
Lansdale, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of North Penn School District ("the 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 November 29, 2024.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified.



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Compliance and Other Matters

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

Purpose of this Report

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

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
November 29, 2024



Zelenkofske Axlerod LLC

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**REPORT ON COMPLIANCE
FOR EACH MAJOR FEDERAL PROGRAM, AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

INDEPENDENT AUDITOR'S REPORT

Board of School Directors
North Penn School District
Lansdale, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited North Penn School District's (the "District") compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on the District's major federal programs for the year ended June 30, 2024. The 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, the District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on 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 (GAAS); the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

830 Sir Thomas Court, Suite 100, Harrisburg, PA 17109
3800 McKnight East Drive, Suite 3805, Pittsburgh, PA 15237
34745 Burbage Road, Frankford, DE 19945

2370 York Road, Suite A-5, Jamison, PA 18929
420 Chinquapin Round Road, Suite 2-i, Annapolis, MD 21401
210 Tollgate Hill Road, Greensburg, PA 15601



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Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the 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.



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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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the 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 primary government financial statements. We issued our report thereon dated November 29, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's primary government financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the primary government financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the primary government financial statements. The information has been subjected to the auditing procedures applied in the audit of the primary government financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the primary government financial statements or to the primary government 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 primary government financial statements as a whole.

Zelenkofske Axlerod LLC

ZELENKOFKSKE AXELROD LLC

Jamison, Pennsylvania
November 29, 2024

SUPPLEMENTARY INFORMATION – MAJOR FEDERAL AWARD PROGRAMS AUDIT

**NORTH PENN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL
AND CERTAIN STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

U.S. Department of Education Passed through the Pennsylvania Department of Education		Federal Grantor/ Pass-Through Grantor/Program Title	Source Code	Federal Assistance Number	Pass-Through Grantor's Number	Grant Period Beginning/ Ending Dates	Program or Award Amount	Total Received for the Year	Acrued (Deferred) Revenue at June 30, 2023	Revenue Recognized	Expenditures	Acrued (Deferred) Revenue at June 30, 2024	Amount Passed Through to Subrecipients
		Title I Improving Basic Programs	I	84-010	015-230289	9/2/2022 - 9/30/2024	\$ 1,214,804	\$ 1,214,804	\$ 984,574	\$ 230,230	\$ 230,230	\$ -	\$ -
		Title I Improving Basic Programs	I	84-010	015-240289	9/5/2023 - 9/30/2025	1,647,195	1,013,658	-	1,280,597	1,280,597	266,939	-
		Subtotal					2,228,462	2,228,462	984,574	1,510,827	1,510,827	266,939	-
		Title II Improving Teacher Quality	I	84-367	020-220289	8/31/2021 - 9/30/2023	287,734	41,111	41,111	188,997	188,997	20,123	-
		Title II Improving Teacher Quality	I	84-367	020-230289	9/2/2022 - 9/30/2024	244,958	244,958	55,961	188,997	188,997	20,123	-
		Title II Improving Teacher Quality	I	84-367	020-240289	9/5/2023 - 9/30/2025	219,609	107,542	-	127,665	127,665	-	-
		Subtotal					393,611	393,611	97,072	316,662	316,662	20,123	-
		Title III Language Ins I/LEP/Immigrant Students	I	84-365	010-220289	8/31/2021 - 9/30/2023	165,492	11,931	417	11,514	11,514	(15,837)	-
		Title III Language Ins I/LEP/Immigrant Students	I	84-365	010-230289	9/2/2022 - 9/30/2024	177,549	177,549	15,103	146,609	146,609	(42,566)	-
		Title III Language Ins I/LEP/Immigrant Students	I	84-365	010-240289	9/5/2023 - 9/30/2025	183,178	70,453	-	27,887	27,887	-	-
		Subtotal					259,933	259,933	15,520	186,010	186,010	(58,403)	-
		Title IV Student Support and Academic Enrichment	I	84-424	144-230289	9/2/2022 - 9/30/2024	112,140	112,140	23,676	88,464	88,464	11,112	-
		Title IV Student Support and Academic Enrichment	I	84-424	144-240289	9/5/2023 - 9/30/2025	95,102	36,578	-	47,690	47,690	-	-
		Subtotal					148,718	148,718	23,676	136,154	136,154	11,112	-
		Education Stabilization Fund											
		American Rescue Plan - Elementary & Secondary School Emergency Relief Fund III	I	84-425	225-210289	3/13/2020 - 9/30/2024	9,317,136	4,065,659	755,054	4,909,267	4,909,267	1,598,662	-
		American Rescue Plan - ESSER III set asides	I	84-425	225-210289	3/13/2020 - 9/30/2024	724,150	236,994	97,109	399,578	399,578	259,693	-
		American Rescue Plan - Homeless Children & Youth	I	84-425	181-212287	7/1/2021 - 9/30/2024	48,164	9,880	9,880	-	-	-	-
		Subtotal					4,312,533	4,312,533	862,043	5,308,845	5,308,845	1,858,355	-

(Continued)

See Notes to Schedule of Federal and Certain State Awards

**NORTH PENN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL
AND CERTAIN STATE AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

Source Code	Federal Assistance Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Total Received for the Year	Acrued (Deferred) Revenue at June 30, 2023	Revenue Recognized	Expenditures	Acrued (Deferred) Revenue at June 30, 2024	Amount Passed Through to Subrecipients
Passed through the Montgomery County Intermediate Unit										
					957,639	957,639	-	-	-	-
I	84.027	062-23-0023	7/1/2022 - 6/30/2023	2,377,495	2,377,495	957,639	-	-	-	-
I	84.027	062-24-0023	7/1/2023 - 6/30/2024	2,662,507	1,373,920	-	2,662,507	2,662,507	1,288,587	-
I	84.027X	062-22-0023	7/1/2021 - 9/30/2023	536,539	373,943	373,943	-	-	-	-
I	84.173	131-22-0023	7/1/2022 - 6/30/2023	12,566	12,566	12,566	-	-	-	-
I	84.173	131-23-0023	7/1/2023 - 6/30/2024	12,288	10,773	-	12,288	12,288	1,515	-
Subtotal					2,728,841	1,344,148	2,674,795	2,674,795	1,290,102	-
Passed through Intermediate Unit #1										
					-	-	5,769	5,769	5,769	-
I	84.027	062-24-0032	8/11/2023 - 6/30/2026	30,000	-	-	5,769	5,769	5,769	-
Total Special Education Cluster (IDEA)					2,728,841	1,344,148	2,680,564	2,680,564	1,295,871	-
Total U.S. Department of Education					10,072,098	3,327,033	10,139,062	10,139,062	3,393,997	-
Federal Communications Commission										
Passed through the Department of the US Treasury										
					2,766,750	-	2,766,750	2,766,750	-	-
I	32.009	N/A	7/1/2023 - 6/30/2024	2,766,750	2,766,750	-	2,766,750	2,766,750	-	-
Emergency Connectivity Fund					2,766,750	-	2,766,750	2,766,750	-	-
Total Federal Communications Commission										
Department of the Treasury										
Passed through Montgomery County										
					296,786	-	296,786	296,786	-	-
I	21.027	SIFRP3241	3/3/2021 - 12/31/2026	296,786	296,786	-	296,786	296,786	-	-
Coronavirus State and Local Fiscal Recovery Funds					296,786	-	296,786	296,786	-	-
Total Department of the Treasury										
U.S. Department of Health and Human Services										
Passed through the Pennsylvania Department of Human Services										
					36,275	36,275	-	-	-	-
I	93.778	-	7/1/2022 - 6/30/2023	74,107	36,275	36,275	-	-	-	-
I	93.778	-	7/1/2023 - 6/30/2024	11,545	22,791	-	22,791	22,791	-	-
Medical Assistance Program Medical Assistance Program					59,066	36,275	22,791	22,791	-	-
Total U.S. Department of Health and Human Services					59,066	36,275	22,791	22,791	-	-

(Continued)

See Notes to Schedule of Federal and Certain State Awards

**NORTH PENN SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL
AND CERTAIN STATE AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2024**

Source Code	Federal Assistance Number	Pass-Through Grantor's Number	Grant Period Beginning/Ending Dates	Program or Award Amount	Total Received for the Year	Accrued (Deferred) Revenue at June 30, 2023	Revenue Recognized	Expenditures	Accrued (Deferred) Revenue at June 30, 2024	Amount Passed Through to Subrecipients
U.S. Department of Agriculture										
Child Nutrition Cluster										
Passed through the Pennsylvania Department of Education										
I	10.555		7/1/2022 - 6/30/2023		116,577	116,577	-	-	-	-
I	10.555		7/1/2023 - 6/30/2024		2,485,586	-	2,511,317	2,511,317	75,731	-
S	N/A		7/1/2022 - 6/30/2023		9,096	9,096	-	-	-	-
S	N/A		7/1/2023 - 6/30/2024		186,898	-	193,321	193,321	6,423	-
I	10.555		7/1/2021 - 6/30/2024	253,513	-	(131,630)	131,630	131,630	(325,512)	-
I	10.555		7/1/2022 - 6/30/2024	336,308	-	(336,308)	10,796	10,796	(309,343)	-
I	10.555		7/1/2022 - 6/30/2024	309,343	309,343	-	-	-	-	-
I	10.553		7/1/2022 - 6/30/2023	44,019	44,019	44,019	-	-	-	-
I	10.553		7/1/2023 - 6/30/2024	779,707	779,707	-	807,219	807,219	27,512	-
S	N/A		7/1/2022 - 6/30/2023	35,296	35,296	35,296	-	-	-	-
S	N/A		7/1/2023 - 6/30/2024	698,141	698,141	-	721,599	721,599	23,458	-
I	10.559		7/1/2022 - 6/30/2023	35,730	35,730	35,730	-	-	-	-
I	10.559		7/1/2023 - 6/30/2024	107,455	107,455	-	143,604	143,604	36,149	-
I	10.649		7/1/2023 - 6/30/2024	5,763	5,763	-	5,763	5,763	-	-
				4,763,611	4,763,611	(227,220)	4,525,249	4,525,249	(465,582)	-
Subtotal										
Passed through the Pennsylvania Department of Agriculture										
I	10.555		7/1/2023 - 6/30/2024		730,611	-	730,611	730,611	-	-
Subtotal										
					730,611	-	730,611	730,611	-	-
Total Child/Nutrition Cluster										
					4,564,791	196,326	4,198,514	4,198,514	(169,951)	-
Total U.S. Department of Agriculture										
					5,494,222	(227,220)	5,255,860	5,255,860	(465,582)	-
Total Federal and State Awards										
					\$ 18,688,922	\$ 3,136,088	\$ 18,481,249	\$ 18,481,249	\$ 2,928,415	-

Source code
I = Indirect
S = State

* Denotes Major Program Tested

See Notes to Schedule of Federal and Certain State Awards

**NORTH PENN SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AND CERTAIN STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 SCOPE OF THIS SCHEDULE

The federal programs as listed in the schedule of expenditures of federal awards are accounted for by the School District in the General Fund for U.S. Department of Education, U.S. Department of Health and Human Services, U.S. Department of Treasury, and in the Food Service Fund for U.S. Department of Agriculture programs.

NOTE 2 REPORTING ENTITY

The North Penn School District (the "District") is the reporting entity for financial reporting purposes as detailed in Note 1 to the District's basic financial statements. For purposes of preparing the schedule of expenditures of federal awards and certain state awards, the District's reporting entity is the same that was used for financial reporting.

NOTE 3 NONMONETARY FEDERAL AWARDS – DONATED COMMODITIES

The Commonwealth of Pennsylvania distributes federal surplus food to institutions (schools, hospitals, and prisons) and to the needy. Expenditures reported in the schedule of expenditures of federal and certain state awards under Assistance Listing #10.555 represent surplus food consumed by the District during the 2023-2024 fiscal year. The District received food commodities totaling \$730,611 as of June 30, 2024.

NOTE 4 INDIRECT COST RATES

The School District has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 5 BASIS OF ACCOUNTING

All expenditures included in the schedule of expenditures of federal and certain state awards are presented on the basis that expenditures are reported to the respective federal and state grantor agencies. Accordingly, certain expenditures are recorded when paid and certain other expenditures are recorded when the federal obligation is determined.

**NORTH PENN SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

I. Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes ___ no X
- Significant deficiencies identified that are not considered to be material weakness(es)?
Yes _____ none reported X

Noncompliance material to financial statements noted? Yes ___ No X

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes ___ no X
- Significant deficiencies identified that are not considered to be material weakness(es)?
Yes ___ none reported X

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 2 CFR Section 200.516(a)? yes ___ no X

Identification of major programs:

<u>Assistance Listing Number(s)</u>	<u>Name of Federal Program or Cluster</u>
84.425	Elementary & Secondary School Emergency Relief Fund
32.009	Emergency Connectivity Fund Program

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

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

Section II. Findings related to the financial statements which are required to be reported in accordance with GAGAS.

None to be reported.

Section III. Findings and questioned costs for federal awards.

None to be reported.

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

No findings were reported.

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