

**REPORT ON
BETHLEHEM AREA SCHOOL DISTRICT
SINGLE AUDIT REPORT
FISCAL YEAR ENDED JUNE 30, 2025**

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS

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

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS (continued)

	<u>PAGE (S)</u>
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund.....	29
Notes to Basic Financial Statements.....	30 - 88
Required Supplemental Information	
Schedule of the District's Proportionate Share of Net Pension Liability.....	89
Schedule of the District's Contributions - Pension Plan.....	90
Schedule of Changes in the District's Defined Contribution Pension Liability.....	91
Schedule of the District's Proportionate Share of Net Defined Contribution Pension Liability.....	92
Schedule of the District's Proportionate Share of Net OPEB Liability - Multiple Employer OPEB Plan	93
Schedule of the District's Contributions - Multiple Employer OPEB Plan.....	94
Schedule of the District's Proportionate Share of Net OPEB Liability - Single Employer OPEB Plan.....	95
Supplemental Information	
Combining Balance Sheet - All Non-Major Governmental Funds	96
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - All Non-Major Governmental Funds	97
Schedule on Tax Collectors' Receipts - General Fund.....	98
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget vs Actual	99 – 103
2024 Debt Service Fund - Statement of Revenues and Expenditures.....	104
2025 Debt Service Fund - Statement of Revenues and Expenditures.....	104
Capital Reserve Fund - Statement of Revenues and Expenditures.....	105
Special Revenue (Authority General Fund) - Statement of Revenues and Expenditures	106

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS (continued)

	<u>PAGE (S)</u>
Capital Project Fund - Statement of Revenues and Expenditures	106
Food Service Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position	107
Day Care Fund - Statement of Revenues, Expenses, and Changes in Fund Net Position	108
Self-Insurance Fund - Statement of Changes in Fiduciary Net Position	109
Self-Insurance Fund - Statement of Fiduciary Net Position.....	109
Activity Fund - Statement of Changes in Fiduciary Net Position.....	110
Activity Fund - Statement of Fiduciary Net Position.....	110
Private-Purpose Trust Fund - Statement of Changes in Fiduciary Net Position.....	111
Private-Purpose Trust Fund - Statement of Fiduciary Net Position	111
General Long-Term Debt:	
Schedule on General Obligation Notes - Series B of 2015.....	112
Schedule on General Obligation Notes - Series C of 2015.....	112
Schedule on General Obligation Bonds - Series A of 2016.....	112
Schedule on General Obligation Bonds - Series B of 2016.....	113
Schedule on General Obligation Bonds - Series of 2021	113
Schedule on Guaranteed Revenue Bonds - Series C of 2021.....	113
Schedule on General Obligation Bonds - Series A of 2024.....	114
Schedule on General Obligation Bonds - Series B of 2024.....	114
Schedule on General Obligation Bonds - Series of 2025	114
Schedule on General Obligation Bonds - Series A of 2025.....	115

BETHLEHEM AREA SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2025

TABLE OF CONTENTS (continued)

	<u>PAGE (S)</u>
Single Audit Section	
Schedule of Expenditures of Federal Awards	116 - 117
Notes to the Schedule of Expenditures of Federal Awards.....	118 - 119
Independent Auditor’s Report Under Government Auditing Standards	120 - 121
Independent Auditor’s Report Under Uniform Guidance.....	122 - 124
Schedule of Findings and Questioned Costs	125 - 126

INTRODUCTORY SECTION



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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

We have performed the Single Audit of the Bethlehem Area School District for the fiscal year ended June 30, 2025, and have enclosed the Single Audit reporting package.

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

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

Respectfully submitted,

Gorman & Associates, P.C.

January 7, 2026

REPORT DISTRIBUTION LIST

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

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

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

ONE COPY TO: U.S. DEPARTMENT OF EDUCATION
400 MARYLAND AVENUE, SW
WASHINGTON, D.C. 20202

ONE COPY TO: COLONIAL INTERMEDIATE UNIT
6 DANFORTH DRIVE
EASTON, PA 18045

FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Area School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Bethlehem Area School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Bethlehem Area School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6-16, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 89-95, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 2025, on our consideration of the Bethlehem Area School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Bethlehem Area School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Bethlehem Area School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania
December 9, 2025

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
Required Supplementary Information (RSI)
(UNAUDITED)
For the Year Ended June 30, 2025**

The discussion and analysis of Bethlehem Area School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2025. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the financial statements and notes to enhance their understanding of the District's financial performance.

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

MISSION STATEMENT AND PURPOSE

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

FINANCIAL HIGHLIGHTS

- * The district-wide total net position decreased by \$27,406,429 to a balance of (\$169,229,704).
- * The governmental net position has increased by \$22,975,446 to a balance of \$115,502,773.
- * The business type net position has increased by \$2,809,231 to a balance of \$576,934.
- * The fiduciary type net position has decreased by \$6,887,622 to a balance of \$12,542,796.
- * The District's Unassigned General Fund Balances have increased by \$3,421,457 to a balance of \$20,059,019 or 5.4% of current year expenditures.

In total, this yielded a net General Fund surplus of 3.3% or \$11,711,345 for the year ended June 30, 2025. Together with the beginning fund balance of \$72,351,866, the BASD ended the fiscal year with a total general fund balance of \$84,063,211. This fund balance is reduced by \$1,114,377 in non-spendable assets; \$164,098 restricted; \$48,500,000 committed to the Capital Reserve fund for future capital improvements; \$4,000,000 assigned to mitigate future increases in the state pension rate; \$4,500,000 assigned to the BAVTS expansion project; and \$5,725,717 assigned for appropriations in the 2025-26 budget. The resulting undesignated fund balance on June 30, 2024 is \$20,059,019 or 5.4% of current year expenditures.

USING THE ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Bethlehem Area School District as a financial

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

whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

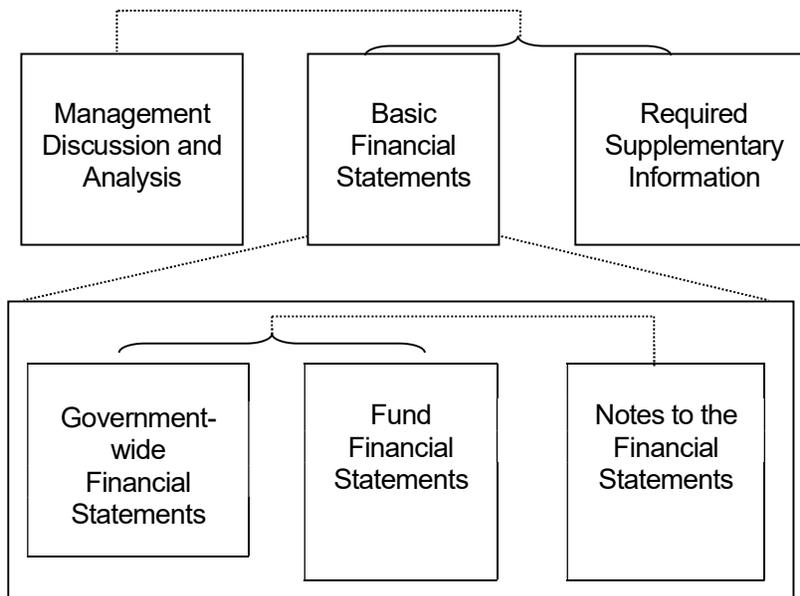
The first two statements are government-wide financial statements 1) the Statement of Net Position and 2) the Statement of Activities. These provide both long-term and short-term information about the District's overall financial status.

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

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

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

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



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

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

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

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

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

OVERVIEW OF FINANCIAL STATEMENTS

Government-wide Statements

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

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

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

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

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

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

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

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

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

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

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

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

The District's total net position is (\$169,229,704) at June 30, 2025. This reflects an increase in net position of \$27,406,429 from the previous fiscal year. Table A-1 summarizes the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the District.

**Table A-1
Changes in Net Position (In Millions)
Fiscal Years Ended June 30, 2025 and 2024**

	<u>2025</u>			<u>2024</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
Current assets	\$ 168.9	\$ 8.9	\$ 177.8	\$ 138.4	\$ 8.5	\$ 146.9
Non-Current assets	275.9	0.6	276.5	265.9	0.6	266.5
Deferred Outflow of Resource	<u>80.8</u>	<u>1.6</u>	<u>82.4</u>	<u>91.9</u>	<u>1.7</u>	<u>93.6</u>
Total Assets & Deferred Outflow of Resources	<u>\$ 525.6</u>	<u>\$ 11.1</u>	<u>\$ 536.7</u>	<u>\$ 496.3</u>	<u>\$ 10.7</u>	<u>\$ 507.0</u>
Current and other liabilities	\$ 65.4	\$ 1.3	\$ 66.7	\$ 56.2	\$ 0.4	\$ 56.7
Long-term liabilities	605.9	8.8	614.7	598.4	12.1	610.6
Deferred Inflow of Resources	<u>24.2</u>	<u>0.3</u>	<u>24.5</u>	<u>36.0</u>	<u>0.3</u>	<u>36.3</u>
Total Liabilities & Deferred Inflow of Resources	<u>695.5</u>	<u>10.4</u>	<u>705.9</u>	<u>690.7</u>	<u>12.9</u>	<u>703.6</u>

Net Position						
Net Investment in Capital Assets	\$ 92.6	\$ 0.6	\$ 93.2	\$ 100.6	\$ 0.6	\$ 101.2
Unrestricted	<u>(262.4)</u>	<u>-</u>	<u>(262.4)</u>	<u>(295.0)</u>	<u>(2.8)</u>	<u>(297.8)</u>
Total Net Position	<u>\$ (169.8)</u>	<u>\$ 0.6</u>	<u>\$ (169.2)</u>	<u>\$ (194.4)</u>	<u>\$ (2.2)</u>	<u>\$ (196.6)</u>
Total Liabilities, Deferred Inflow of Resources, & Net Position	<u>\$ 525.7</u>	<u>\$ 11.0</u>	<u>\$ 536.7</u>	<u>\$ 496.3</u>	<u>\$ 10.7</u>	<u>\$ 507.0</u>

Most of the District's net position is invested in capital assets (buildings, land, and equipment) totaling \$276,487,450. The remaining unrestricted net portion is a combination of restricted and unrestricted amounts. The restricted capital projects balance of \$20,164,333 is set aside to fund capital projects as planned by the District. The unrestricted net position reflects a negative balance of (\$282,551,892).

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

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

Table A-2 takes the information from that Statement and rearranges it slightly, so that you can compare the District's total revenues for the 2023-2024 and 2024-2025 fiscal years.

**Table A-2
Changes in Net Position (In Thousands)
Fiscal Year Ended June 30, 2025 and 2024**

	<u>2025</u>			<u>2024</u>		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
REVENUES						
<i>Program revenues</i>						
Charges for services	\$ 471	\$ 3,446	\$ 3,917	\$ 481	\$ 3,119	\$ 3,600
Operating grants and contributions	58,662	8,018	66,680	54,161	8,602	62,763
Capital grants and contributions	2,089	-	2,089	9,772	-	9,772
<i>General revenues</i>						
Property taxes	194,857	-	194,857	187,089	-	187,089
Other taxes	33,222	-	33,222	33,516	-	33,516
Grants, subsidies and contributions, unrestricted	62,625	-	62,625	58,195	-	58,195
Other	17,421	359	17,780	10,502	-	10,502
TOTAL REVENUES	\$ 369,347	\$ 11,823	\$ 381,170	\$ 353,716	\$ 11,721	\$ 365,437
EXPENSES						
Instruction	\$ 221,792	\$ -	\$ 221,792	\$ 202,846	\$ -	\$ 202,846
Instructional student support	29,832	-	29,832	27,094	-	27,094
Administrative and financial support	29,023	-	29,023	26,311	-	26,311
Operation and maintenance of plant	26,726	-	26,726	21,155	-	21,155
Pupil transportation	13,775	-	13,775	12,477	-	12,477
Student activities	4,431	-	4,431	4,159	-	4,159
Community services	265	-	265	350	-	350
Scholarships and Awards	-	-	-	-	-	-
Interest on long-term debt	8,295	-	8,295	8,368	-	8,368
Unallocated depreciation expense	10,611	-	10,611	9,724	-	9,724
Day Care	-	(6)	(6)	-	1,884	1,884
Food Services	-	9,020	9,020	-	8,037	8,037
TOTAL EXPENSES	344,750	9,014	353,764	312,484	9,921	322,405
Increase (decrease) in net position	\$ 24,597	\$ 2,809	\$ 27,406	\$ 41,232	\$ 1,800	\$ 43,032

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

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

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

**Table A-3
Governmental Activities (In Thousands)
Fiscal Year Ended June 30, 2025 and 2024**

Functions/Programs	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 221,792	\$ 177,266	\$ 202,846	\$ 162,697
Instructional student support	29,831	24,710	27,094	22,567
Administrative	29,023	26,052	26,311	23,432
Operation and maintenance	26,726	23,918	21,155	10,908
Pupil transportation	13,776	10,185	12,477	8,337
Student activities	4,431	3,791	4,159	3,583
Community services	265	221	351	147
Interest on long-term debt	8,295	6,775	8,368	6,676
Unallocated depreciation expense	10,611	10,611	9,724	9,723
Total governmental activities	\$ 344,750	\$ 283,529	\$ 312,485	\$ 248,070
Less:				
Unrestricted grants, subsidies		62,625		58,195
Total needs from local taxes and other revenues		\$ (220,904)		\$ (189,875)

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

**Table A-4
Business-Type Activities
Fiscal Year Ended June 30, 2025 and 2024**

Functions/Programs	2025		2024	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Food Services	\$ 8,272,174	\$ 1,194,433	\$ 8,036,946	\$ 1,488,655
Child Care	(6,349)	2,004,249	1,884,369	(16,848)
Less:				
Investment earnings & other misc.		358,846		328,108
Total business-type activities		\$ 3,557,528		\$ 1,799,915

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

THE DISTRICT FUNDS

At June 30, 2025, District governmental funds reported a combined fund balance of \$115,502,773, an increase of \$22,975,446 from the previous year.

The schedule below indicates the fund balances and the total change in fund balances as of and between June 30, 2024 and 2025.

	<u>Fund Balance</u> <u>June 30, 2025</u>	<u>Fund Balance</u> <u>June 30, 2024</u>	<u>Increase</u> <u>(Decrease)</u>
General Fund - Unassigned	\$ 20,059,019	\$ 16,637,562	\$ 3,421,457
General Fund - Assigned	14,225,717	10,486,933	3,738,784
General Fund - Committed	48,500,000	44,000,000	4,500,000
General Fund - (Nonspendable and Restricted)	1,278,475	1,227,371	51,104
Authroity (Restricted)	241	623	(382)
Capital Projects Fund - (Restricted)	14,830,377	10,505	14,819,872
Capital Reserve Fund - (Restricted)	<u>16,608,944</u>	<u>20,164,333</u>	<u>(3,555,389)</u>
TOTAL	\$ 115,502,773	\$ 92,527,327	\$ 22,975,446

General fund revenues and other sources exceeded expenditures and other uses by \$11,711,345 which resulted in an ending total General Fund balance of \$84,063,211.

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

The District utilizes a Capital Reserve Fund to actively prepare for unexpected and ongoing planned capital improvement projects each year. In order to fund projects without the need for additional borrowing issues, the district has established this fund and makes budgeted transfers, as well as transfers from available in the General Fund at year end.

General Fund Budget

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

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

The General Fund overall operating revenues of \$359,803,302 were \$13,095,977 greater than originally budgeted. Local revenues were \$10,074,519 higher than budgeted due to higher than anticipated interest rates, better than anticipated tax revenue revenues and better than anticipated delinquent tax revenue. State revenues were \$3,658,056 higher than budgeted due state investment in fair funding for education in the form of the Ready To Learn Adequacy Funding.

Total expenditures of \$349,943,173 (excluding budgetary reserve) were \$300,546 lower than originally budgeted.

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

The budgetary reserve includes amounts that may be transferred into expenditure accounts for planned expenditures upon approval of the Board of School Directors. These amounts will be appropriated into expenditure categories only when the expenditure is necessary for the operation of the District. Any budget reserve amount not appropriated during the year will become part of the unassigned accumulated fund balance and available for future years' budgeting, assuming some restrictions. The budgeted budgetary reserve amount of \$3,000,000 was not needed, as there were no significant and unexpected expenditures during the year. While the District does prepare a budget with a reserve each year for unexpected emergencies, this expenditure is dependent upon actual experience during the fiscal year.

CAPITAL ASSET AND DEBT ADMINISTRATION

CAPITAL ASSETS

At June 30, 2025, the District had \$275,915,583 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase of \$9,982,063, or 1.4% from the previous year. This is primarily due to the construction of the new Fountain Hill Elementary School and the purchase of the BAVTS Satellite campus.

**Table A-5
Governmental Activities
Capital Assets – Net of Depreciation
Fiscal Year Ended June 30, 2025 and 2024**

	<u>2025</u>	<u>2024</u>
Land	\$ 75,410	\$ 75,410
Site Improvements	15,687,839	15,091,645
Buildings	428,559,556	398,624,721
Building Improvements	6,713,758	6,713,758
Furniture & Equipment	78,588,480	76,894,724
Intangible right-to-use equipment	4,631,307	1,897,679
Construction in Progress	16,269,833	30,877,390
Total Capital Assets	550,526,183	530,175,327
Less Accumulated Depreciation	<u>(274,612,625)</u>	<u>(264,243,832)</u>
Total Capital Assets Net of Accumulated Depreciation	<u>\$ 275,913,558</u>	<u>\$ 265,931,495</u>

DEBT ADMINISTRATION

As of July 1, 2024, the District had total outstanding debt of \$208,266,466. During the year, the District issued \$127,424,689 in additional debt, but retired and repaid \$116,589,912 resulting in ending outstanding debt as of June 30, 2025 of \$219,101,243.

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

**Table A-6
Outstanding Debt**

	<u>2025</u>	<u>2024</u>
General Obligation Notes/Bonds:		
- Bonds, Series A of 2015	\$ -	\$ 30,000,000
- Notes, Series B of 2015	3,725,000	3,725,000
- Notes, Series C of 2015	5,790,000	7,070,000
- Bonds, Series A of 2016	11,485,000	20,260,000
- Bonds, Series B of 2016	19,700,000	19,700,000
- Bonds, Series of 2021	19,730,000	23,575,000
- Bonds, Series A of 2021	-	30,210,000
- Bonds, Series B of 2021	-	37,790,000
- Notes, Series C of 2021	30,230,000	30,255,000
- Bonds, Series A of 2024	29,030,000	-
- Bonds, Series B of 2024	33,970,000	-
- Bonds, Series of 2025	24,995,000	-
- Bonds, Series A of 2025	28,435,000	-
TOTAL	\$ 207,090,000	\$ 202,585,000

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Capital Improvement Plan

Since 1991, the school district has renovated or replaced most of its 22 schools and other properties. The school district continues to annually fund and complete capital improvement projects that are designed to maintain all existing structures. The district plans on replacing the Natatorium dehumidification unit, upgrading the fire alarm panel, and completing construction of the Field House at Freedom High School; replacing select roof areas at Liberty High School, replacing the domestic hot water heater at Spring Garden Elementary School, replacing the synthetic turf field at the BASD Stadium, repairing paving and adding staff parking and sidewalks, installing emergency generator and transfer switches at the Transportation building, and replacing select floor finishes during the 2025-2026 school year.

Future Budgets

The revenue budget for the 2025-26 fiscal year of \$367,518,631 is \$14,244,373 higher than the original 2024-25, fiscal year budget, representing a 4.0% increase in budget revenues.

With the passage of Act 1, the District was required to pass a preliminary budget in January to authorize increasing taxes above an allowed index or pass a resolution stating that we would not exceed the index. For the 2025-26 budget, this adjusted index was 4.8%. The District adopted the Resolution to not exceed the Act 1 index and is therefore precluded from filing any exception requests. The 2025-26 final adopted budget was supported by a 4.3% tax increase outside of any multi-county rebalancing. The annual operating budget for the 2025-2026 year is \$373,244,348 and is supported by a 3.18 mil increase for Northampton County and a 0.68 mil increase for Lehigh County. The focus continues to be balancing the educational needs with the financial and economic realities. We continue to work to responsibly implement much needed academic programs with the focus of sustainability and improved outcomes.

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

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

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

BUDGETED REVENUES

	2025-2026	2024-2025
Local	65.5%	64.9%
State	32.2%	31.1%
Federal	2.0%	2.1%
Other	0.3%	1.9%

BUDGETED EXPENDITURES

	2025-2026	2024-2025
Instruction	63.5%	62.5%
Support Services	27.4%	28.1%
Non-Instruction/Community	1.1%	1.2%
Fund Transfers	0.0%	0.0%
Debt	8.0%	8.2%

CONTACTING THE DISTRICT FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

Bethlehem Area School District
Statement of Net Position
As of June 30, 2025

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 140,107,164	\$ 7,854,527	\$ 147,961,691
Investments	-	-	-
Receivables, net	9,599,732	-	9,599,732
Internal Balances	1,693,678	744,639	-
Due From Other Governments	11,754,624	222,134	11,976,758
Lease Receivable	332,115	-	332,115
Other Receivables, net	956,821	43,368	1,000,189
Inventories	198,438	11,428	209,866
Prepaid Expenses	915,939	-	915,939
Other Current Assets	3,364,112	-	3,364,112
Total Current Assets	<u>168,922,623</u>	<u>8,876,096</u>	<u>175,360,402</u>
Non-Current Assets:			
Land	75,410	-	75,410
Site Improvements (net of depreciation)	4,795,491	-	4,795,491
Building and Bldg. Improvements (net of depreciation)	238,154,972	-	238,154,972
Furniture and Equipment (net of depreciation)	13,100,431	573,892	13,674,323
Intangible Right To Use Equipment (net of amortization)	3,517,421	-	3,517,421
Construction in Progress	16,269,833	-	16,269,833
Total Non-Current Assets	<u>275,913,558</u>	<u>573,892</u>	<u>276,487,450</u>
TOTAL ASSETS	<u>444,836,181.00</u>	<u>9,449,988.00</u>	<u>451,847,852</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charges on Bond Refundings, net	13,586,258	-	13,586,258
Deferred Cost on Refundings - Derivatives	4,261,182	-	4,261,182
Deferred Outflows of Resources - Related to Pensions	54,947,396	1,513,565	56,460,961
Deferred Outflows of Resources - Related to OPEB	7,983,991	41,873	8,025,864
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 525,615,008</u>	<u>\$ 11,005,426</u>	<u>\$ 534,182,117</u>
LIABILITIES			
Current Liabilities:			
Internal Balances	\$ 1,664,495	\$ 773,822	\$ -
Due to other governments	2,349,854	-	2,349,854
Accounts Payable	8,365,811	195,386	8,561,197
Current Portion of Long-Term Obligations	19,363,424	91,056	19,454,480
Accrued Salaries and Benefits	17,709,614	111,555	17,821,169
Payroll Deductions and Withholdings	13,027,922	353	13,028,275
Prepayments	-	11,427	11,427
Other Current Liabilities	2,877,743	93,649	2,971,392
Total Current Liabilities	<u>65,358,863</u>	<u>1,277,248</u>	<u>64,197,794</u>
Non-Current Liabilities:			
Bonds and Notes Payable	202,861,243	-	202,861,243
Derivative Financial Instrument Liability	2,401,774	-	2,401,774
Lease Obligations	2,030,256	-	2,030,256
Long-Term Portion of Compensated Absences	6,408,951	146,300	6,555,251
Net OPEB Liability - Single Employer Plan	48,739,757	42,687	48,782,444
Net OPEB Liability - Multiple Employer Plan	13,997,359	352,641	14,350,000
Net Defined Benefit Pension Liability	328,775,190	8,282,810	337,058,000
Net Defined Contribution Pension Liability	680,734	-	680,734
TOTAL LIABILITIES	<u>671,254,127</u>	<u>10,101,686</u>	<u>678,917,496</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflow of Resources - Gains on Refunding, net	1,392,324	-	1,392,324
Deferred Inflow of Resources - Related to Derivatives	7,757,106	-	7,757,106
Deferred Inflows of Resources - Related to Pensions	5,178,150	177,582	5,355,732
Deferred Inflows of Resources - Related to OPEB	9,507,824	149,224	9,657,048
Deferred Inflows of Resources - Related to Leases	332,115	-	332,115
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	<u>695,421,646</u>	<u>10,428,492</u>	<u>703,411,821</u>
NET POSITION			
Net Investment in Capital Assets	92,583,963	573,892	93,157,855
Restricted For:			
Capital Projects	20,164,333	-	20,164,333
Unrestricted (deficit)	(282,554,934)	3,042	(282,551,892)
TOTAL NET POSITION	<u>(169,806,638)</u>	<u>576,934</u>	<u>(169,229,704)</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	<u>\$ 525,615,008</u>	<u>\$ 11,005,426</u>	<u>\$ 534,182,117</u>

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

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

**Bethlehem Area School District
Statement of Activities
For the Year Ended June 30, 2025**

FUNCTIONS/PROGRAMS	PROGRAM REVENUES				NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
	EXPENSES (BENEFIT)	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
GOVERNMENTAL ACTIVITIES:							
Instruction	\$ 221,791,923	\$ 276,143	\$ 44,249,654	\$ -	\$ (177,266,126)	\$ -	\$ (177,266,126)
Instructional Student Support	29,831,905	-	5,122,035	-	(24,709,870)	-	(24,709,870)
Admin. & Fin'l Support Services	29,022,560	-	2,970,748	-	(26,051,812)	-	(26,051,812)
Oper. & Maint. of Plant Svcs.	26,725,755	-	2,238,956	568,644	(23,918,155)	-	(23,918,155)
Pupil Transportation	13,775,664	-	3,590,904	-	(10,184,760)	-	(10,184,760)
Student activities	4,431,222	192,748	447,315	-	(3,791,159)	-	(3,791,159)
Community Services	264,996	2,000	42,076	-	(220,920)	-	(220,920)
Interest on Long-Term Debt	8,295,159	-	-	1,519,870	(6,775,289)	-	(6,775,289)
Unallocated Depreciation Expense	10,610,870	-	-	-	(10,610,870)	-	(10,610,870)
TOTAL GOVERNMENTAL ACTIVITIES	344,750,054	470,891	58,661,688	2,088,514	(283,528,961)	-	(283,528,961)
BUSINESS-TYPE ACTIVITIES:							
Food Services	8,272,174	1,655,882	7,810,725	-	-	1,194,433	1,194,433
Day Care	(6,349)	1,790,294	207,606	-	-	2,004,249	2,004,249
TOTAL PRIMARY GOVERNMENT	\$ 353,015,879	\$ 3,917,067	\$ 66,680,019	\$ 2,088,514	\$ (283,528,961)	\$ 3,198,682	\$ (280,330,279)
GENERAL REVENUES:							
Property taxes. Levied for general purposes, net					\$ 194,857,430	\$ -	\$ 194,857,430
Taxes levied for specific purposes					33,222,169	-	33,222,169
Grants, subsidies, & contributions not restricted					62,625,458	-	62,625,458
Investment Earnings					15,238,240	347,031	15,585,271
Miscellaneous Income					1,436,448	11,815	1,448,263
Special item - Gain (Loss) on sale of capital assets					(1,883)	-	(1,883)
Transfers					748,297	(748,297)	-
TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS					308,126,159	(389,451)	307,736,708
CHANGES IN NET POSITION					24,597,198	2,809,231	27,406,429
NET POSITION - BEGINNING					(194,403,836)	(2,232,297)	(196,636,133)
NET POSITION - ENDING					\$ (169,806,638)	\$ 576,934	\$ (169,229,704)

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

**Bethlehem Area School District
Balance Sheet
Governmental Funds
As of June 30, 2025**

	<u>GENERAL</u>	<u>CAPITAL RESERVE FUNDS</u>	<u>SPECIAL REVENUE FUND</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
ASSETS					
Cash and Cash Equivalents	\$ 107,168,871	\$ 18,635,798	\$ 241	\$ 14,302,255	\$ 140,107,165
Taxes Receivable, net	9,599,732	-	-	-	9,599,732
Due from Other Funds	802,018	-	-	919,910	1,721,928
Due from Primary Government	-	-	101,561	-	101,561
Due from Other Governments	11,754,624	-	-	-	11,754,624
Lease Receivable	332,115	-	-	-	332,115
Other Receivables	953,453	-	-	-	953,453
Inventories	198,438	-	-	-	198,438
Prepaid Expenditures	915,939	-	-	-	915,939
Deposits	<u>3,359,112</u>	<u>5,000</u>	<u>-</u>	<u>-</u>	<u>3,364,112</u>
TOTAL ASSETS	135,084,302	18,640,798	101,802	15,222,165	169,049,067
DEFERRED OUTFLOWS OF RESOURCES					
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	\$ 135,084,302	\$ 18,640,798	\$ 101,802	\$ 15,222,165	\$ 169,049,067
LIABILITIES					
Due to Other Funds	\$ 3,883,506	\$ 919,910	\$ -	\$ 24,833	\$ 4,828,249
Due to Other Governments	2,349,854	-	-	-	2,349,854
Due to Component Unit	101,561	-	-	-	101,561
Accounts Payable	3,748,041	1,111,944	101,561	366,955	5,328,501
Current Portion of Long-Term Debt	1,707,081	-	-	-	1,707,081
Accrued Salaries and Benefits	17,709,614	-	-	-	17,709,614
Payroll Deductions and Withholdings	<u>13,027,922</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,027,922</u>
TOTAL LIABILITIES	42,527,579	2,031,854	101,561	391,788	45,052,782
DEFERRED INFLOWS OF RESOURCES					
Unearned/Unavailable Property Taxes and Leases	<u>8,493,512</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,493,512</u>
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	51,021,091	2,031,854	101,561	391,788	53,546,294
FUND BALANCES:					
Nonspendable Fund Balance	1,114,377	-	-	-	1,114,377
Restricted Fund Balance	164,098	16,608,944	241	14,830,377	31,603,660
Committed Fund Balance	48,500,000	-	-	-	48,500,000
Assigned Fund Balance	14,225,717	-	-	-	14,225,717
Unassigned Fund Balance	<u>20,059,019</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,059,019</u>
TOTAL FUND BALANCES	84,063,211	16,608,944	241	14,830,377	115,502,773
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 135,084,302	\$ 18,640,798	\$ 101,802	\$ 15,222,165	\$ 169,049,067

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

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

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS	\$	115,502,773
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets – Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The cost of these assets is \$550,526,1836 and the accumulated depreciation and amortization totals \$274,612,625		275,913,558
Deferred Derivative-Related Balances - Certain deferred outflows of resources and deferred inflows of resources related to derivative hedging transactions are reported in the statement of net position but are not reported in the governmental funds		(4,888,248)
Deferred Property Taxes – Property taxes receivable are recognized as revenue in the statement of net position but are deferred in the governmental funds because they are not available to finance current period expenditures. These amounts will be collected in future periods.		8,161,397
Deferred Charges on Refunding – This amount represents deferred outflows of resources arising from the refunding of prior bond issues. These deferred amounts are amortized over the remaining life of the refunded or refunding debt, whichever is shorter.		13,586,258
Pension and OPEB-Related Deferred Inflows and Outflows – This amount represents deferred outflows of resources, net of deferred inflows of resources, related to the District’s net pension and OPEB liabilities. These amounts will be recognized in future periods in accordance with applicable GASB standards.		48,245,413
Long-Term Obligations – Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds. These include bonds and notes payable, accrued interest, lease-purchase obligations, compensated absences, and net pension and OPEB liabilities		(626,327,789)
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES	\$	<u>(169,806,638)</u>

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

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

	<u>GENERAL</u>	<u>CAPITAL RESERVE FUND</u>	<u>SPECIAL REVENUE FUND</u>	<u>NON-MAJOR GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
REVENUES					
Local Sources	\$ 239,387,695	\$ 856,127	\$ 73,306,285	\$ 297,760	\$ 313,847,867
State Sources	113,559,844	-	-	-	113,559,844
Federal Sources	6,855,763	-	-	468,942	7,324,705
TOTAL REVENUES	<u>359,803,302</u>	<u>856,127</u>	<u>73,306,285</u>	<u>766,702</u>	<u>434,732,416</u>
EXPENDITURES					
Instruction	223,578,427	-	-	-	223,578,427
Support Services	96,745,291	-	-	3,172,322	99,917,613
Operation of Non-Instructional Services	4,708,216	-	-	-	4,708,216
Capital Outlay	60,406	4,411,516	-	12,171,255	16,643,177
Debt Service	24,850,833	-	73,306,284	72,317	98,229,434
TOTAL EXPENDITURES	<u>349,943,173</u>	<u>4,411,516</u>	<u>73,306,284</u>	<u>15,415,894</u>	<u>443,076,867</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>9,860,129</u>	<u>(3,555,389)</u>	<u>1</u>	<u>(14,649,192)</u>	<u>(8,344,451)</u>
OTHER FINANCING SOURCES (USES)					
Proceeds from Bond Issues	-	-	-	24,995,000	24,995,000
Proceeds from Refunded Bond Issues	-	-	-	92,300,000	92,300,000
Proceeds from Leases	1,026,177	-	-	1,603,068	2,629,245
Bond Premiums	-	-	-	10,116,751	10,116,751
Sale/Compensation for Fixed Assets	29,592	-	-	-	29,592
Transfers In	795,447	-	-	-	795,447
Payment to Bond Refunding Escrow Agent	-	-	-	(96,331,988)	(96,331,988)
Swap Termination Fees	-	-	-	(3,167,000)	(3,167,000)
Transfers Out	-	-	(383)	(46,767)	(47,150)
TOTAL OTHER FINANCING SOURCES (USES)	<u>1,851,216</u>	<u>-</u>	<u>(383)</u>	<u>29,469,064</u>	<u>31,319,897</u>
NET CHANGE IN FUND BALANCES	11,711,345	(3,555,389)	(382)	14,819,872	22,975,446
FUND BALANCES - BEGINNING	<u>72,351,866</u>	<u>20,164,333</u>	<u>623</u>	<u>10,505</u>	<u>92,527,327</u>
FUND BALANCES - ENDING	<u>\$ 84,063,211</u>	<u>\$ 16,608,944</u>	<u>\$ 241</u>	<u>\$ 14,830,377</u>	<u>\$ 115,502,773</u>

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

**Bethlehem Area School District
Reconciliation of the Governmental Funds
Statement of Revenues, Expenditures, and Changes In Fund Balances
to the Statement of Activities
For the Year Ended June 30, 2025**

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 22,975,446

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

Capital Outlay and Depreciation – Governmental funds report capital outlays as expenditures, while in the statement of activities these amounts are capitalized and depreciated over the assets' estimated useful lives. This amount represents the net effect of capital outlay and depreciation during the current period.

Depreciation expense	\$ 14,225,187	
less - capital outlays	<u>24,238,724</u>	10,013,537

Disposal of Capital Assets – In governmental funds, proceeds from the sale or disposal of capital assets are reported as an increase in financial resources, while in the statement of activities only the gain or loss on the disposal is recognized. This amount represents the difference between the proceeds and the net book value of the assets disposed of during the current period. (31,475)

Deferred Property Tax Revenues – Because certain property taxes are not collected soon enough after year-end to be considered available, they are deferred in the governmental funds. This amount represents the increase in deferred inflows of resources related to property taxes during the current year. 884,455

Repayment of Debt, Financed Purchases, and Lease Liabilities – In governmental funds, repayments of bonds, financed purchase, and lease principal are reported as expenditures, while in the statement of activities these payments reduce the related long-term liabilities. 15,475,019

Compensated Absences and Termination Benefits – In governmental funds, expenditures for compensated absences and special termination benefits are recognized when financial resources are used, while in the statement of activities these costs are measured based on the amounts earned during the year. This amount represents the difference between benefits earned and benefits paid in the current period. (1,451,313)

Interest on Long-Term Debt – In governmental funds, interest on long-term debt is recognized when due, while in the statement of activities it is recognized as it accrues. This amount also includes the amortization of bond premiums and discounts and represents the net difference between accrued and paid interest for the current period. 1,152,972

Bond and Note Proceeds and Refundings – In governmental funds, bond and note proceeds are reported as sources of current financial resources, while in the statement of activities they result in the recognition of long-term liabilities. Conversely, refunding bond or note issues are reported as uses of current financial resources in the governmental funds but represent payments of long-term debt in the statement of activities. This amount reflects the net difference between bond proceeds and refunding payments made to paying agents during the current period. (21,622,511)

Capital Assets Financed by Debt – Some capital assets were acquired through the issuance of long-term debt. In governmental funds, the amount financed is reported as a source of financing, while in the statement of activities it results in the recognition of a long-term liability rather than revenue. (2,629,245)

Pension and OPEB Expense – In governmental funds, pension and OPEB contributions are reported as expenditures when paid, while in the statement of activities pension and OPEB expense is recognized based on the change in the net pension and OPEB liabilities. This amount represents the difference between current year expense and contributions made during the year. (169,687)

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES **\$ 24,597,198**

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

Bethlehem Area School District
Statement of Fund Net Position - Proprietary Funds
As of June 30, 2025

	FOOD SERVICE	DAY CARE FUND	TOTAL
ASSETS			
CURRENT ASSETS:			
Cash and Cash Equivalents	\$ 7,059,988	\$ 794,539	\$ 7,854,527
Due from Other Funds	665,641	79,707	745,348
Due From Other Governments	222,134	-	222,134
Other Receivables (net)	21,600	21,058	42,658
Inventories	11,428	-	11,428
Prepaid expenses	-	-	-
TOTAL CURRENT ASSETS	<u>7,980,791</u>	<u>895,304</u>	<u>8,876,095</u>
NON-CURRENT ASSETS:			
Machinery & Equipment (net)	573,892	-	573,892
Other Long-Term Receivables	-	-	-
TOTAL NON-CURRENT ASSETS	<u>573,892</u>	<u>-</u>	<u>573,892</u>
TOTAL ASSETS	8,554,683	895,304	9,449,987
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflows of Resources - Related to Pensions	1,116,843	396,722	1,513,565
Deferred Outflows of Resources - Related to OPEB	26,842	15,031	41,873
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 9,698,368</u>	<u>\$ 1,307,057</u>	<u>\$ 11,005,425</u>
LIABILITIES			
CURRENT LIABILITIES:			
Due to Other Funds	\$ 777,361	\$ 57,887	\$ 835,248
Accounts Payable	131,586	2,373	133,959
Compensated Absences	23,429	67,627	91,056
Accrued Salaries and Benefits	79,456	32,099	111,555
Payroll Deductions and Withholdings	222	131	353
Other Current Liabilities	93,649	-	93,649
Prepayments	11,427	-	11,427
TOTAL CURRENT LIABILITIES	<u>1,117,130</u>	<u>160,117</u>	<u>1,277,247</u>
NON-CURRENT LIABILITIES:			
Long-Term Portion of Compensated Absences	111,324	34,976	146,300
Net Defined Benefit Pension Liability	5,685,318	2,597,492	8,282,810
Net OPEB Liability - Single Employer Plan	10,153	32,534	42,687
Net OPEB Liability - Multiple Employer Plan	242,055	110,586	352,641
TOTAL NON-CURRENT LIABILITIES	<u>6,048,850</u>	<u>2,775,588</u>	<u>8,824,438</u>
TOTAL LIABILITIES	7,165,980	2,935,705	10,101,685
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources - Related to Pensions	112,419	65,163	177,582
Deferred Inflows of Resources - Related to OPEB	114,141	35,083	149,224
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	<u>7,392,540</u>	<u>3,035,951</u>	<u>10,428,491</u>
FUND NET POSITION			
Net Investment in Capital Assets	573,892	-	573,892
Unrestricted	1,731,936	(1,728,894)	3,042
TOTAL FUND NET POSITION	<u>2,305,828</u>	<u>(1,728,894)</u>	<u>576,934</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND NET POSITION	<u>\$ 9,698,368</u>	<u>\$ 1,307,057</u>	<u>\$ 11,005,425</u>

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

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

	FOOD SERVICE	DAY CARE FUND	TOTAL
OPERATING REVENUES:			
Food Service Revenue	\$ 1,652,882	\$ -	\$ 1,652,882
Charges for Services	-	1,465,944	1,465,944
Other Operating Revenues	858	335,307	336,165
TOTAL OPERATING REVENUES	<u>1,653,740</u>	<u>1,801,251</u>	<u>3,454,991</u>
OPERATING EXPENSES:			
Salaries	2,465,612	1,009,639	3,475,251
Employee Benefits	430,260	(1,040,562)	(610,302)
Purchased Professional and Technical Services	-	-	-
Purchased Property Service	35,075	-	35,075
Other Purchased Services	4,494,387	735	4,495,122
Supplies	760,125	10,740	770,865
Depreciation	81,700	-	81,700
Dues and Fees	5,015	9,049	14,064
Claims and Judgments	-	233	233
Other Operating Expenses	-	3,817	3,817
TOTAL OPERATING EXPENSES	<u>8,272,174</u>	<u>(6,349)</u>	<u>8,265,825</u>
OPERATING INCOME (LOSS)	<u>(6,618,434)</u>	<u>1,807,600</u>	<u>(4,810,834)</u>
NON-OPERATING REVENUES (EXPENSES)			
Earnings on investments	315,186	31,845	347,031
Contributions and Donations	-	100	100
State Sources	1,262,347	207,506	1,469,853
Federal Sources	6,551,378	-	6,551,378
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>8,128,911</u>	<u>239,451</u>	<u>8,368,362</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS	1,510,477	2,047,051	3,557,528
Transfers Out	(748,297)	-	(748,297)
CHANGES IN FUND NET POSITION	762,180	2,047,051	2,809,231
FUND NET POSITION - BEGINNING	<u>1,543,648</u>	<u>(3,775,945)</u>	<u>(2,232,297)</u>
FUND NET POSITION - ENDING	<u>\$ 2,305,828</u>	<u>\$ (1,728,894)</u>	<u>\$ 576,934</u>

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

Bethlehem Area School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2025

	FOOD SERVICE	DAY CARE FUND	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash Received from Users	\$ 1,930,518	\$ 1,453,382	\$ 3,383,900
Cash Received from Other Operating Revenue	858	322,875	323,733
Cash Payments to Employees for Services	(4,452,081)	(1,949,119)	(6,401,200)
Cash Payments to Suppliers for Goods and Services	(4,141,034)	(4,445)	(4,145,479)
Cash Payments to Other Operating Expenses	(5,015)	(9,556)	(14,571)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	(6,666,754)	(186,863)	(6,853,617)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Local Sources	-	-	-
State Sources	1,255,936	207,506	1,463,442
Federal Sources	5,984,006	-	5,984,006
NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES	6,491,645	207,606	6,699,251
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Purchase of Equipment	(94,032)	-	(94,032)
NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES	(94,032)	-	(94,032)
CASH FLOWS FROM INVESTING ACTIVITIES			
Earnings on Investments	315,186	31,845	347,031
NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES	315,186	31,845	347,031
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	46,045	52,588	98,633
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	7,013,943	741,951	7,755,894
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 7,059,988	\$ 794,539	\$ 7,854,527

Bethlehem Area School District
Statement of Cash Flows - Proprietary Funds
As of June 30, 2025

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

	FOOD SERVICE	DAY CARE FUND	TOTAL
OPERATING INCOME (LOSS)	\$ (6,618,434)	\$ 1,807,600	\$ (4,810,834)
ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Depreciation and Net Amortization	81,700	-	81,700
Donated Commodities Used	509,526	-	509,526
CHANGE IN ASSETS AND LIABILITIES:			
(Increase) Decrease in Accounts Receivable	277,636	1,851	279,487
(Increase) Decrease in Advances to Other Funds	(497,829)	(26,612)	(524,441)
(Increase) Decrease in Inventories	(10,110)	-	(10,110)
(Increase) Decrease in Deferred Outflows of Resources - Change in Proportion to NPL	(14,085)	(6,435)	(20,520)
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(88,142)	(3,380)	(91,522)
(Increase) Decrease in Deferred Outflows of Resources - Change in Assumptions	24,213	61,216	85,429
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	75,044	34,285	109,329
Increase (Decrease) in Accounts Payable	(94,388)	1,392	(92,996)
Increase (Decrease) in Accrued Salaries and Benefits	61,516	20,965	82,481
Increase (Decrease) in Compensated Absences	47,339	(620)	-
Increase (Decrease) in Advances from Other Funds	756,687	9,009	765,696
Increase (Decrease) in Net Defined Benefit Pension Liability	(1,175,009)	(2,036,165)	(3,211,174)
Increase (Decrease) in Net OPEB Liability - Single Employer Plan	(235)	(1,909)	(2,144)
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	(6,836)	(58,328)	(65,164)
Increase (Decrease) in Deferred Inflows of Resources - Change in Assumptions	27,677	13,469	41,146
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	(15,373)	(7,625)	(22,998)
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Expected vs Actual Experience	5,511	4,485	9,996
Increase (Decrease) in Other Current Liabilities	(13,162)	(61)	(13,223)
TOTAL ADJUSTMENTS	(48,320)	(1,994,463)	(2,089,502)
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	\$ (6,666,754)	\$ (186,863)	\$ (6,900,336)

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

**Bethlehem Area School District
Statement of Fiduciary Net Position
Fiduciary Funds
As of June 30, 2025**

	PRIVATE- PURPOSE TRUST	PENSION AND OTHER EMPLOYEE BENEFIT TRUST	CUSTODIAL FUNDS
ASSETS			
Cash and Cash Equivalents	\$ 202,849	\$ 9,948,095	\$ 575,546
Investments	600	-	-
Due from Other Funds	-	3,196,836	3,461
Other Receivables	-	1,566,530	6,213
TOTAL ASSETS	203,449	14,711,461	585,220
DEFERRED OUTFLOWS OF RESOURCES	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ 203,449	\$ 14,711,461	\$ 585,220
LIABILITIES			
Accounts Payable	\$ 7,825	\$ 2,922,192	\$ 23,240
Due to Other Funds	-	-	4,077
TOTAL LIABILITIES	7,825	2,922,192	27,317
DEFERRED INFLOWS OF RESOURCES	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	7,825	2,922,192	27,317
NET POSITION			
Restricted for			
Pool Participants	-	11,789,269	-
Individuals, Organizations, and Other Governments	195,624	-	557,903
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION	\$ 203,449	\$ 14,711,461	\$ 585,220

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

Bethlehem Area School District
Statement of Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2025

	PRIVATE- PURPOSE TRUST FUND	PENSION AND OTHER EMPLOYEE BENEFIT TRUST FUNDS	CUSTODIAL FUNDS
ADDITIONS			
Contributions - Members	\$ -	\$ 1,590,712	\$ 315,277
Contributions - Employer	-	34,972,719	-
Contributions - Gifts and Bequests	105,057	-	62,080
Special Events	-	-	278,002
Other Income	750	2,291,946	-
INVESTMENT EARNINGS:			
Interest and Dividends	9,038	685,666	27,813
Net Increase (decrease) in Fair Value of Investments	-	-	-
Less Investment Expense	-	-	-
TOTAL ADDITIONS	<u>114,845</u>	<u>39,541,043</u>	<u>683,172</u>
DEDUCTIONS			
Administrative Expense	-	1,978,637	3,839
Insurance Payments for Members	-	44,426,584	-
Benefits Paid to Participants or Beneficiaries	103,494	5,309	-
Payments for Student Club Activities	-	-	708,819
Other	-	-	-
TOTAL DEDUCTIONS	<u>103,494</u>	<u>46,410,530</u>	<u>712,658</u>
CHANGES IN NET POSITION	11,351	(6,869,487)	(29,486)
NET POSITION - BEGINNING OF YEAR	<u>184,273</u>	<u>18,658,756</u>	<u>587,389</u>
NET POSITION - END OF YEAR	<u>\$ 195,624</u>	<u>\$ 11,789,269</u>	<u>\$ 557,903</u>

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

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

	<u>BUDGET AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>	<u>(GAAP BASIS)</u>	<u>FINAL BUDGET</u> <u>POSITIVE</u> <u>(NEGATIVE)</u>
REVENUES				
Local Sources	\$ 229,313,176	\$ 229,313,176	\$ 239,387,695	\$ 10,074,519
State Sources	109,901,788	109,901,788	113,559,844	3,658,056
Federal Sources	<u>7,492,361</u>	<u>7,492,361</u>	<u>6,855,763</u>	<u>(636,598)</u>
TOTAL REVENUES	<u>346,707,325</u>	<u>346,707,325</u>	<u>359,803,302</u>	<u>13,095,977</u>
EXPENDITURES				
Regular Instruction	147,964,645	147,964,645	151,204,907	(3,240,262)
Special Programs	58,460,033	58,460,033	58,230,555	229,478
Vocational Programs	7,054,048	7,054,048	7,204,844	(150,796)
Other Instructional Programs	3,182,525	3,182,525	2,621,931	560,594
Nonpublic School Programs	222,428	222,428	243,135	(20,707)
Adult Education Programs	2,633,345	2,633,345	2,633,345	-
Community College Sponsorship	80,000	80,000	20,141	59,859
Pre-Kindergarten	1,358,982	1,358,982	1,419,569	(60,587)
Pupil Personnel Services	14,428,644	14,428,644	15,335,227	(906,583)
Instructional Staff Services	11,207,834	11,207,834	10,169,538	1,038,296
Administrative Services	16,783,952	16,784,732	16,110,509	674,223
Pupil Health	3,632,947	3,632,947	3,615,397	17,550
Business Services	2,888,900	2,888,900	2,756,674	132,226
Operation & Maintenance of Plant Services	24,040,030	24,040,030	24,473,444	(433,414)
Student Transportation Services	15,564,457	15,564,457	14,428,072	1,136,385
Central Support Services	10,414,854	10,414,854	9,703,138	711,716
Other Support Services	144,230	144,230	153,292	(9,062)
Student Activities	4,111,179	4,111,179	4,443,231	(332,052)
Community Services	169,910	169,910	264,985	(95,075)
Facilities, Acquisition and Construction	427,856	48,000	60,406	(12,406)
Debt Service	<u>25,472,920</u>	<u>25,851,996</u>	<u>24,850,833</u>	<u>1,001,163</u>
TOTAL EXPENDITURES	<u>350,243,719</u>	<u>350,243,719</u>	<u>349,943,173</u>	<u>300,546</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(3,536,394)</u>	<u>(3,536,394)</u>	<u>9,860,129</u>	<u>13,396,523</u>
OTHER FINANCING SOURCES (USES)				
Proceeds From Leases	-	-	1,026,177	1,026,177
Interfund Transfers In	-	-	795,447	795,447
Other Financing Sources Not Listed Elsewhere	6,486,933	6,486,933	-	(6,486,933)
Sale/Compensation for Fixed Assets	80,000	80,000	29,592	(50,408)
Transfer to Component Units	-	(30,539)	-	30,539
Budgetary Reserve	<u>(3,000,000)</u>	<u>(3,000,000)</u>	<u>-</u>	<u>3,000,000</u>
TOTAL OTHER FINANCING SOURCES (USES)	<u>3,536,394</u>	<u>3,536,394</u>	<u>1,851,216</u>	<u>(1,685,178)</u>
NET CHANGE IN FUND BALANCES	-	-	11,711,345	11,711,345
FUND BALANCE - JULY 1, 2024	<u>\$ 67,885,219</u>	<u>\$ 67,885,219</u>	<u>\$ 72,351,866</u>	<u>\$ 4,466,647</u>
FUND BALANCE - JUNE 30, 2025	<u>\$ 67,885,219</u>	<u>\$ 67,885,219</u>	<u>\$ 84,063,211</u>	<u>\$ 16,177,992</u>

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Note 1 - Description of the School District and Reporting Entity

School District

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

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

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

Board of School Directors

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

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

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

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

Administration

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Reporting Entity

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

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

Component Units

Bethlehem Area School District Authority

The Bethlehem Area School District Authority is created under the Pennsylvania Municipality Authorities Act of 1945, as amended, by the School Districts, and is empowered under the Act to acquire, hold, construct, improve, maintain, operate, and lease school buildings and other school projects acquired, constructed or improved for public school purposes. The Authority, at the request of the Bethlehem Area School District, has undertaken reconstruction, modifying, and improving the financing of school buildings and facilities. As such, this component unit's transactions during the 2024-25 fiscal year are blended into the School District's basic financial statements.

Bethlehem Area School District Employee Benefit Trust

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

Joint Ventures

Bethlehem Area Vocational Technical School

The School District is a participating member of the Bethlehem Area Vocational Technical School (BAVTS). The BAVTS is run by a joint committee consisting of members from each participating district. No participating district appoints a majority of the joint committee. The board of directors of each participating district must approve the BAVTS's annual operating budget. Each participating district pays a pro-rata share of the BAVTS's operating costs based on the number of students attending the BAVTS for each District. The District's share of the BAVTS's operating costs for 2024-25 was \$7,204,844.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

Northampton Community College

The District is a participating member of the Northampton Community College (NCC). The NCC is run by a Board of Trustees elected by the participating member districts' boards of directors. No participating district appoints a majority of the Board of Trustees. A vote of two-thirds of all member districts shall be required for approval of the NCC's annual operating budget. The amount of the annual operating costs of the NCC shall be apportioned among the member districts on the basis of the number of full-time equivalent students enrolled in NCC and residing in the respective geographical areas of each of the member districts. The District's share of NCC's operating costs for 2024-25 was \$2,633,345.

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

Jointly Governed Organizations

Colonial Intermediate Unit

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

Note 2 - Summary of Significant Accounting Policies

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

A. Basis of Presentation

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

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

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

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

B. Fund Accounting

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

Governmental Funds

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

General Fund

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Special Revenue Funds

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

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

Capital Project Funds

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

Capital Project Fund

During the 2024-25 fiscal year this fund received the proceeds from the \$24,995,000 General Obligation Bonds - Series of 2025. Purpose of this issue is to acquire and renovate an existing building for vocational-technical education and construct a new elementary school building and other facilities.

Capital Reserve Fund

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

Debt Service Fund

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

The district has the following Debt Service Fund(s):

2024 Debt Service Fund (Non-Major)

This fund was created with the issuance of General Obligation Bonds Series of 2024A and 2024B to record the transactions of the refunding the variable rate School Revenue Bonds, Series A of 2021, of the BASD Authority.

2025 Debt Service Fund (Non-Major)

This fund was created with the issuance of General Obligation Bonds Series of 2025A to record the transactions of the refunding the district's General Obligation Bonds Series A of 2015.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Proprietary Funds

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

Enterprise Funds

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

Food Service Fund

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

Day Care Fund

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

Fiduciary Funds

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

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

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

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

C. Measurement Focus

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

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

D. Basis of Accounting

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

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

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

E. Budgetary Process

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

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

Accelerated Budget Process Option

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

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

Board Resolution Option

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

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

The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the PDE 2028 when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts after all 2024-25 budget transfers.

F. Use of Estimates

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

G. Changes in Accounting Principles

During the fiscal year ended June 30, 2025, the School District implemented new accounting standards issued by the Governmental Accounting Standards Board (GASB). The financial statements reflect adoption of the following:

GASB Statement No. 101, Compensated Absences

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Impact of adoption: The adoption of GASB Statement No. 101 did not result in a material change to the District's beginning net position as of July 1, 2024.

GASB Statement No. 102, *Certain Risk Disclosures*

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

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

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

H. *Pensions*

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

I. *Other Postemployment Benefits*

Multiple Employer Cost Sharing OPEB Plan

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

Single Employer OPEB Plan

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

J. *Assets, Liabilities, and Net Position*

Cash and Cash Equivalents

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Investments

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

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

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

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

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

Receivables and Payables

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

Property Tax Levy

Property taxes, which were levied during the fiscal year ended June 30, 2025, are recognized as revenue in the fund financial statements when received by the District during the fiscal year and also estimated to be received by the District within sixty (60) days after the fiscal year ended.

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

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

Inventories

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. As of June 30, 2025, the inventory shown in the governmental activities column of the government-wide statement of net position is \$198,438 and \$11,428 is shown as inventory in the business-type activities column of the government-wide statement of net position.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Inventory type items in governmental funds utilize the consumption method, that is, they are charged to expenditures when purchased. There was a physical inventory of \$198,438, taken as of June 30, 2025; therefore, there is a nonspendable fund balance in the General Fund.

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

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

Purchased Food	\$	-
Donated Commodities		11,428
Purchased Supplies		-
Total	\$	11,428

Prepaid Expenses

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

Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of five thousand (\$5,000) dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. Interest incurred during the construction of capital assets utilized by the enterprise funds is also capitalized.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

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

Compensated Absences

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

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

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

Leases

Lessee:

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

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

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

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

Lessor:

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

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

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

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

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

SBITAs (Subscription Based Information Technology Arrangements)

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

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Other Long-Term Obligations

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

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

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

Reclassification

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

Net Position

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

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

Fund Balance Categories

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

Nonspendable Fund Balance

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Restricted Fund Balance

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

Committed Fund Balance

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

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

Assigned Fund Balance

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

Unassigned Fund Balance

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

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

Contributions of Capital

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

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

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

The details of the \$626,327,789 differences are:

Bonds/Notes payable	\$ 207,090,000
Less: Issuance discount (to be amortized as interest expense)	(100,913)
Add: Issuance premium (to be amortized as a contra to interest expense)	12,112,156
Derivative Instrument Liability	2,401,774
Lease Purchase Obligations	3,446,599
Accrued interest payable	2,776,182
Net Defined Benefit Pension Liability	328,775,190
Net Defined Contribution Pension Liability	680,734
Net OPEB Liability - Single Employer Plan	48,739,757
Net OPEB Liability - Multiple Employer Plan	13,997,359
Compensated absences	6,408,951
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net assets - governmental activities"	<u>\$ 626,327,789</u>

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

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
REVENUES AND OTHER SOURCES					
LOCAL SOURCES:					
Property Taxes	\$ 193,972,975	\$ 884,455	\$ -	\$ -	\$ 194,857,430
Taxes Levied for Specific Purposes	33,222,169	-	-	-	33,222,169
Interest and Investment Earnings	82,254,273	-	-	(67,016,033)	15,238,240
Miscellaneous	686,297	-	-	-	686,297
Contributions and Donations	750,151	-	-	-	750,151
Charges for Services	470,891	-	-	-	470,891
Grants, Subsidies & Contributions Not Restricted	62,543,937	-	-	-	62,543,937
Transfers In	748,297	-	-	-	748,297
INTERMEDIATE SOURCES:					
Operating Grants and Contributions	233,732	-	-	-	233,732
STATE SOURCES:					
Operating & Capital Grants and Contributions	51,015,907	-	-	-	51,015,907
FEDERAL SOURCES:					
Operating & Capital Grants and Contributions	9,582,084	-	-	-	9,582,084
SPECIAL AND EXTRAORDINARY SOURCES:					
Proceeds from Bond Issues	117,295,000	-	-	(117,295,000)	-
Bond Premiums	10,116,750	-	-	(10,116,750)	-
Proceeds from Leases	2,629,245	-	-	(2,629,245)	-
Extraordinary Item - Insurance Recoveries	-	-	-	-	-
Gain or (Loss) on Disposal of Assets	29,592	-	(31,475)	-	(1,883)
TOTAL REVENUES	565,551,300	884,455	(31,475)	(197,057,028)	369,347,252
EXPENDITURES/EXPENSES					
Instruction	223,578,427	(654,396)	(1,132,108)	-	221,791,923
Instructional Student Support	29,120,162	710,825	918	-	29,831,905
Admin. & Fin'l Support Services	30,190,839	(514,622)	(653,657)	-	29,022,560
Oper. & Maint. Of Plant Svcs.	26,178,541	1,849,503	(1,302,289)	-	26,725,755
Pupil Transportation	14,428,072	187,231	(839,639)	-	13,775,664
Student Activities	4,443,231	42,448	(54,457)	-	4,431,222
Community Services	264,985	11	-	-	264,996
Capital Outlay	16,643,175	-	(16,643,175)	-	-
Debt Service	197,728,422	-	-	(189,433,263)	8,295,159
Depreciation - Unallocated	-	-	10,610,870	-	10,610,870
TOTAL EXPENDITURES/EXPENSES	542,575,854	1,621,000	(10,013,537)	(189,433,263)	344,750,054
NET CHANGE FOR THE YEAR	\$ 22,975,446	\$ (736,545)	\$ 9,982,062	\$ (7,623,765)	\$ 24,597,198

Note 4 - Stewardship, Compliance, and Accountability

A. Compliance with Finance Related Legal and Contractual Provisions

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

B. Deficit Fund Balance or Net Position of Individual Funds

Governmental activities had a deficit net position of \$169,806,638. The business-type actuary's daycare fund reported a negative net position of \$1,728,894.

C. Excess of Expenditures Over Appropriations in Individual Funds

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

D. Budgetary Compliance

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2025.

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Note 5 - Detailed Notes on All Funds and Account Groups

Assets

Cash

Custodial Credit Risk - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2025, \$5,241 of the District's bank balance of \$5,841 was exposed to custodial credit risk as follows:

Uninsured and uncollateralized	\$	5,000
Collateralized with securities held by the pledging financial institution		-
Uninsured and collateral held by the pledging bank's trust department not in the District's name		241
TOTAL	\$	5,241

Reconciliation to Financial Statements

Uncollateralized Amount above	\$	5,241
Plus: Insured Amount		600
Less: Outstanding Checks		-
Carrying Amount - Cash Balances		5,841
Plus: Petty Cash		-
Deposit in Pooled Investments Considered Cash Equivalents		158,687,941
Less: Certificates of Deposit considered Investments by School Code		(600)
TOTAL CASH PER FINANCIAL STATEMENTS	\$	158,693,182

Investments

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

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

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

<i>Investment</i>	Maturities	Fair Value
PSDLAF/PSDMAX		\$ 56,594,756
PLGIT Class		102,093,186
PLGIT CD Program		-
Lafayette Ambassador Bank -CD		600
TOTAL		\$ 158,688,542

Interest Rate Risk

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

Credit Risk

The District has no investment policy that would limit its investment choices to certain credit ratings

Concentration of Credit Risk

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

Reconciliation to Financial Statements

Total Investments Above	\$ 158,688,542
Less: Deposits in Investment Pool Considered Cash Equivalents	(158,687,942)
Total Investments Per Financial Statements	\$ 600

Fair Value Reporting

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

The District did not have any recurring fair value investments at June 30, 2025. The District did have Cash Equivalents in 2a7-like external investment pools, which GASB Statement No. 72 allows to be recorded at amortized cost as provided in paragraph 16 of GASB Statement No. 31.

Property Taxes

Property taxes are levied on July 1, on the assessed value listed, as of that date, for all taxable real property located in the District. Assessed values are established by the County Board of Assessments. All taxable real property was assessed at \$4,513,970,300. In accordance with Act I of 2006, the District receives \$7,207,775 in property tax reduction funds for the 2024-25 fiscal year. The tax rate for the Northampton and Lehigh Counties were \$5.999 and \$1.874, respectively per \$100 of assessed valuation or 59.99 mills and 18.74 mills, respectively.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

The property tax calendar is:

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

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

Receivables

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

	GENERAL FUND	NON-MAJOR GOVERNMENTAL FUNDS	FOOD SERVICE FUND	DAY CARE FUND	FIDUCIARY FUNDS	TOTAL
RECEIVABLES:						
Interest	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	9,599,732	-	-	-	-	9,599,732
Accounts	953,453	-	21,600	21,058	1,572,743	2,568,854
Leases	332,115	-	-	-	-	332,115
Intergovernmental	11,754,624	-	222,134	-	-	11,976,758
GROSS RECEIVABLES	22,639,924	-	243,734	21,058	1,572,743	24,477,459
Less: Allowance for Uncollectibles	-	-	-	-	-	-
NET RECEIVABLES	\$ 22,639,924	\$ -	\$ 243,734	\$ 21,058	\$ 1,572,743	\$ 24,477,459

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

	UNAVAILABLE	UNEARNED
Delinquent Property Taxes - General Fund	\$ 8,161,397	\$ -
Leases - General Fund	-	332,115
TOTAL	\$ 8,161,397	\$ 332,115

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Capital Assets

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
GOVERNMENTAL ACTIVITIES:				
Capital Assets not being depreciated:				
Land	\$ 75,410	\$ -	\$ -	\$ 75,410
Construction in Progress	30,877,390	16,670,158	(31,277,715)	16,269,833
TOTAL CAPITAL ASSETS NOT BEING DEPRECIATED/AMORTIZED	<u>30,952,800</u>	<u>16,670,158</u>	<u>(31,277,715)</u>	<u>16,345,243</u>
Capital Assets being depreciated/amortized:				-
Site Improvements	15,091,645	596,194	-	15,687,839
Buildings and Improvements	405,338,479	29,934,835	-	435,273,314
Furniture and Equipment	76,894,724	5,581,626	(3,887,870)	78,588,480
Intangible right-to-use equipment	1,897,679	2,733,628	-	4,631,307
TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED	<u>499,222,527</u>	<u>38,846,283</u>	<u>(3,887,870)</u>	<u>534,180,940</u>
Less accumulated depreciation/amortization for:				
Site Improvements	(10,574,485)	(317,863)	-	(10,892,348)
Buildings and Improvements	(186,733,622)	(10,384,720)	-	(197,118,342)
Furniture and Equipment	(66,560,381)	(2,784,062)	3,856,394	(65,488,049)
Intangible right-to-use equipment	(375,344)	(738,542)	-	(1,113,886)
TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION	<u>(264,243,832)</u>	<u>(14,225,187)</u>	<u>3,856,394</u>	<u>(274,612,625)</u>
TOTAL CAPITAL ASSETS BEING DEPRECIATED NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>234,978,695</u>	<u>24,621,096</u>	<u>(31,476)</u>	<u>259,568,315</u>
GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION	<u>\$ 265,931,495</u>	<u>\$ 41,291,254</u>	<u>\$ (31,309,191)</u>	<u>\$ 275,913,558</u>
BUSINESS-TYPE ACTIVITIES:				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 2,674,073	\$ 94,032	\$ (42,722)	\$ 2,725,383
Less accumulated depreciation	(2,112,513)	(81,700)	42,722	(2,151,491)
BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION	<u>\$ 561,560</u>	<u>\$ 12,332</u>	<u>\$ -</u>	<u>\$ 573,892</u>

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

Instruction	\$ 1,705,497
Instructional Student Support	917
Admin. & Fin'l Support Services	596,068
Oper. & Maint. of Plant Svcs.	591,113
Pupil Transportation	630,845
Student activities	89,877
Depreciation - unallocated	<u>10,610,870</u>
TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES	<u>\$ 14,225,187</u>

During the year, the District's governmental activities sold/scrapped capital assets totaling \$3,887,870 (with accumulated depreciation of \$3,856,394) for \$29,592, resulting in a loss on sale of \$1,883. The business-type activities scrapped \$42,722 of capital assets that were fully depreciated.

Commitments

Encumbrances

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

Long-Term Construction Commitments

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

	CONTRACT AMOUNT	EXPENDED TO 6/30/25	OUTSTANDING COMMITMENTS
<u>Calypso ES HVAC Replacement</u>			
Wind Gap Electric Inc	\$ 806,000	\$ 751,267	\$ 54,733
<u>Governor Wolf ES HVAC Replacement</u>			
Wind Gap Electric Inc	1,005,000	963,547	41,453
<u>Miller Heights ES HVAC</u>			
Wind Gap Electrical	1,091,700	1,054,360	37,340
Trefz Mechanical	4,745,000	4,716,034	28,966
<u>Hanover HVAC</u>			
Trefz Mechanical	3,262,000	3,261,398	602
James Buchanon HVAC			
<u>Trefz Mechanical</u>	3,565,553	3,558,407	7,146
Ace Electric	721,820	590,454	131,366
Freedom HS Roof Repairs			
<u>JLK Contracting</u>	275,100	256,896	18,204
C&D Waterproofing Corp	2,183,220	2,181,810	1,410
Liberty HS Roof Repairs			
<u>JLK Contracting</u>	176,210	170,924	5,286
New Fountain Hill ES			
<u>Alloy5 LLC - Fixed Fee Services</u>	2,185,000	1,754,296	430,704
Earth Engineering Inc	200,000	90,415	109,585
D'Huy Engineering	1,700,000	339,992	1,360,008
Arthur A Swallow Associates LLC	14,000	10,850	3,150
EV Charging Stations			
<u>Hobbs & Company Inc.</u>	192,650	186,997	5,653
Freedom HS Boiler Replacement			
<u>Trefz Mechanical, Inc.</u>	1,090,000	618,811	471,189
Liberty HS Sidewalk Replacement			
<u>T. Schiefer Contractors</u>	86,700	2,601	84,099
Hot Water Heater Replacement (ASL Refrigeration)			
<u>Klein Center Boiler & Pump Replacement</u>	293,650	220,367	73,283
Freedom HS Hot Water Heater Replacement	182,600	160,018	22,582
<u>Freedom HS Synthetic Turf Replacement</u>			
AstroTurf Corporation	500,000	339,218	160,782
<u>Vape Detectors</u>			
Berkshire Systems Group	87,648	-	87,648
Freedom HS Boiler Pump			
Trefz Mechanical	1,090,000	479,265	610,735
GRAND TOTAL	\$ 25,453,851	\$ 21,707,927	\$ 3,745,924

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Lease Receivables

Spark Building

Effective July 1, 2023, the District entered into a 48-month lease as lessor for the use of the SPARK building. An initial lease receivable was recorded in the amount of \$614,574. The District will receive monthly fixed payments of \$13,060. The lease has an interest rate of 4.1%. The payments will increase each year by the amount of the PDE Act 1 Index, which was 4.1% for the 2024-25 fiscal year. The District recognized \$146,258 in lease revenue and \$16,885 in interest revenue during the current fiscal year related to this lease. As of June 30, 2025, the District's receivable for lease payments was \$332,116. Also, the District has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of June 30, 2025, the balance of the deferred inflow of resources was \$332,116.

The future lease payments as of June 30, 2025, were as follows:

FISCAL YEAR	PRINCIPAL
2025-26	\$ 159,185
2026-27	172,931
Totals	\$ 332,116

Short-Term Debt

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

Interfund Receivables and Payables

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

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 802,018	\$ 3,883,506
Enterprise (Food Service) Fund	665,641	777,361
Enterprise (Day Care) Fund	79,707	57,887
Capital Project Fund	-	24,833
Capital Reserve Fund	-	-
Special Revenue (BASD Authority General Fd) Fund	-	-
Self - Insurance Trust Fund (Blended Component Unit)	3,196,836	-
Private Purpose Trust Funds	-	-
Custodial (Activity) Fund	3,462	4,077
TOTAL	\$ 4,747,664	\$ 4,747,664

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

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

	TRANSFER IN	TRANSFER OUT
General Fund	\$ 795,447	\$ -
Capital Projects (Capital Reserve) Fund	-	46,767
Special Revenue (BASD Authority General Fd) Fund	-	383
Enterprise (Food Service) Fund	-	748,297
TOTAL	\$ 795,447	\$ 795,447

Long-Term Liabilities

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

	BEGINNING BALANCE	ADDITIONS	REDUCTIONS	ENDING BALANCE	AMOUNTS DUE WITHIN ONE YEAR
<u>GOVERNMENTAL ACTIVITIES</u>					
<i>General Obligation Debt:</i>					
<i>Bonds and Notes Payable:</i>					
Bonds	\$ 197,510,312	\$ 127,418,867	\$ 115,309,912	\$ 209,619,267	\$ 14,870,000
Notes	<u>10,756,154</u>	<u>5,822</u>	<u>1,280,000</u>	<u>9,481,976</u>	<u>1,370,000</u>
Total general obligation debt	208,266,466	127,424,689	116,589,912	219,101,243	16,240,000
<i>Lease Obligations</i>	1,527,373	2,629,245	710,019	3,446,599	1,416,343
<i>Other Liabilities:</i>					
<i>Vested Employee Benefits:</i>					
Compensated Absences	5,283,882	2,832,150	-	8,116,032	1,707,081
Net Defined Contribution Pension Obligation	657,180	23,554	-	680,734	-
Net Defined Benefit Pension Liability	335,711,772	-	6,936,582	328,775,190	-
Net OPEB Liability - Single Employer Plan	46,728,982	2,010,775	-	48,739,757	-
Net OPEB Liability - Multiple Employer Plan	13,966,879	30,480	-	13,997,359	-
Derivative Financial Instruments	<u>3,137,752</u>	<u>-</u>	<u>735,978</u>	<u>2,401,774</u>	<u>-</u>
Total Other Liabilities	<u>407,013,820</u>	<u>7,526,204</u>	<u>8,382,579</u>	<u>406,157,445</u>	<u>3,123,424</u>
TOTAL GOVERNMENTAL ACTIVITY					
LONG-TERM LIABILITIES	\$ 615,280,286	\$ 134,950,893	\$ 124,972,491	\$ 625,258,688	\$ 19,363,424
<u>BUSINESS TYPE ACTIVITIES</u>					
<i>Other Liabilities:</i>					
<i>Vested Employee Benefits:</i>					
Compensated Absences	\$ 190,637	\$ 46,719	\$ -	\$ 237,356	\$ 91,056
Net Defined Benefit Pension Liability	11,493,984	-	3,211,174	8,282,810	-
Net OPEB Liability - Single Employer Plan	44,831	-	2,144	42,687	-
Net OPEB Liability - Multiple Employer Plan	<u>417,805</u>	<u>-</u>	<u>65,164</u>	<u>352,641</u>	<u>-</u>
TOTAL BUSINESS-TYPE ACTIVITY					
LONG-TERM LIABILITIES	\$ 12,147,257	\$ 46,719	\$ 3,278,482	\$ 8,915,494	\$ 91,056

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

Total Interest paid and accrued during the year:

GOVERNMENTAL ACTIVITIES:	EXPENSE	PAID
General obligation debt	\$ 8,244,747	\$ 7,212,719
Lease debt	39,696	39,696
Refund of Prior Year Receipts	10,716	10,716
TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES	\$ 8,295,159	\$ 7,263,131

Lease – Turf Tank

On April 1, 2023, the District entered a 6-year lease as lessee for the use of an automatic field liner. An initial lease liability was recorded in the amount of \$56,488. As of June 30, 2025, the value of the lease liability was \$28,572. The District is required to make annual fixed payments of \$10,000. The lease has an interest rate of 2.478%. The equipment has a 6-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$56,488 with accumulated amortization of \$21,183.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 9,292	\$ 708
2026-27	9,522	478
2027-28	9,758	242
Total Outstanding	\$ 28,572	\$ 1,428

Lease – Folder/Inserter

On March 1, 2023, the District entered a 5-year lease as lessee for the use of office equipment. An initial lease liability was recorded in the amount of \$22,658. As of June 30, 2025, the value of the lease liability was \$11,645. The District is required to make quarterly fixed payments of \$1,210. The lease has an interest rate of 2.822%. The equipment has a 5-year estimated useful life. The value of the right to use asset as of June 30, 2025 was \$22,658 with accumulated amortization of \$10,574.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 4,560	\$ 281
2026-27	4,690	151
2027-28	2,395	25
Total Outstanding	\$ 11,645	\$ 457

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Lease – Copiers – Edwards Business Systems

On August 01, 2024, the District entered into a 60-month lease with Edwards Business Systems as lessee for the use of copier equipment. An initial lease liability was recorded in the amount of \$1,657,627. As of June 30, 2025, the value of the lease liability was \$1,047,664. The District is required to make monthly fixed payments of \$29,623. The lease has an interest rate of 2.876%. The equipment has a 5-year estimated useful life. The value of the right to use asset as of June 30, 2025 was \$1,657,627 with accumulated amortization of \$635,424.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 329,670	\$ 25,808
2026-27	339,277	16,200
2027-28	349,164	6,313
2028-29	29,552	71
Total Outstanding	\$ 1,047,664	\$ 48,392

Lease – PennCap Properties – Building

Effective June 1, 2025, the District entered into a two-year operating lease with PennCap Properties for the use of buildings located on Valley Center Parkway in Bethlehem, Pennsylvania. At lease commencement, the District recorded an initial lease liability of \$1,603,068, measured using the District's estimated incremental borrowing rate of 3.0%. As of June 30, 2025, the lease liability was \$1,535,467. The lease requires fixed monthly payments of \$67,601.25 during the first year, increasing to \$69,893.08 in the second year. The related right-to-use asset was recorded at an initial value of \$1,603,068 and, as of June 30, 2025, had accumulated amortization of \$635,424. The underlying leased buildings have an estimated useful life of 39 years, and the right-to-use asset is amortized over the term of the lease.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 778,052	\$ 35,455
2026-27	757,415	11,409
Total Outstanding	\$ 1,535,467	\$ 46,864

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

SBITA – Google Workspace

On July 1, 2023, the District entered into a 4-year subscription for the licensing of cloud management SAAS for access points. An initial subscription liability was recorded in the amount of \$160,906. As of June 30, 2025, the value of the subscription liability was \$53,619. The District is required to make yearly fixed payments of \$42,913. The lease has an interest rate of 1.81%. The value of the right to use asset as of June 30, 2025 was \$160,906 with accumulated amortization of \$107,271.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 53,619	\$ 1,631
Total Outstanding	\$ 53,619	\$ 1,631

SBITA – Edupoint

Effective July 1, 2024, the District entered into a four-year subscription arrangement for the licensing of various information and management systems and cloud hosting services. At subscription commencement, the District recorded an initial subscription liability of \$1,026,177, measured using an estimated interest rate of 3.0%, which represents the District's incremental cost of borrowing. As of June 30, 2025, the subscription liability totaled \$769,632. The subscription requires fixed annual payments in accordance with a defined payment schedule. The related subscription right-to-use asset had a gross value of \$1,067,064 as of June 30, 2025, with accumulated amortization of \$266,766.

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

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 241,150	\$ 23,089
2026-27	256,314	15,854
2027-28	272,168	8,165
Total Outstanding	\$ 769,632	\$ 47,108

General Obligation Bonds – Series A of 2015

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

On February 13, 2025 the District refunded the General Obligation Bonds Series A of 2015 with a the issuance of the General Obligation Bonds Series of 2025. Below is the economic gain calculation of the following refunding.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

SOURCES

Gross Proceeds of Bonds	\$ 28,435,000
Plus: Accrued Interest	-
Premium	2,440,999
Less: Original Issue Discount	-
Underwriter's Discount	(197,623)
TOTAL SOURCES	<u><u>\$ 30,678,376</u></u>

USES

Escrow Deposit	\$ 30,491,988
Issuance Costs	186,388
Sinking Fund Deposit	-
TOTAL USES	<u><u>\$ 30,678,376</u></u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows	\$ 43,593,250
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 40,873,252
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	-
Net Cash Flows From New Debt	<u>40,873,252</u>
Net Difference in Cash Flows	<u><u>2,719,998</u></u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$ 32,629,386
Present Value of New Debt Service Cash Flows	\$ 30,491,988
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	-
Total	<u>30,491,988</u>
Economic Gain(Loss)	<u><u>\$ 2,137,398</u></u>

General Obligation Notes – Series B of 2015

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ -	\$ 124,706
2026-27	-	124,706
2027-28	-	124,706
2028-29	-	124,706
2029-30	810,000	111,545
2030-32	2,915,000	96,947
Sub-Total	\$ 3,725,000	\$ 707,316
Unamortized Bond Discount	(33,024)	
Total Outstanding	\$ 3,691,976	

General Obligation Notes – Series C of 2015

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

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

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 1,370,000	\$ 197,675
2026-27	1,390,000	146,759
2027-28	1,365,000	93,886
2028-29	1,325,000	40,581
2029-30	340,000	6,993
Sub-Total	\$ 5,790,000	\$ 485,894
Unamortized Bond Discount	-	
Total Outstanding	\$ 5,790,000	

General Obligation Bonds – Series A of 2016

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 9,240,000	\$ 460,434
2026-27	745,000	45,838
2027-28	750,000	30,937
2028-29	750,000	15,938
Sub-Total	\$ 11,485,000	\$ 553,147
Unamortized Bond Premium	308,586	
Total Outstanding	\$ 11,793,586	

General Obligation Bonds – Series B of 2016

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

The outstanding debt service requirements at June 30, 2025, are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ -	\$ 590,925
2026-27	-	590,925
2027-28	-	590,925
2028-29	-	590,925
2029-30	-	590,925
2030-35	9,530,000	2,813,862
2035-36	10,170,000	459,900
Sub-Total	\$ 19,700,000	\$ 6,228,387
Unamortized Bond Discount	(67,890)	
Total Outstanding	\$ 19,632,110	

General Obligation Bonds – Series of 2021

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

The outstanding debt service requirements at June 30, 2025 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 4,020,000	\$ 886,000
2026-27	4,165,000	681,375
2027-28	4,345,000	468,625
2028-29	4,540,000	246,500
2029-30	2,660,000	66,500
Sub-Total	\$ 19,730,000	\$ 2,349,000
Unamortized Bond Premiums	1,980,206	
Total Outstanding	\$ 21,710,206	

General Obligation Notes – Series C of 2021

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

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

General Obligation Bonds - Series A of 2024

On November 1, 2024, the District issued \$29,540,000 General Obligation Bonds, Series A of 2024, with a fixed interest rate of 5.00% and maturities through January 15, 2030. Proceeds were used to refund the District's Variable Rate School Revenue Bonds, Series A of 2021, to pay the termination amount on the related interest rate swap, and to pay issuance costs. The refunding resulted in a deferred outflow of resources of \$4,068,230, which includes the swap termination payment. This deferred amount is amortized over the life of the new debt using a method that allocates amortization in proportion to interest paid each period. The refunded 2021A bonds are considered defeased and removed from the District's government-wide financial statements.

The outstanding debt service requirements at June 30, 2025 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 5,000	\$ 1,451,500
2026-27	6,500,000	1,451,250
2027-28	6,935,000	1,126,250
2028-29	7,390,000	779,500
2029-30	8,200,000	410,000
Sub-Total	\$ 29,030,000	\$ 5,218,500
Unamortized Bond Premiums	2,374,313	
Total Outstanding	\$ 31,404,313	

General Obligation Bonds - Series B of 2024

On November 1, 2024, the District issued \$34,325,000 General Obligation Bonds, Series B of 2024, with a fixed interest rate of 5.00% and maturities through July 15, 2032. Proceeds were used to refund the District's Variable Rate School Revenue Bonds, Series B of 2021, to pay the termination amount on the

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

related interest rate swap, and to pay issuance costs. The refunding resulted in a deferred outflow of resources of \$9,053,667.09, which includes the swap termination payment. This deferred amount is amortized over the life of the new debt using a method that allocates amortization in proportion to interest paid each period. The refunded 2021B bonds are considered defeased and removed from the District's government-wide financial statements.

The outstanding debt service requirements at June 30, 2025 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 1,575,000	\$ 1,659,125
2026-27	4,245,000	1,513,625
2027-28	4,480,000	1,295,500
2028-29	4,740,000	1,065,000
2029-30	5,445,000	810,375
2030-33	13,485,000	812,375
Sub-Total	\$ 33,970,000	\$ 7,156,000
Unamortized Bond Premiums	3,149,181	
Total Outstanding	\$ 37,119,181	

General Obligation Bonds - Series of 2025

On February 13, 2025, the District issued General Obligation Bonds, Series of 2025 in the aggregate principal amount of \$24,995,000. The bonds were issued to fund capital projects, including (1) acquiring and renovating an existing building for vocational-technical education, (2) constructing a new elementary school and related facilities, and (3) paying issuance costs. The bonds bear interest at rates ranging from 3.375% to 5.00%, with principal payments due annually each October 1, beginning October 1, 2025, and a final maturity on October 1, 2044. Interest is payable semiannually on April 1 and October 1, beginning October 1, 2025.

The bonds maturing on or after October 1, 2035, are subject to optional redemption on or after October 1, 2032, at a redemption price of 100% of principal plus accrued interest. Term bonds maturing in 2030 and 2035 are subject to mandatory sinking fund redemptions as provided in the bond resolution.

The outstanding debt service requirements at June 30, 2025 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ 5,000	\$ 1,415,357
2026-27	5,000	1,248,666
2027-28	5,000	1,248,497
2028-29	5,000	1,248,328
2029-30	5,000	1,248,159
2030-35	25,000	6,238,166
2036-40	9,720,000	5,293,966
2041-45	15,225,000	1,978,875
Sub-Total	\$ 24,995,000	\$ 19,920,014
Unamortized Bond Premiums	1,858,871	
Total Outstanding	\$ 26,853,871	

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

General Obligation Bonds – Series A of 2025

On May 22, 2025, the District issued \$28,435,000 General Obligation Bonds, Series A of 2025, to refund the District's outstanding General Obligation Bonds, Series A of 2015, and to pay the costs of issuing the bonds. The refunding resulted in a deferred gain on refunding of \$1,392,324, which will be amortized over the life of the new bonds using a method that allocates amortization in proportion to interest paid each period. The refunded 2015A bonds are considered defeased and have been removed from the District's government-wide financial statements.

The bonds bear interest at 5.00%, payable semiannually on February 1 and August 1, beginning August 1, 2025. Principal payments are due annually on August 1, beginning August 1, 2026, with a final maturity of August 1, 2035. Bonds maturing on or after February 1, 2033, are subject to optional redemption at 100% of principal plus accrued interest.

The outstanding debt service requirements at June 30, 2025 are:

FISCAL YEAR	PRINCIPAL	INTEREST
2025-26	\$ -	\$ 983,377
2026-27	5,000	1,421,625
2027-28	5,000	1,421,375
2028-29	5,000	1,421,125
2029-30	5,000	1,420,875
2030-35	20,775,000	5,578,875
2035-36	7,640,000	191,000
Sub-Total	\$ 28,435,000	\$ 12,438,252
Unamortized Bond Premiums	2,440,999	
Total Outstanding	\$ 30,875,999	

Component Unit Debt

Guaranteed Revenue Bonds – Series A of 2021

On November 1, 2021, the Bethlehem Area School District Authority issued \$30,435,000 of Guaranteed Lease Revenue Bonds – Series A of 2021. The purpose of this issue is (1) to currently refund the Guaranteed Lease Revenue Bonds – Series of 2017, which was used to refund a portion of the Bethlehem Area School District's General Obligation Bonds, Series of 2005, and (2) to pay the costs and expenses allocable to the issuance of the Bonds. The bonds are being issued under the Municipal Authorities Act of 1945, as amended, and pursuant to the provisions of a Trust Indenture, dated May 1, 2009.

On November 1, 2024 the District refunded the District's Variable Rate School Revenue Bonds, Series A of 2021 with the issuance of the General Obligation Bonds Series A of 2024. Below is the economic gain calculation of the following refunding.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

SOURCES

Gross Proceeds of Bonds	\$ 29,540,000
Plus: Accrued Interest	-
Premium	2,512,448
Less: Original Issue Discount	-
Underwriter's Discount	(147,700)
TOTAL SOURCES	<u><u>\$ 31,904,748</u></u>

USES

Escrow Deposit	\$ 30,210,000
Swap Termination Payment	1,522,000
Issuance Costs	168,944
Sinking Fund Deposit	3,804
TOTAL USES	<u><u>\$ 31,904,748</u></u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows	\$ 34,624,573
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 35,062,106
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	(3,804)
Net Cash Flows From New Debt	<u>35,058,302</u>
Net Difference in Cash Flows	<u><u>(433,729)</u></u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$ 31,323,538
Present Value of New Debt Service Cash Flows	\$ 31,735,804
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	(3,804)
Total	<u>31,732,000</u>
Economic Gain(Loss)	<u><u>\$ (408,462)</u></u>

Guaranteed Revenue Bonds – Series B of 2021

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

On November 1, 2024 the District refunded the District's Variable Rate School Revenue Bonds, Series B of 2021 with the issuance of the General Obligation Bonds Series B of 2024. Below is the economic gain calculation of the following refunding.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

SOURCES

Gross Proceeds of Bonds	\$ 34,325,000
Plus: Accrued Interest	-
Premium	3,304,433
Less: Original Issue Discount	-
Underwriter's Discount	(171,625)
TOTAL SOURCES	<u><u>\$ 37,457,808</u></u>

USES

Escrow Deposit	\$ 35,630,000
Swap Termination Payment	1,645,000
Issuance Costs	181,897
Sinking Fund Deposit	911
TOTAL USES	<u><u>\$ 37,457,808</u></u>

DIFFERENCE IN CASH FLOW REQUIREMENTS

Old Debt Service Cash Flows	\$ 40,991,757
Cash Flows From New Debt:	
New Debt Service Cash Flow	\$ 41,833,785
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	(911)
Net Cash Flows From New Debt	<u>41,832,874</u>
Net Difference in Cash Flows	<u><u>(841,117)</u></u>

ECONOMIC GAIN/LOSS

Present Value of Old Debt Service Cash Flows	\$ 35,763,330
Present Value of New Debt Service Cash Flows	\$ 37,275,911
Plus Amount Contributed by District	-
Less: Excess Funds Deposited in Sinking Fund	(911)
Total	<u>37,275,000</u>
Economic Gain(Loss)	<u><u>\$ (1,511,670)</u></u>

Guaranteed Revenue Bonds – Series C of 2021

On November 1, 2021, the Bethlehem Area School District Authority issued \$30,300,000 of Guaranteed Revenue Bonds, Series C of 2021. Proceeds were used to refund the Authority's Series A of 2018 Revenue Bonds and to pay costs of issuance. The bonds were issued pursuant to the Municipality Authorities Act of 1945, as amended, and a Trust Indenture dated May 1, 2009.

The bonds are secured by lease rental payments from the Bethlehem Area School District and are guaranteed by the District through its General Obligation Note, Series C of 2021. At June 30, 2025, outstanding principal totaled \$30,230,000.

Interest Rate Swap

Objective - The School District entered into an interest rate swap to reduce borrowing costs and to synthetically fix the interest rate on variable-rate debt.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Terms - The swap relates to variable-rate general obligation bonds originally issued in 2007 and subsequently refunded, most recently through the Authority's Guaranteed Revenue Bonds, Series C of 2021. The swap was executed on December 8, 2003, has a notional amount of \$55,000,000, and matures on January 1, 2032. Beginning January 1, 2008, the notional amount declines in conjunction with the associated debt.

Under the agreement, the Authority receives the lesser of 67% of SOFR (monthly) plus 0.35% from JPMorgan Chase Bank in exchange for a fixed rate of 3.843%. The variable rate on the Series C of 2021 bonds approximates the SIFMA index.

Fair Value - As of June 30, 2025, the swap had a negative fair value of \$2,401,776, as estimated by PFM, an independent financial advisor. Changes in fair value do not affect the carrying value of the related variable-rate debt.

Credit Risk - The Authority is exposed to credit risk if the swap has a positive fair value. As of June 30, 2025, the counterparty, JPMorgan Chase Bank, was rated Aa2 by Moody's, A+ by Standard & Poor's, and AA by Fitch.

Basis Risk - The swap exposes the Authority to basis risk due to potential changes in the relationship between SIFMA and SOFR. As of June 30, 2025, the SIFMA rate was approximately 2.68%, while 67% of SOFR plus 0.35% was approximately 2.94%. Adverse movements in this relationship could reduce expected cost savings.

Termination Risk - The swap may be terminated upon default by either party or upon specified declines in counterparty credit ratings. If the swap were terminated while having a negative fair value, the Authority would be required to make a termination payment equal to that value.

Swap Payments and Associated Debt - The following table presents projected debt service requirements for the variable-rate bonds and net swap payments, assuming interest rates in effect at June 30, 2025 remain constant. Actual payments will vary as interest rates change.

FISCAL YEAR	PRINCIPAL	INTEREST	INTEREST RATE SWAPS, NET	TOTAL
2025-26	\$ 25,000	\$ 710,160	\$ 549,767	\$ 1,284,927
2026-27	25,000	709,573	549,767	1,284,340
2027-28	25,000	708,985	549,767	1,283,752
2028-29	25,000	708,398	549,767	1,283,165
2029-30	2,275,000	685,779	521,354	3,482,133
2030-32	27,855,000	715,898	507,329	29,078,227
SUB-TOTAL	30,230,000	\$ 4,238,793	\$ 3,227,751	\$ 37,696,544
Unamortized Premium	-			
TOTAL OUTSTANDING	\$ 30,230,000			

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Combined Long-Term Debt

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

Bonds										
Fiscal Year Ended June 30	GO Bonds - 2016A		GO Bonds - 2016B		GO Bonds - 2021		GR Bonds - 2021C		GOB Series 2024A	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2026	\$ 460,434	\$ 9,240,000	\$ 590,925	\$ -	\$ 886,000	\$ 4,020,000	\$ 1,259,927	\$ 25,000	\$ 1,451,500	\$ 5,000
2027	45,838	745,000	590,925	-	681,375	4,165,000	1,259,340	25,000	1,451,250	6,500,000
2028	30,937	750,000	590,925	-	468,625	4,345,000	1,258,752	25,000	1,126,250	6,935,000
2029	15,938	750,000	590,925	-	246,500	4,540,000	1,258,165	25,000	779,500	7,390,000
2030	-	-	590,925	5,000	66,500	2,660,000	1,207,133	2,275,000	410,000	8,200,000
2031-2035	-	-	2,528,037	14,535,000	-	-	1,223,227	27,855,000	-	-
2036-2040	-	-	154,800	5,160,000	-	-	-	-	-	-
2040-2045	-	-	-	-	-	-	-	-	-	-
TOTAL	\$ 553,147	\$ 11,485,000	\$ 5,637,462	\$ 19,700,000	\$ 2,349,000	\$ 19,730,000	\$ 7,466,544	\$ 30,230,000	\$ 5,218,500	\$ 29,030,000

Bonds - Continued

Fiscal Year Ended June 30	GOB Series 2024B		GOB Series 2025		GOB Series 2025A		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal
2026	\$ 1,659,125	\$ 1,575,000	\$ 1,415,357	\$ 5,000	\$ 983,377	\$ -	\$ 8,706,645	\$ 14,870,000
2027	1,513,625	4,245,000	1,248,666	5,000	1,421,625	5,000	8,212,644	15,690,000
2028	1,295,500	4,480,000	1,248,497	5,000	1,421,375	5,000	7,440,861	16,545,000
2029	1,065,000	4,740,000	1,248,328	5,000	1,421,125	5,000	6,625,481	17,455,000
2030	810,375	5,445,000	1,248,159	5,000	1,420,875	5,000	5,753,967	18,595,000
2031-2035	812,375	13,485,000	6,238,166	25,000	5,578,875	20,775,000	16,380,680	76,675,000
2036-2040	-	-	5,293,966	9,720,000	191,000	7,640,000	5,639,766	22,520,000
2041-2045	-	-	1,978,875	15,225,000	-	-	1,978,875	15,225,000
TOTAL	\$ 7,156,000	\$ 33,970,000	\$ 19,920,014	\$ 24,995,000	\$ 12,438,252	\$ 28,435,000	\$ 60,738,919	\$ 197,575,000

Direct Borrowing

Fiscal Year Ended June 30	GO Notes - 2015B		GO Notes - 2015C		Totals	
	Interest	Principal	Interest	Principal	Interest	Principal
2026	\$ 124,706	\$ -	\$ 197,675	\$ 1,370,000	\$ 322,381	\$ 1,370,000
2027	124,706	-	146,759	1,390,000	271,465	1,390,000
2028	124,706	-	93,886	1,365,000	218,592	1,365,000
2029	124,706	-	40,581	1,325,000	165,287	1,325,000
2030	111,545	810,000	6,993	340,000	118,538	1,150,000
2031-2035	96,947	2,915,000	-	-	96,947	2,915,000
2036-2040	-	-	-	-	-	-
2041-2045	-	-	-	-	-	-
TOTAL	\$ 707,316	\$ 3,725,000	\$ 485,894	\$ 5,790,000	\$ 1,193,210	\$ 9,515,000

Bonds and Direct Borrowing

Totals	
Interest	Principal
\$ 9,029,026	\$ 16,240,000
8,484,109	17,080,000
7,659,453	17,910,000
6,790,768	18,780,000
5,872,505	19,745,000
16,477,627	79,590,000
5,639,766	22,520,000
1,978,875	15,225,000
\$ 61,932,129	\$ 207,090,000

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Derivative Financial Instruments and Fair Value Measurements

The School District is a party to interest rate swap agreements that are accounted for as hedging derivative instruments in accordance with GASB Statement No. 53. The swaps are reported at fair value in the Statement of Net Position.

The fair value of the interest rate swaps is estimated using valuation techniques that incorporate observable market inputs, including SOFR and SIFMA yield curves, and reflect nonperformance risk of both the School District and the counterparty. The valuation includes a credit value adjustment consistent with GASB Statement No. 72.

As of June 30, 2025, the interest rate swap had a negative fair value of \$2,401,776 and is classified as a Level 2 fair value measurement within the GASB 72 fair value hierarchy, as the valuation relies on observable market data but not quoted prices for identical instruments.

Compensated Absences

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

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

As of June 30, 2025, the District's total compensated absences liability was \$8,116,032. Of this amount:

- \$1,707,081 is reported as a current liability in governmental activities and the General Fund, and
- \$6,408,951 is reported as a long-term liability in governmental activities.

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

Defined Benefit Pension Plan

Public School Employees' Retirement System (PSERS) Pension Plan

Summary of Significant Accounting Policies

Pensions

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

General Information about the Pension Plan

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

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service.

Act 5 of 2017 (Act 5) introduced a hybrid benefit with two membership classes and a separate defined contribution plan for individuals who become new members on or after July 1, 2019. Act 5 created two new hybrid membership classes, Membership Class T-G (Class T-G) and Membership Class T-H (Class T-H) and the separate defined contribution membership class, Membership Class DC (Class DC). To qualify for normal retirement, Class T-G and Class T-H members must work until age 67 with a minimum of 3 years of credited service. Class T-G may also qualify for normal retirement by attaining a total combination of age and service that is equal to or greater than 97 with a minimum of 35 years of credited service.

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

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

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

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Contributions

Member Contributions:

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

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

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

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2025 was 32.92% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$45,077,553 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$337,775,190 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net pension liability was calculated utilizing the employer's one-year reported contributions as it

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

relates to the total one-year reported contributions. At June 30, 2025, the District's proportion was 0.8053 percent, which was an increase of 0.0101 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized pension expense of \$41,076,815. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ -	\$ -
Changes in Assumptions	-	-
Net difference between projected and actual contributions made	-	-
Net difference between projected and actual earnings on pension plan investments	5,579,000	-
Difference between expected and actual experience	-	5,299,000
Changes in proportion of the Net Pension Liability	5,135,000	-
District contributions subsequent to the measurement date	45,077,553	-
Total	<u>\$ 55,791,553</u>	<u>\$ 5,299,000</u>

\$45,077,553 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	<u>Amount</u>
2025	\$ (6,152,000)
2026	10,122,000
2027	2,576,000
2028	(1,131,000)
Thereafter	-
Total	<u>\$ 5,415,000</u>

Changes in Actuarial Assumptions

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

- Valuation Date - June 30, 2023
- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return - 7.00%, includes inflation at 2.50%.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.00% as of June 30, 2023 and as of June 30, 2024.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
 - Salary growth rate - decreased from 5.00% to 4.50%.
 - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
 - Mortality rates - Previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study that was performed for the five year period ending June 30, 2020.

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

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global public equity	30.0%	4.8%
Private Equity	12.0%	6.7%
Fixed Income	33.5%	3.9%
Commodities	5.0%	2.5%
Infrastructure	10.0%	6.4%
Real estate	9.5%	5.9%
	<u>100%</u>	

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

The above was the Board’s adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

Discount Rate

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

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

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	\$ 444,008,000	\$ 337,058,000	\$ 246,746,000

Pension Plan Fiduciary Net Position

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

State Funding

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District’s share of these amounts. During the year ended June 30, 2025, the School District recognized revenue of \$22,383,072 as reimbursement from the State for its current year pension payments

Payables to the Pension Plan

As of June 30, 2025, the School had \$15,464,705 included in accrued wages liability, of which \$11,311,149 is for the contractually required contribution for the second quarter of 2025 and \$4,153,556 is related to the accrued payroll liability for wages incurred as of June 30, 2025.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Defined Contributions Pension Plan

Retirement Severance Benefits

Under various contracts with administrators, support staff and custodians a lump sum payment is offered upon retirement. The payment is based on a flat amount per year of service reduced by a per diem amount based on the number of sick days used in each year.

The lump sum payment shall be paid in full to the employee in one payment on the date to be determined by the employee after the employees' effective date of retirement. In the event of death of the employee, the lump sum payment will be paid in full to the employee's estate.

In accordance with Government Accounting Standards Board Statement No. 73, this benefit is considered a pension plan. The following is a summary of plan provisions.

Employer Contributions

The school district pays this benefit on a pay-as-you-go basis. It does not accumulate funds into any trust for future benefits. Contributions to the pension plan from the District were \$17,570 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$680,734 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, with rolling forward the System's total pension liability as of June 30, 2025.

For the year ended June 30, 2025, the District recognized pension expense of \$112,443. The following table reflects the changes to the pension obligation during the year:

	<u>2024-25</u>
Total Defined Contribution Pension Liability - beginning	\$ 657,180
Service Cost	22,620
Interest	27,586
Changes in Benefit Terms	-
Difference between expected and actual experience	-
Changes in assumptions	(4,755)
Benefit payments	(21,897)
Net change in total Pension Liability	<u>23,554</u>
Total Defined Contribution Pension Liability - ending	\$ 680,734
Interest Rate	4.29%
Plan Members	65
Covered Payroll	\$ 8,085,103

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Actuarial Assumptions

The total pension liability as of June 30, 2025, was determined by the actuarial valuation on July 1, 2023, with rolling forward the System's total pension liability using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method - Entry Age Normal - level % of pay
- Investment return - 4.29%.

The actuarial assumptions used in the July 1, 2023 valuation were based on the experience study conducted by the actuary, including the assumed retirement rates based on PSERS plan experience and vary by age, service, and gender.

Schedule on Defined Contribution Pension Deferred Outflows/Inflows

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes in Assumptions	\$ -	\$ 56,732
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	651,838	-
Changes in proportion of the net defined contribution pension liability	-	-
District contributions subsequent to the measurement date	17,570	-
Total	<u>\$ 669,408</u>	<u>\$ 56,732</u>

Funded Status and Funding Process

The funded status of the benefits as of June 30, 2025, was as follows:

	Retirement Incentive Benefit Governmental Activity
Actuarial accrued liability (a)	\$ 680,734
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 680,734</u>
Funded Ratio (b) / (a)	0.0%
Covered payroll	\$ 8,085,103
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll.	8.4%

Sensitivity of the District's Proportion Share of the Net Defined Contribution Pension Liability in the Discount Rate:

The following presents the District's proportionate share of the net defined contribution pension liability calculated using the discount rate off 4.29%, as well as what the District's proportionate share of the net defined contribution pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.29%) or 1-percentage point higher (5.29%) than the current rate, using the net

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

defined contribution liability reported by the actuary before adjusting for differences on projected vs actual contributions made.

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
District's proportionate share of the net OPEB Pension liability	\$ 710,062	\$ 680,734	\$ 650,692

Other Employee Benefits

Hospitalization/Medical/Dental/Prescription Drug Benefits

The School District is self-insured for its hospitalization, medical and dental payments and prescription drug benefits. The monthly premium is revised annually in April for the upcoming fiscal year beginning July 1 and is based upon actual cost plus basis per third party administrator.

Other Postemployment Benefits

Public School Employees' Retirement System (PSERS) Multiple Employer OPEB Plan on Health Insurance Premium Assistance Program

Summary of Significant Accounting Policies

Other Postemployment Benefits

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

General Information about the Health Insurance Premium Assistance Program

Health Insurance Premium Assistance Program

The System provides Premium Assistance which, is a governmental cost sharing, multiple-employer other postemployment benefit plan (OPEB) for all eligible retirees who qualify and elect to participate. Employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of \$100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2024 there were no assumed future benefit increases to participating eligible retirees.

Premium Assistance Eligibility Criteria

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

- Have 24 ½ or more years of service, or

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

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

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

Pension Plan Description

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

Benefits Provided

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

Contributions

Employer Contributions:

The school districts' contractually required contribution rate for the fiscal year ended June 30, 2025 was 0.63% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$862,663 for the year ended June 30, 2025.

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

At June 30, 2025, the District reported a liability of \$14,350,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2023 to June 30, 2024. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2025, the District's proportion was 0.8078 percent, which was an increase of 0.0107 percent from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the District recognized OPEB expense of \$704,221. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

<u>Sources</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between Proportionate Share vs Actual		
Paid Separately Finance Liabilities	\$ -	\$ -
Changes in Assumptions	-	1,316,000
Net difference between projected and actual contributions made	-	-
Net difference between projected and actual investment earnings	15,000	-
Difference between expected and actual experience	-	161,000
Changes in proportion of the Net OPEB Liability	497,000	-
District contributions subsequent to the measurement date	<u>862,663</u>	<u>-</u>
Total	<u>\$ 1,374,663</u>	<u>\$ 1,477,000</u>

\$862,663 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2025	\$ (232,000)
2026	(299,000)
2027	(397,000)
2028	(30,000)
2029	(7,000)
Thereafter	<u>-</u>
Total	<u>\$ (965,000)</u>

Actuarial Assumptions

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

- Actuarial cost method - Entry Age Normal - level % of pay.
- Investment return – 4.21% - S&P 20 Year Municipal Bond Rate.
- Salary growth - Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- 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.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

- Participation rate:
 - Eligible retirees will elect to participate Pre age 65 at 50%
 - Eligible retirees will elect to participate Post age 65 at 70%

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2022 determined the employer contribution rate for fiscal year 2024.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.
- Participation rate: The actual data for retirees benefiting under the Plan as of June 30, 2021 was used in lieu of the 63% utilization assumption for eligible retirees.
- Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Investments consist primarily of short-term assets designed to protect the principal of the plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for Premium Assistance are established to provide reserves in the Health Insurance Account that are sufficient for the payment of Premium Assistance benefits for each succeeding year.

OPEB - Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	100.0%	1.7%
	100%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2024.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.21%. Under the plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short-term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the plan is considered a "pay-as-you-go" plan. A discount rate of 4.21% which represents the S&P 20-year Municipal Bond Rate at June 30, 2024, was applied to all projected benefit payments to measure the total OPEB liability.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

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

Healthcare cost trends were applied to retirees receiving less than \$1,200 in annual Premium Assistance. As of June 30, 2024, retirees Premium Assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of \$1,200. As of June 30, 2024, 92,149 retirees were receiving the maximum amount allowed of \$1,200 per year. As of June 30, 2024, 489 members were receiving less than the maximum amount allowed of \$1,200 per year. The actual number of retirees receiving less than the \$1,200 per year cap is a small percentage of the total population and has a minimal impact on Healthcare Cost Trends as depicted below.

The following presents the System net OPEB liability for June 30, 2024, calculated using current Healthcare cost trends as well as what the System net OPEB liability would be if the health cost trends were 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Trend Rate</u>	<u>1% Increase</u>
System net OPEB liability	\$ 14,349,000	\$ 14,350,000	\$ 14,351,000

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

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

	<u>1% Decrease 3.21%</u>	<u>Current Discount Rate 4.21%</u>	<u>1% Increase 5.21%</u>
District's proportionate share of the net OPEB liability	\$ 16,211,000	\$ 14,350,000	\$ 12,792,000

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2025, the School had \$295,953 included in accrued wages liability, of which \$216,465 is for the contractually required contribution for the second quarter of 2025 and \$79,488 is related to the accrued payroll liability for wages incurred as of June 30, 2025.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Single Employer OPEB Plan

In accordance with the PA School of 1949, as amended, medical coverage is provided to eligible retirees and spouses with the retiree paying the full active premium rate for coverage until age 65. This benefit has an implicit rate subsidy, since the retiree pays the premium at the insurance carrier's global rate charged to the School District versus an age-adjusted rate, as defined in the GASB Statement.

Plan Description: Bethlehem Area School District has one single employer defined benefit plan with the pertinent descriptions shown on the table below:

Summary of Plan Provisions			
GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
<u>I. INSTRUCTIONAL MEET & DISCUSS (IMD) ADMINISTRATORS</u>	Age 52 with 8 years of District service or ACT 110/43.	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, and Dental. • Premium Sharing: If the member reaches 52 years with 8 years of District service, District's contributions are based on the member's PSERS service at retirement. If the member reaches 35 years of PSERS service, the member will pay the active cost share amount for medical, prescription drug, and dental coverage for the member and spouse. If the member does not reach 35 years of PSERS service, but has more than 90 unused sick days, the member may trade 40 unused sick days for one year of medical, prescription drug, and dental coverage for the member and spouse during which time the member will pay the active cost share amount. If there are still unused sick days available following the 40-day conversion, the member may trade these at a rate of five days for two months of coverage. <p>If the accrued District subsidy period is exhausted or if the member does not meet the requirements for receiving a subsidy but meets requirements for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium determined for the purpose of COBRA.</p> • Dependents: Spouses included. 	Coverage continues until the member reaches Medicare eligibility
<u>II. NONINSTRUCTIONAL MEET & DISCUSS (NIMD) ADMINISTRATORS</u>	PSERS retirement with at least 20 years of District service including ten years as a NIMD administrator	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, and Dental. • Premium Sharing: If the member reaches 20 years of District service including at least ten years as a NIMD administrator and has more than 90 unused sick days, the member may trade 40 unused sick days for one year of medical, prescription drug, and dental coverage for the member and spouse during which time the member will pay the active cost share amount. If there are still unused sick days available following the 40-day conversion, the member may trade these at a rate of five days for two months of coverage. <p>If the accrued District subsidy period is exhausted or if the member does not meet the subsidy requirements meets requirements for the ACT 110/43 benefit, the member and spouse may continue coverage by paying the full premium as determined for the purpose of COBRA.</p> • Dependents: Spouses included. 	Same as I

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Summary of Plan Provisions (Continued)			
GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
<u>III. TEACHERS</u>	ACT 110/43	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, and Dental. • Premium Sharing: If the member reaches 30 years of PSERS service including 20 years of District service has more than 90 unused sick days, the member may trade all unused sick days at a rate of 40 days per year of medical, prescription drug, and dental coverage for the member and spouse for up to 10 years during which time the member will pay the active cost share amount.. <p>If the accrued District subsidy period is exhausted or if the member does not meet the subsidy requirements but meets requirements for the ACT 110/43 benefit, the member and spouse may continue the benefit by paying the full premium determined for the purpose of COBRA.</p> <ul style="list-style-type: none"> • Dependents: Spouses included. 	Same as I
<u>IV. SUPPORT STAFF</u>	ACT 110/43.	ACT 110/43 <hr style="width: 60%; margin-left: 0;"/> Grandfathered Retirees: Certain grandfathered custodial retirees receive subsidized coverage as a result of unused sick day conversions.	Same as I

Notes: Act 110/43 Benefit: All employees are eligible for this benefit upon retirement with 30 years of PSERS service or upon superannuation retirement.

Act 110/43 Coverage and Premium Sharing: Retired employees are allowed to continue coverage for themselves and their dependents in the employer's group health plan until the retired employee reaches Medicare age. In order to obtain coverage, retired employees must provide payment equal to the premium determined for the purpose of COBRA.

PSERS Superannuation Retirement:

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS superannuation retirement upon reaching age 60 with 30 years of PSERS service, age 62 with 1 year of PSERS service or 35 years of PSERS service regardless of age. In general, these pension classes apply to individuals who were members of PSERS prior to July 1, 2011.
- 2) Pension Class T-E or T-F: An employee is eligible for PSERS superannuation retirement upon reaching age 65 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. In general, these pension classes apply to individuals who became members of PSERS on or after July 1, 2011 and prior to July 1, 2019.
- 3) Pension Class T-G: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service or upon attainment of a total combination of age plus service equal to or greater than 97 with a minimum of 35 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.
- 4) Pension Class T-H: An employee is eligible for PSERS superannuation retirement upon reaching age 67 with 3 years of PSERS service. In general, this pension class applies to individuals who became members of PSERS on or after July 1, 2019.

Coordination with Medicare: Medicare pays primary.

Benefits not Included in the Calculation: Benefits that include conversion of sick leave to dollar value that can be used towards the payment of retiree medical, prescription drug, and dental benefits are not valued under GASB 75. It is assumed that these benefits are reported under the provisions of GASB 16.

GASB 73 Disclosures: Administrators are eligible for service time incentive benefits upon attainment of age 52 with 8 years of District service. The amount payable is equal to \$1,000 times the administrator's service. The benefits are accounted for under GASB 73 and are valued in this report.

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Employees Covered by Benefit Terms

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

Active Participants	1,644
Vested Former Participants	0
Retired Participants	<u>103</u>
Total	1,747

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$48,782,444, was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the benefits and the annual required contributions of the employer are subject to continual revision, actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress, presented as required supplementary information, provides multiyear trend information that shows whether the actuarial value of plan Net Position is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the district and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	Single Employer OPEB Healthcare Benefit
Actuarial Valuation Date	7/1/2023
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.29%
Projected salary increases	4.00% to 6.75%
Healthcare inflation rate	7.0% in 2024 with 0.5% decrease per year until 5.5% in 2027. Rates gradually decrease from 5.4% in 2028 to 4.0% in 2075 and later on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis
The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2024.	

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Mortality rates are assumed pre-retirement and post-retirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the tables are rates projected generationally using Scale MP-2021 to reflect mortality improvement.

Changes in the Total OPEB Liability

	<u>2024-25</u>
Total OPEB Liability	
Service Cost	\$ 1,783,767
Interest	1,966,870
Changes in Benefit Terms	-
Difference between expected and actual experience	-
Changes in assumptions	(18,517)
Benefit payments	<u>(1,723,489)</u>
Net change in total OPEB Liability	2,008,631
Total OPEB Liability - beginning	<u>46,773,813</u>
Total OPEB Liability - ending	<u><u>\$ 48,782,444</u></u>
Covered employee payroll	<u><u>\$ 110,612,141</u></u>

Total OPEB Liability as a percentage of covered employee payroll 44.10%

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

For the year ended June 30, 2025, the School recognized OPEB expense of \$2,993,948. At June 30, 2025, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

<u>Sources</u>	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	\$ -	\$ 8,075,329
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	4,618,907	-
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>1,927,574</u>	<u>-</u>
Total	<u><u>\$ 6,546,481</u></u>	<u><u>\$ 8,075,329</u></u>

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Amounts reported as deferred outflows of resources and deferred inflows of resources related to this single employer OPEB plan will be recognized in OPEB expense as follows:

Year ended June 30:	<u>Amount</u>
2026	\$ (756,689)
2027	(756,689)
2028	(756,689)
2029	(756,681)
2030	(613,078)
Thereafter	<u>183,404</u>
Total	<u>\$ (3,456,422)</u>

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

The following presents the total OPEB liability of the School's single employer OPEB plan, as well as what the School's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.29%) or 1-percentage point higher (5.29%) than the current discount rate:

	1% Decrease 3.29%	Current Discount Rate 4.29%	1% Increase 5.29%
District's proportionate share of the net OPEB liability	\$ 52,583,270	\$ 48,782,444	\$ 45,154,911

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

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

	1% Decrease	Current Trend Rate	1% Increase
System net OPEB liability	\$ 43,081,067	\$ 48,782,444	\$ 55,504,969

**Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025**

Combined Deferred Outflows/Inflows on Pensions and OPEB

As a result of having multiple pension and other post-employment benefit plans, the following schedule is prepared to illustrate the individual components reflected on the Statement of Net Position:

GOVERNMENTAL ACTIVITIES					
	<i>Pension - GASB 68</i>	<i>Pension - GASB 73</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 4,973,932	\$ -	\$ -	\$ 483,282	\$ 5,457,214
Current Year Contributions	43,941,812	17,570	1,921,648	840,928	46,721,958
Change in Assumption	-	(56,732)	(8,067,471)	(1,282,712)	(9,406,915)
Diff in Projected Vs Actual Contributions	-	-	-	-	-
Difference in Investment Earnings	5,362,244	-	-	14,506	5,376,750
Diff. between Expected vs Actual Experience	(5,121,418)	651,838	4,723,627	(157,641)	96,406
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
Net Pension Liability	\$ 328,775,190	\$ -	\$ -	\$ -	\$ 328,775,190
Net Defined Contribution Pension Liability	\$ -	\$ 680,734	\$ -	\$ -	\$ 680,734
Net OPEB Liability	\$ -	\$ -	\$ 48,739,757	\$ 13,997,359	\$ 62,737,116

BUSINESS-TYPE ACTIVITIES					
	<i>Pension - GASB 68</i>	<i>Pension - GASB 73</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension & OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE	BALANCE	BALANCE	BALANCE	BALANCE
Change in Proportion	\$ 161,068	\$ -	\$ -	\$ 13,718	\$ 174,786
Current Year Contributions	1,135,741	-	5,926	21,735	1,163,402
Change in Assumption	-	-	(7,858)	(33,288)	(41,146)
Diff in Projected Vs Actual Contributions	-	-	-	-	-
Difference in Investment Earnings	216,756	-	-	494	217,250
Diff. between Expected vs Actual Experience	(177,582)	-	(104,720)	(3,359)	(285,661)
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
Net Pension Liability	\$ 8,282,810	\$ -	\$ -	\$ -	\$ 8,282,810
Net Defined Contribution Pension Liability	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB Liability	\$ -	\$ -	\$ 42,687	\$ 352,641	\$ 395,328

STATEMENT OF NET POSITION	
<i>Governmental & Business-Type Activities</i>	<i>Total</i>
	<u>DR OR (CR)</u>
RECONCILIATION OF NET CHANGE	CURRENT YR
IN DEFERRED OUTFLOWS/INFLOWS	BALANCE
Change in Proportion	\$ 5,632,000
Current Year Contributions	47,885,360
Change in Assumption	(9,448,061)
Diff in Projected Vs Actual Contributions	-
Difference in Investment Earnings	5,594,000
Diff. between Expected vs Actual Experience	(189,255)
Diff. between Prop. Share vs Actual POS	-
Net Pension Liability	\$ 337,058,000
Net Defined Contribution Pension Liability	\$ 680,734
Net OPEB Liability	\$ 63,132,444

RECONCILIATION TO FINANCIAL STATEMENTS		
	Governmental	Business-Type
<i>Pension - Pension and Defined Contribution Plans</i>	<u>Activities</u>	<u>Activities</u>
Net Pension Liability	\$ 328,775,190	\$ 8,282,810
Net Defined Contribution Pension Liability	680,734	-
Deferred Outflow Related to Pensions	(54,947,396)	(1,513,565)
Deferred Inflows Related to Pensions	5,178,150	177,582
Total liab. Net deferred inflows/outflows	\$ 279,686,678	\$ 6,946,827
<i>OPEB - Single & Multiple Employer Plans</i>		
Net OPEB Liability	\$ 62,737,116	\$ 395,328
Deferred Outflows Related to OPEB	(7,983,991)	(41,873)
Deferred Inflows Related to OPEB	9,507,824	149,225
Total liab. Net deferred inflows/outflows	\$ 64,260,949	\$ 502,680

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Note 6 – Risk Management

The District is subject to risk of loss from employee acts, property damage, personal injury auto accidents, theft, etc. The District covers those risks through the purchase of commercial insurance. The District's Workmen's compensation policy is a retrospectively rated policy; the final total premium is based on the actual payroll for the policy year and is determined by the insurance company. Any settlements received by the District or its employees did not exceed insurance coverage in any of the last three years.

Note 7 – Fund Balance Allocations

Nonspendable Fund Balance

The General Fund had \$1,114,377 in nonspendable fund balance at June 30, 2025, comprised of \$198,438, of inventories on hand at year-end and \$915,939, of prepaid expenditures.

Restricted Fund Balance

The two Capital Project Funds have restrictions on the use of the resources at year end. The Capital Reserve Fund's \$18,640,798 fund balance at year end is restricted because of enabling legislation under the Municipal Code in Pennsylvania. Section 1432 of this Code restricts the use of resources for limited purposes. In addition, the debt covenant on the bond issues restricts the proceeds shown in the Construction Fund for the purposes outlined in the bond resolution. As such, the \$14,830,777, in fund balance at year end within this fund is considered restricted. In addition, the General Fund has \$164,098 restricted for unspent donations.

Committed Fund Balance

The School Board has committed \$48,500,000 to the Capital Reserve Fund.

Assigned Fund Balance

Management has assigned \$4,000,000 of fund balance of the General Fund for future retirement rate increases in their retirement contributions, \$4,000,000 for BAVTS Renovations and \$5,725,717 for balancing the 2025-26 budget.

Note 8 – Net Position Restrictions

The net position for governmental activities, shown on the government-wide statement of net position has an overall deficit of \$169,806,638. The business-type activities column reflects unrestricted amount of \$3,042, with \$573,892 invested in capital assets with no related debt.

Note 9 – Contingencies

Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements, and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2025.

Litigation

In accordance with management, there are no legal matters that could materially affect the financial position of the District as of June 30, 2025.

Bethlehem Area School District
Notes to Basic Financial Statements
Fiscal Year Ended June 30, 2025

Note 10 – New Accounting Pronouncements

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

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

Note 11 – Subsequent Events

Issuance of General Obligations Bonds, Series B of 2025

On February 11, 2025, the District issued \$36,880,000 General Obligation Bonds, Series B of 2025. The bonds bear interest at fixed rates ranging from 3.50% to 5.00%, with the first interest payment due August 1, 2025, and annual principal payments beginning August 1, 2026, through final maturity on August 1, 2049. Proceeds of the issue were used to refund the District's outstanding General Obligation Bonds, Series C of 2021, to terminate the related interest rate swap agreement, and to pay the costs of issuing the bonds. The refunding did not result in a deferred gain or loss.

**REQUIRED
SUPPLEMENTAL INFORMATION**

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

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
District's proportion of the net pension liability (asset)	0.8053%	0.7952%	0.7937%	0.7804%	0.7740%	0.7610%	0.7602%	0.7520%	0.7550%	0.7466%
District's proportionate share of the net pension liability (asset)	\$ 337,058,000	\$ 353,756,000	\$ 352,869,000	\$ 320,407,000	\$ 381,110,000	\$ 356,016,000	\$ 364,934,000	\$ 371,401,000	\$ 374,154,000	\$ 323,393,000
District's covered employee payroll	\$ 136,930,598	\$ 128,729,503	\$ 122,759,273	\$ 117,575,186	\$ 111,049,771	\$ 108,843,833	\$ 105,058,992	\$ 102,424,053	\$ 100,679,073	\$ 98,203,838
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	246.15%	274.81%	287.45%	272.51%	343.19%	327.09%	347.36%	362.61%	371.63%	329.31%
Plan fiduciary net position as a percentage of the total pension liability	64.63%	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

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

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Contractually required contribution	\$ 45,077,553	\$ 42,596,593	\$ 42,118,706	\$ 40,140,168	\$ 37,412,668	\$ 36,408,262	\$ 34,249,231	\$ 32,509,394	\$ 29,398,289	\$ 24,550,959
Contributions in relation to the contractually required contribution	<u>45,077,553</u>	<u>42,596,593</u>	<u>42,118,706</u>	<u>40,140,168</u>	<u>37,412,668</u>	<u>36,408,262</u>	<u>34,249,231</u>	<u>32,509,394</u>	<u>29,398,289</u>	<u>24,550,959</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered employee payroll	\$ 136,930,598	\$ 128,729,503	\$ 122,759,273	\$ 117,575,186	\$ 111,049,771	\$ 108,843,833	\$ 105,058,992	\$ 102,424,053	\$ 100,679,073	\$ 98,203,838
Contributions as a percentage of covered employee payroll	32.92%	33.09%	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%

BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S DEFINED CONTRIBUTION PENSION LIABILITY
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total Defined Contribution Pension Liability - beginning	\$ 657,180	\$ 500,442	\$ 552,734	\$ 558,291	\$ 548,321	\$ 569,576	\$ 581,333	\$ 575,595
Service Cost	22,620	20,024	27,719	29,581	22,623	25,267	23,628	27,837
Interest	27,586	20,788	12,973	10,301	18,050	16,628	17,975	14,353
Changes in Benefit Terms	-	(611,014)	-	-	-	-	-	-
Difference between expected and actual experience	-	744,700	-	28,309	-	13,337	-	23,156
Changes in assumptions	(4,755)	(2,157)	(71,821)	(10,854)	31,568	(8,455)	3,248	(9,752)
Benefit payments	(21,897)	(15,603)	(21,163)	(62,894)	(62,271)	(68,032)	(56,608)	(49,856)
Net change in total Pension Liability	<u>23,554</u>	<u>156,738</u>	<u>(52,292)</u>	<u>(5,557)</u>	<u>9,970</u>	<u>(21,255)</u>	<u>(11,757)</u>	<u>5,738</u>
Total Defined Contribution Pension Liability - ending	<u>\$ 680,734</u>	<u>\$ 657,180</u>	<u>\$ 500,442</u>	<u>\$ 552,734</u>	<u>\$ 558,291</u>	<u>\$ 548,321</u>	<u>\$ 569,576</u>	<u>\$ 581,333</u>
Interest Rate	4.29%	4.13%	4.06%	2.28%	1.86%	3.36%	2.98%	3.13%
Plan Members	65	65	63	63	53	53	53	53
Covered Payroll	\$ 8,085,103	\$ 8,085,103	\$ 7,084,625	\$ 7,084,625	\$ 6,217,420	\$ 6,217,420	\$ 5,956,792	\$ 5,956,792

BETHLEHEM AREA SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET DEFINED CONTRIBUTION PENSION LIABILITY
CUMULATIVE TEN FISCAL YEARS REPORT
FOR THE YEAR ENDED JUNE 30, 2025

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
District's proportionate share of the net defined contribution pension liability (asset)	\$ 680,734	\$ 657,180	\$ 500,442	\$ 552,734	\$ 558,291	\$ 548,321	\$ 569,576	\$ 581,333
District's covered employee payroll	\$ 8,085,103	\$ 8,085,103	\$ 7,084,625	\$ 7,084,625	\$ 6,217,420	\$ 6,217,420	\$ 5,956,792	\$ 5,956,792
District's proportionate share of the net defined contribution pension liability (asset) as a percentage of its covered employee payroll	8.42%	8.13%	7.06%	7.80%	8.98%	8.82%	9.56%	9.76%

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

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.8078%	0.7971%	0.7951%	0.7813%	0.7743%	0.7610%	0.7602%	0.7520%	0.7550%
District's proportionate share of the net OPEB liability (asset)	\$ 14,350,000	\$ 14,421,000	\$ 14,636,000	\$ 18,518,000	\$ 16,730,000	\$ 16,185,000	\$ 15,850,000	\$ 15,321,000	\$ 16,263,000
District's covered-employee payroll	\$ 128,236,676	\$ 122,126,516	\$ 116,919,627	\$ 110,763,139	\$ 111,049,771	\$ 108,843,833	\$ 105,058,992	\$ 102,424,053	\$ 100,679,073
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	11.19%	11.81%	12.52%	16.72%	15.07%	14.87%	15.09%	14.96%	16.15%
Plan fiduciary net position as a percentage of the total OPEB liability	7.13%	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

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

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>
Contractually required contribution	\$ 862,663	\$ 823,869	\$ 920,695	\$ 940,601	\$ 910,608	\$ 914,288	\$ 871,990	\$ 850,120	\$ 835,636	\$ 824,911
Contributions in relation to the contractually required contribution	<u>862,663</u>	<u>823,869</u>	<u>920,695</u>	<u>940,601</u>	<u>910,608</u>	<u>914,288</u>	<u>871,990</u>	<u>850,120</u>	<u>835,636</u>	<u>824,911</u>
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered employee payroll	\$ 136,930,598	\$ 128,729,503	\$ 122,759,273	\$ 117,575,186	\$ 111,049,771	\$ 108,843,833	\$ 105,058,992	\$ 102,424,053	\$ 100,679,073	\$ 98,203,838
Contributions as a percentage of covered employee payroll	0.63%	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%

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

	<u>2024-25</u>	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
Total OPEB Liability								
Service Cost	\$ 1,783,767	\$ 1,488,821	\$ 2,416,581	\$ 2,674,785	\$ 1,888,218	\$ 2,344,633	\$ 2,149,964	\$ 2,205,429
Interest	1,966,870	1,529,882	1,064,917	839,931	1,254,674	1,328,122	1,296,750	1,027,803
Changes in Benefit Terms	-	(208,267)	-	-	-	-	-	-
Difference between expected and actual experience	-	9,723,687	-	758,232	-	(7,592,830)	-	(1,012,030)
Changes in assumptions	(18,517)	(1,409,494)	(10,403,268)	(1,426,839)	4,870,904	(1,794,503)	522,450	(711,366)
Benefit payments	<u>(1,723,489)</u>	<u>(1,186,586)</u>	<u>(1,162,418)</u>	<u>(892,334)</u>	<u>(1,092,883)</u>	<u>(1,011,025)</u>	<u>(1,043,053)</u>	<u>(1,607,802)</u>
Net change in total OPEB Liability	2,008,631	9,938,043	(8,084,188)	1,953,775	6,920,913	(6,725,603)	2,926,111	(97,966)
Total OPEB Liability - beginning	<u>46,773,813</u>	<u>36,835,770</u>	<u>44,919,958</u>	<u>42,966,183</u>	<u>36,045,270</u>	<u>42,770,873</u>	<u>39,844,762</u>	<u>39,942,728</u>
Total OPEB Liability - ending	\$ <u>48,782,444</u>	\$ <u>46,773,813</u>	\$ <u>36,835,770</u>	\$ <u>44,919,958</u>	\$ <u>42,966,183</u>	\$ <u>36,045,270</u>	\$ <u>42,770,873</u>	\$ <u>39,844,762</u>
Covered employee payroll	<u>\$ 110,612,141</u>	<u>\$ 110,612,141</u>	<u>\$ 109,093,554</u>	<u>\$ 109,093,554</u>	<u>\$ 98,214,972</u>	<u>\$ 98,214,972</u>	<u>\$ 96,491,297</u>	<u>\$ 96,491,297</u>
Total OPEB Liability as a percentage of covered employee payroll	44.10%	42.29%	33.77%	41.18%	43.75%	36.70%	44.33%	41.29%

S U P P L E M E N T A L I N F O R M A T I O N
S E C T I O N

Bethlehem Area School District
Combining Balance Sheet
All Non-Major Governmental Funds
As of June 30, 2025

	<u>2024 DEBT SERVICE FUND</u>	<u>2025 DEBT SERVICE FUND</u>	<u>CAPITAL PROJECT FUND</u>	<u>TOTAL NON-MAJOR GOVERNMENTAL FUNDS</u>
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ -	\$ -	\$ 14,302,255	\$ 14,302,255
Due from Other Funds	-	-	919,910	919,910
TOTAL ASSETS	-	-	15,222,165	15,222,165
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL ASSETS & DEFERRED OUTFLOWS OF RESOURCES	\$ -	\$ -	\$ 15,222,165	\$ 15,222,165
<u>LIABILITIES</u>				
Accounts Payable	\$ -	\$ -	\$ 366,955	\$ 366,955
Due to Other Funds	-	-	24,833	24,833
TOTAL LIABILITIES	-	-	391,788	391,788
<u>DEFERRED INFLOWS OF RESOURCES</u>				
	-	-	-	-
TOTAL LIABILITIES & DEFERRED INFLOWS OF RESOURCES	-	-	391,788	391,788
FUND BALANCES:				
Restricted Fund Balance	-	-	14,830,377	14,830,377
TOTAL FUND BALANCES	-	-	14,830,377	14,830,377
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ -	\$ -	\$ 15,222,165	\$ 15,222,165

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

	2024 DEBT SERVICE FUND	2025 DEBT SERVICE FUND	CAPITAL PROJECT FUND	TOTAL NON-MAJOR GOVERNMENTAL FUNDS
REVENUES				
Local Sources	\$ -	\$ -	\$ 297,760	\$ 297,760
Federal Sources	-	-	468,942	468,942
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>766,702</u>	<u>766,702</u>
EXPENDITURES				
Support Services	670,165	384,011	2,118,146	3,172,322
Capital Outlay	-	-	12,171,255	12,171,255
Debt Service	4,716	-	67,601	72,317
TOTAL EXPENDITURES	<u>674,881</u>	<u>384,011</u>	<u>14,357,002</u>	<u>15,415,894</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	<u>(674,881)</u>	<u>(384,011)</u>	<u>(13,590,300)</u>	<u>(14,649,192)</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Bond Issues	-	-	24,995,000	24,995,000
Proceeds from Refunded Bond Issues	63,865,000	28,435,000	-	92,300,000
Proceeds from Leases	-	-	1,603,068	1,603,068
Bond Premium	5,816,881	2,440,999	1,858,871	10,116,751
Payment to Bond Refunding Escrow Agent	(65,840,000)	(30,491,988)	-	(96,331,988)
Swap Termination Fees	(3,167,000)	-	-	(3,167,000)
Transfers out	-	-	(46,767)	(46,767)
TOTAL OTHER FINANCING SOURCES AND USES	<u>674,881</u>	<u>384,011</u>	<u>28,410,172</u>	<u>29,469,064</u>
NET CHANGE IN FUND BALANCES	-	-	14,819,872	14,819,872
FUND BALANCES - BEGINNING	<u>-</u>	<u>-</u>	<u>10,505</u>	<u>10,505</u>
FUND BALANCES - ENDING	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,830,377</u>	<u>\$ 14,830,377</u>

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

	<u>Bethlehem Township</u>	<u>Freemansburg</u>	<u>Fountain Hill</u>	<u>Hanover Township</u>	<u>City of Bethlehem</u>		<u>Total</u>
					<u>Lehigh</u>	<u>Northampton</u>	
Current Real Estate Taxes							
Assessed Value	\$ 954,255,500	\$ 47,332,700	\$ 230,838,300	\$ 573,869,700	\$ 1,463,384,200	\$ 1,244,289,900	\$ 4,513,970,300
Millage Rate	0.059990	0.05999	0.01874	0.05999	0.01874	0.05999	Avg.
Total Tax to be Collected	57,245,785	2,839,489	4,325,910	34,426,443	27,423,820	74,644,951	200,906,398
Less: Act 1 Deduction	2,135,837	156,056	267,681	1,049,803	1,128,864	2,469,534	7,207,775
Total Taxable Duplicate	55,109,948	2,683,433	4,058,228	33,376,640	26,294,956	72,175,417	193,698,622
Plus:							
Additions	-	-	-	-	-	-	-
Over/Under	(109,016)	(677)	-	(2,234)	78	6,257	(105,592)
Penalties	83,698	4,428	8,441	34,344	48,539	104,873	284,323
Total Taxes to be Collected	55,084,630	2,687,184	4,066,669	33,408,750	26,343,573	72,286,547	193,877,353
Less -							
Discounts	827,000	45,160	57,276	548,409	413,713	1,141,366	3,032,924
Reductions	-	-	-	5,951	-	-	5,951
Refunds	120,302	-	2,820	100,446	14,247	89,433	327,248
TIF Payments	-	-	-	-	-	-	-
Deletions	16,364	311	6,460	-	41,228	72,533	136,896
Returned to County	925,209	69,022	103,842	377,086	574,595	1,794,668	3,844,422
Other	(4,376)	-	7,212	(726)	(4,147)	6,279	4,242
Net Current Real Estate Taxes Collected	\$ 53,200,131	\$ 2,572,691	\$ 3,889,059	\$ 32,377,584	\$ 25,303,937	\$ 69,182,268	\$ 186,525,670
Current Interim Real Estate Taxes Collected	\$ 1,120,014	\$ -	\$ 3,722	\$ 126,815	\$ 140,304	\$ 1,665,543	\$ 3,056,398
Current Per Capita Taxes							
No. of Persons Assessed	20,732	2,501	3,632	9,458	Combined		95,353
Tax Rate	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10
Taxable Valuation	\$ 207,320	\$ 25,010	\$ 36,320	\$ 94,580	\$ -	\$ 590,300	\$ 953,530
Plus -							
Additions	5,570	910	1,210	1,700	-	17,940	27,330
Adjustments	70	10	8	39	-	198	325
Penalties	563	63	61	205	-	1,225	2,117
Collections made by the District	-	-	-	-	-	-	-
Taxes to be Collected	213,523	25,993	37,599	96,524	-	609,663	983,302
Less -							
Discounts	2,437	169	260	1,269	-	4,690	8,825
Exonerations	2,000	120	130	1,140	-	5,850	9,240
Deletions	4,470	370	560	1,890	-	8,460	15,750
Returned to Delinquent Tax Collector	65,540	15,000	21,070	21,790	-	318,450	441,850
Outstanding	-	-	-	-	-	-	-
Reductions	-	-	-	-	-	-	-
Net Current Per Capita Taxes Collected	\$ 139,076	\$ 10,334	\$ 15,579	\$ 70,435	\$ -	\$ 272,213	\$ 507,637

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

<u>6000 - Revenue from Local Sources</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
6111	Current Real Estate Taxes	\$ 187,573,136	\$ 186,525,670	\$ (1,047,466)
6112	Interim Real Estate Taxes	1,000,000	3,056,398	2,056,398
6113	Public Utility	200,000	205,857	5,857
6114	Payment in Lieu of Taxes	600,000	1,396,325	796,325
6120	Current Per Capita Taxes - 679	256,759	253,819	(2,940)
6141	Current Per Capita Taxes - 511	256,759	253,818	(2,941)
6143	Local Services Tax	362,691	362,964	273
6151	Earned Income Tax	19,784,991	20,308,551	523,560
6153	Real Estate Transfer Tax	3,500,000	3,587,824	87,824
6157	Act 511 Mercantile Taxes	4,536,000	5,548,647	1,012,647
6411	Delinquent Real Estate Taxes	3,500,000	4,390,907	890,907
6420	Delinquent Per Capita Taxes	300,000	287,325	(12,675)
6457	Delinquent Mercantile Taxes	500,000	1,017,039	517,039
6510	Interest	3,000,000	7,794,101	4,794,101
6710	Admissions	110,000	121,687	11,687
6740	Fees	38,000	70,011	32,011
6750	Other Student Activity Income	2,500	1,050	(1,450)
6832	Federal IDEA Revenued Received as Pass Through	2,266,840	2,257,379	(9,461)
6890	Other Revenue From Intermediary Sources	-	233,732	233,732
6910	Rentals	300,000	437,139	137,139
6920	Contributions	622,000	750,151	128,151
6942	Summer School	-	1,700	1,700
6944	Receipts from Other LEA's - Education	300,000	274,443	(25,557)
6980	Revenue from Community Services	3,500	2,000	(1,500)
6991	Refunds of Prior Yr. Expenditures	100,000	64,274	(35,726)
6999	Miscellaneous	200,000	184,884	(15,116)
TOTAL REVENUE FROM LOCAL SOURCES		229,313,176	239,387,695	10,074,519
<u>7000 - Revenue from State Sources</u>				
7111	Basic Subsidy - ESBE	56,842,904	55,329,288	(1,513,616)
7140	Charter Schools	-	733,047	733,047
7160	Orphan Tuition	500,000	665,473	165,473
7271	Special Education	9,650,102	10,222,776	572,674
7292	Pre-K Counts	1,200,000	1,040,000	(160,000)
7299	Program revenues not listed previously	-	12,973	12,973
7311	Pupil Transportation Subsidy	1,994,661	1,617,432	(377,229)
7312	Nonpublic and Charter School Pupil Transportation	1,039,500	808,885	(230,615)
7320	Rentals	1,553,918	1,519,870	(34,048)
7331	Health Services	300,000	299,779	(221)
7332	Feminine Hygien Product Funding	-	22,514	22,514
7340	State Property Tax Reduction Allocation	7,214,649	7,214,649	-
7361	School Safety and Security	-	169,998	169,998
7531	Ready to Learn Grant	1,797,733	1,797,733	-
7532	Adequacy Supplement	-	4,501,971	4,501,971
7599	Other State revenue not listed elsewhere	124,095	446,190	322,095
7810	FICA Revenue	5,132,502	4,774,194	(358,308)
7820	Retirement Revenue	22,551,724	22,383,072	(168,652)
TOTAL REVENUE FROM STATE SOURCES		\$ 109,901,788	\$ 113,559,844	\$ 3,658,056

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

8000 - Revenue from Federal Sources		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
8110	Payments for Federally Impacted Areas	\$ 60,000	\$ 81,521	\$ 21,521
8514	Title I	4,741,686	4,598,143	(143,543)
8515	Title IIA, IID	530,382	549,057	18,675
8516	Title III	208,244	234,294	26,050
8517	Title IV	592,284	306,433	(285,851)
8580	Child Care Grants	201,765	124,095	(77,670)
8744	ARP ESSER III	-	24,833	24,833
8749	Other CARES Act Funding	250,000	180,450	(69,550)
8810	Medical Assistance Reimbursements (Access)	800,000	586,756	(213,244)
8820	Medical Assistance Reimbursement for Health Related	<u>108,000</u>	<u>170,181</u>	<u>62,181</u>
TOTAL REVENUE FROM FEDERAL SOURCES		<u>7,492,361</u>	<u>6,855,763</u>	<u>(636,598)</u>
9000 - Other Financing Sources				
9220	Proceeds from Leases	-	1,026,177	1,026,177
9330	Capital Projects Fund Transfers	-	46,767	46,767
9350	Enterprise Fund Transfers	-	748,297	748,297
9400	Sale of or Compensation for Loss of Fixed Assets	80,000	29,592	(50,408)
9710	Component Unit Transfers	-	383	383
9910	Other Financing Sources Not Listed Elsewhere	<u>6,486,933</u>	<u>-</u>	<u>(6,486,933)</u>
TOTAL OTHER FINANCING SOURCES		<u>6,566,933</u>	<u>1,851,216</u>	<u>(4,715,717)</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES		<u>\$ 353,274,258</u>	<u>\$ 361,654,518</u>	<u>\$ 8,380,260</u>
1000 - Instruction				
1110	Regular Programs - Elem./Secondary	\$ 142,138,121	\$ 146,212,167	\$ (4,074,046)
1190	Federally Funded Regular Programs	5,826,524	4,992,740	833,784
1211	Life Skills Support - Public	2,897,727	2,598,454	299,273
1221	Deaf or Hearing Impaired Support	740,488	614,375	126,113
1224	Blind or Visually Impaired Support	36,980	119,359	(82,379)
1225	Speech & Language Impaired	1,840,524	2,505,663	(665,139)
1231	Emotional Support	7,115,012	7,348,813	(233,801)
1233	Autistic Support	6,086,300	5,865,458	220,842
1241	Learning Support - Public	20,158,835	19,365,307	793,528
1243	Gifted Support	1,158,710	1,070,794	87,916
1260	Physical Support	181,048	1,553,076	(1,372,028)
1270	Multi-Handicapped Support	1,039,389	1,192,736	(153,347)
1280	Early Intervention Support	74,030	66,676	7,354
1290	Other Support	17,130,990	15,929,844	1,201,146
1390	Other Vocational Education Programs	7,054,048	7,204,844	(150,796)
1420	Summer School	548,962	550,696	(1,734)
1430	Homebound Instruction	167,549	169,709	(2,160)
1442	Alternative Education Program	1,469,179	1,207,705	261,474
1450	Instructional Programs Outside Established Schools	996,535	691,946	304,589
1490	Additional Other Instructional Program	300	1,875	(1,575)
1500	Nonpublic School Programs	222,428	243,135	(20,707)
1693	Community College Sponsorship	2,633,345	2,633,345	-
1700	Higher Education Programs	80,000	20,141	59,859
1801	Pre-K Instruction	1,221,597	1,317,241	(95,644)
1802	Pre-K Admin Support	134,285	100,505	33,780
1805	Pre-K Food Services	-	207	(207)
1806	Pre-K Professional Development	<u>3,100</u>	<u>1,616</u>	<u>1,484</u>
Total Instruction		<u>\$ 220,956,006</u>	<u>\$ 223,578,427</u>	<u>\$ (2,622,421)</u>

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

<u>2000 - Support Services</u>		<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
2111	Supervision of Student Services - Head of Component	\$ 136,725	\$ 201,441	\$ (64,716)
2119	Supervision of Student Services - All Other Supervision	932,931	1,054,566	(121,635)
2120	Guidance Services	8,049,021	8,441,249	(392,228)
2130	Attendance Services	352,505	417,791	(65,286)
2140	Psychological Services	1,346,067	1,951,246	(605,179)
2160	Social Work Services	3,121,872	2,747,373	374,499
2170	Student Accounting Services	489,523	521,561	(32,038)
2220	Technology Support Services	199,060	105,788	93,272
2230	Educational Television Services	151,175	155,915	(4,740)
2240	Computer Assisted Instruction Services	1,136,290	1,153,964	(17,674)
2250	School Library Services	2,319,846	2,340,824	(20,978)
2260	Instructional & Curriculum Dev. Service	3,876,588	3,775,443	101,145
2271	Instructional Staff Development Services	3,314,381	2,608,030	706,351
2272	Instructional Staff Development Service	206,444	27,248	179,196
2280	Nonpublic Support Services	2,900	2,326	574
2290	Other Instructional Staff Services	1,150	-	1,150
2310	Board Services	125,657	139,400	(13,743)
2320	Board Treasurer Services	250	-	250
2330	Tax Assessment & Collection Service	1,651,324	2,005,273	(353,949)
2350	Legal Services	688,000	578,922	109,078
2360	Office of the Superintendent Services	631,125	764,317	(133,192)
2370	Community Relations Services	200,341	191,097	9,244
2380	Office of the Principal Services	13,390,521	12,336,600	1,053,921
2390	Other Administration Services	97,514	94,900	2,614
2419	Supervision of Health Services - All Other	188,406	199,133	(10,727)
2420	Medical Services	3,000	8,910	(5,910)
2430	Dental Services	7,500	2,524	4,976
2440	Nursing Services	3,229,031	3,293,470	(64,439)
2450	Non Public Health Service	180,010	92,699	87,311
2490	Other Health Services	25,000	18,661	6,339
2511	Supervision of Fiscal Services	708,455	592,043	116,412
2512	Budgeting Services	124,675	-	124,675
2513	Receiving and Disbursing Funds Services	673,563	619,220	54,343
2514	Payroll Services	334,222	342,648	(8,426)
2515	Financial Accounting Services	408,764	452,214	(43,450)
2519	Other Fiscal Services	219,346	217,538	1,808
2520	Purchasing Services	31,384	106,762	(75,378)
2530	Warehousing and Distributing Services	234,798	243,201	(8,403)
2540	Printing, Publishing and Duplicating Services	153,693	182,333	(28,640)
2590	Other Support Services - Business	-	715	(715)
2611	Supervision of Oper and Maint. of Plant - Head	357,347	314,888	42,459
2619	Supervision of Oper and Maint. of Plant - Other	661,247	642,571	18,676
2620	Operation of Building Services	20,108,632	20,293,412	(184,780)
2630	Care and Upkeep of Grounds Services	1,228,130	1,277,937	(49,807)
2650	Vehicle Operation and Maint. Services	242,362	327,484	(85,122)
2660	Security Services	1,442,312	1,617,152	(174,840)
2711	Supervision of Student Trans. Svcs - Head	-	576	(576)
2719	Supervision of Student Transportation Services	1,221,662	1,242,670	(21,008)
2720	Vehicle Operation Services	9,854,913	8,013,866	1,841,047
2730	Monitoring Services	1,472,546	1,615,426	(142,880)
2740	Vehicle Servicing and Maintenance Services	3,015,336	3,025,124	(9,788)
2750	Nonpublic Transportaion	-	530,410	(530,410)
	Sub-Total - Support Services	\$ 88,547,544	\$ 86,888,861	\$ 1,658,683

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Sub-Total - Support Services (Carried Forward)	\$ 88,547,544	\$ 86,888,861	\$ 1,658,683
2818 System Wide Technology Services	4,147,736	3,588,578	559,158
2821 Supervision of Information Services	1,064,822	390,225	674,597
2823 Public Information Services	244,869	223,286	21,583
2824 Management Information Services	-	1,070,559	(1,070,559)
2831 Supervision of Staff Services	405,644	442,112	(36,468)
2832 Recruitment and Placement Services	232,046	261,178	(29,132)
2833 Staff Accounting Services	828,688	852,675	(23,987)
2834 Staff Development Services - Non-Instructional	358,357	260,293	98,064
2835 Health Services	473,304	384,287	89,017
2836 Staff Development Services - Non-Instructional	532,936	306,900	226,036
2840 Data Processing Services	1,712,080	1,501,046	211,034
2850 State and Federal Agency Liaison Services	414,372	421,999	(7,627)
2910 Support Services not listed elsewhere	<u>144,230</u>	<u>153,292</u>	<u>(9,062)</u>
Total Support Services	99,106,628	96,745,291	2,361,337
<u>3000 - Operation of Non-Instructional Services</u>			
3210 School Sponsored Student Activities	652,286	785,692	(133,406)
3250 School Sponsored Athletics	3,458,893	3,657,539	(198,646)
3300 Community Services	169,910	264,732	(94,822)
3330 Public Library Services	-	253	(253)
Total Non-Instructional Services	<u>4,281,089</u>	<u>4,708,216</u>	<u>(427,127)</u>
<u>4000 - Facilities Acquisition, Construction, and Improvement Svcs.</u>			
4200 Existing Site Improvement Services	-	8,816	(8,816)
4400 Architecture and Engineering Services	48,000	2,300	45,700
4600 Existing Building Improvement Services	<u>-</u>	<u>49,290</u>	<u>(49,290)</u>
Total Facilities Acquisition, Construction, and Improvement Svcs.	48,000	60,406	(12,406)
<u>5000 - Other Expenditures and Financing Uses</u>			
5110 Debt Service	25,141,140	24,158,004	983,136
5130 Refund of Prior Yr. Receipts	70,000	10,716	59,284
5140 Lease Payments	640,856	682,113	(41,257)
5310 Transfers To Component Units	30,539	-	30,539
5900 Budgetary Reserve	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
Total Other Expenditures and Financing Uses	<u>28,882,535</u>	<u>24,850,833</u>	<u>4,031,702</u>
TOTAL EXPENDITURES AND OTHER FINANCING USES	\$ 353,274,258	\$ 349,943,173	\$ 3,331,085

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

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
TOTAL REVENUES AND OTHER FINANCING SOURCES	\$ 353,274,258	\$ 361,654,518	\$ 8,380,260
TOTAL EXPENDITURES AND OTHER FINANCING USES	<u>353,274,258</u>	<u>349,943,173</u>	<u>3,331,085</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES	-	11,711,345	11,711,345
Special Items	-	-	-
Extraordinary Items - Insurance Recoveries	<u>-</u>	<u>-</u>	<u>-</u>
NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS	-	11,711,345	11,711,345
FUND BALANCE - JULY 1, 2024	<u>67,885,219</u>	<u>72,351,866</u>	<u>4,466,647</u>
FUND BALANCE - JUNE 30, 2025	<u>\$ 67,885,219</u>	<u>\$ 84,063,211</u>	<u>\$ 16,177,992</u>

**Bethlehem Area School District
2024 Debt Service Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025**

FUND BALANCE - JULY 1, 2024	\$	-
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Proceeds from Refunded Bond Issues	\$ 63,865,000	
Bond Premium	<u>5,816,881</u>	
Interest Earnings		<u>69,681,881</u>
TOTAL FUNDS AVAILABLE		69,681,881
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
Bond Issuance Expenses	670,165	
OTHER FINANCING USES:		
Debt Service - Interest	4,716	
Payment to Escrow Agent on Refunded Bonds	65,840,000	
Swap Termination Fees	<u>3,167,000</u>	<u>69,681,881</u>
FUND BALANCE - JUNE 30, 2025	\$	<u><u>-</u></u>

**2025 Debt Service Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025**

FUND BALANCE - JULY 1, 2024	\$	-
<u>REVENUES AND OTHER FINANCING SOURCES</u>		
Proceeds from Refunded Bond Issues	\$ 28,435,000	
Bond Premium	<u>2,440,999</u>	
Interest Earnings		<u>30,875,999</u>
TOTAL FUNDS AVAILABLE		30,875,999
<u>EXPENDITURES AND OTHER FINANCING USES</u>		
Bond Issuance Expenses	384,011	
OTHER FINANCING USES:		
Payment to Escrow Agent on Refunded Bonds	<u>30,491,988</u>	<u>30,875,999</u>
FUND BALANCE - JUNE 30, 2025	\$	<u><u>-</u></u>

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

FUND BALANCE - JULY 1, 2024		\$ 20,164,333
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REVENUES AND OTHER FINANCING SOURCES

Interest	\$ 856,127	<u>856,127</u>
TOTAL FUNDS AVAILABLE		<u>21,020,460</u>

EXPENDITURES

CAPITAL OUTLAY:

Professional Services	360,628	
Repairs and Maintenance	1,025,814	
Land Improvements	339,219	
Construction Services	1,431,216	
Equipment	1,253,724	
Dues and Fees	<u>915</u>	<u>4,411,516</u>

FUND BALANCE - JUNE 30, 2025		<u>\$ 16,608,944</u>
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**Bethlehem Area School District
Special Revenue (Authority General Fund) Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025**

FUND BALANCE - JULY 1, 2024		\$ 623
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Interest Earnings	\$ 73,306,285	73,306,285
TOTAL FUNDS AVAILABLE		73,306,908
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
DEBT SERVICE:		
Bond Principal	68,025,000	
Bond Interest	2,114,284	
OTHER FINANCING USES:		
Swap Termination	3,167,000	
Transfers out	383	73,306,667
FUND BALANCE - JUNE 30, 2025		\$ 241

**Bethlehem Area School District
Capital Project Fund
Statement of Revenues and Expenditures
For the Year Ended June 30, 2025**

FUND BALANCE - JULY 1, 2024		\$ 10,505
 <u>REVENUES AND OTHER FINANCING SOURCES</u>		
Proceeds from Bond Issues	\$ 24,995,000	
Proceeds from Leases	1,603,068	
Bond Premium	1,858,871	
ARP ESSER III	468,942	
Interest Earnings	297,760	29,223,641
TOTAL FUNDS AVAILABLE		29,234,146
 <u>EXPENDITURES AND OTHER FINANCING USES</u>		
SUPPORT SERVICES:		
Professional Services	26,601	
Advertising	381	
Rentals	42,029	
Leases	1,663,068	
Bond Issuance Expenses	386,067	
CAPITAL OUTLAY:		
Professional Services	1,723,043	
Construction Services	1,816,855	
Equipment	468,942	
Buildings	8,103,066	
Dues and Fees	59,349	
OTHER FINANCING USES:		
Lease Payments	67,601	
Transfer to General Fund	46,767	14,403,769
FUND BALANCE - JUNE 30, 2025		\$ 14,830,377

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

REVENUES

Sales	\$ 1,486,047	
Donated Commodities	509,526	
Special Events	166,835	
State Subsidies	1,262,347	
Federal Subsidies	6,041,852	
Interest earnings	315,186	
Miscellaneous	858	
TOTAL REVENUES		\$ 9,782,651

COST OF COMMODITIES

Beginning Inventory	1,318	
Food Service Management - Food	3,134,432	
Donated Commodities	519,636	
Ending Inventory	(11,428)	
TOTAL COST OF COMMODITIES SOLD		3,643,958
GROSS PROFIT		6,138,693

OPERATING EXPENSES

Salaries	2,465,612	
Self-Insured Medical Benefits	536,812	
Self-Insured Dental Benefits	3,822	
Self-Insured Prescriptions	17,838	
Fica Tax	185,821	
Retirement Contributions	(323,552)	
Other Benefits	9,519	
Repairs and Maintenance	32,719	
Rentals	2,356	
Communications	1,653	
Food Service Management Costs	1,358,240	
Travel	62	
Supplies	101,206	
Technology Supplies	149,393	
Depreciation	81,700	
Transfer to General Fund - Indirect Costs	748,297	
Dues and Fees	5,015	
TOTAL EXPENSES		5,376,513
CHANGES IN FUND NET POSITION		762,180
FUND NET POSITION - JULY 1, 2024		1,543,648
FUND NET POSITION - JUNE 30, 2025		\$ 2,305,828

Bethlehem Area School District
Day Care Fund
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the Year Ended June 30, 2025

REVENUES

Regular Day School Tuition	\$ 1,465,944	
Revenue from Community Service Activities	311,918	
Fica Revenue	38,002	
Retirement Revenue	169,504	
Donations	100	
Miscellaneous	23,389	
Earnings on Investments	31,845	
TOTAL REVENUES		\$ 2,040,702

OPERATING EXPENSES

Salaries	1,009,639	
Self-ins. Medical Benefits	353,700	
Self-ins. Dental Benefits	25,545	
Self-ins. Prescriptions	119,220	
Self-Ins. Eye Care	164	
Fica Tax	75,653	
Retirement Contributions	(1,649,945)	
Workers Compensation	5,511	
Other Benefits	29,590	
Small Equipment	1,570	
Communications	29	
Travel	706	
Supplies	10,740	
Miscellaneous	2,247	
Dues and Fees	9,049	
Bad Debt Expense	233	
TOTAL EXPENSES		<u>(6,349)</u>
CHANGES IN FUND NET POSITION		2,047,051
FUND NET POSITION - JULY 1, 2024		<u>(3,775,945)</u>
FUND NET POSITION - JUNE 30, 2025		<u>\$ (1,728,894)</u>

**Bethlehem Area School District
Self-Insurance Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025**

ADDITIONS

Contributions from Other Funds	\$ 34,972,719	
Cobra and Co-Pay Payments	1,590,712	
Unemployment Comp. Payments	-	
Interest Earnings	685,666	
Wellness Revenue	30,474	
Stop-Loss Claim Reimbursement	2,261,472	
Other Misc. Revenue	-	
TOTAL REVENUES		\$ 39,541,043

DEDUCTIONS

Staff Health Services	13,092	
Eye Care Insurance	10,151	
Unemployment	5,309	
Medical Insurance	29,707,758	
Dental	1,636,168	
Prescription	13,072,507	
Stop Loss Insurance	1,950,356	
Dues, Fees, and Supplies	15,189	
TOTAL EXPENSES		46,410,530
CHANGES IN NET POSITION		(6,869,487)
NET POSITION - JULY 1, 2024		18,658,756
NET POSITION - JUNE 30, 2025		<u>\$ 11,789,269</u>

**Self-Insurance Fund
Statement of Fiduciary Net Position
As of June 30, 2025**

ASSETS

Cash and Cash Equivalents	\$ 9,948,095	
Due From Other Funds	3,196,836	
Other Receivables	1,566,530	
TOTAL ASSETS		<u>\$ 14,711,461</u>

LIABILITIES

Accounts Payable	\$ 2,922,192	
Other Current Liabilities	-	
TOTAL LIABILITIES		2,922,192

NET POSITION

Restricted for:		
Pool Participants		11,789,269
TOTAL LIABILITIES AND FUND NET POSITION		<u>\$ 14,711,461</u>

**Bethlehem Area School District
Activity Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025**

ADDITIONS

Interest Income	\$ 27,813	
Admissions	131,520	
Book Store Sales	327	
Student Organization Membership Dues and Fees	183,430	
Special Events	278,002	
Contributions & Donations	62,080	
TOTAL REVENUES		\$ 683,172

DEDUCTIONS

Professional and Technical Services	24,125	
Rentals	149,660	
Transportation Services	88,954	
Communications	45,502	
Travel	10,363	
Supplies	205,251	
Food	27,017	
Dues & Fees	3,839	
Donations	87,983	
Student Fees for Instruction Related Events	63,284	
Miscellaneous Expenses	6,680	
TOTAL EXPENSES		712,658
 CHANGES IN NET POSITION		 (29,486)
 NET POSITION - JULY 1, 2024		 587,389
NET POSITION - JUNE 30, 2025		\$ 557,903

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

ASSETS

Cash and Cash Equivalents	\$ 575,546	
Due From Other Funds	3,461	
Other Receivables	6,213	
TOTAL ASSETS		\$ 585,220

LIABILITIES

Accounts Payable	\$ 23,240	
Due to Other Funds	4,077	
TOTAL LIABILITIES		27,317

NET POSITION

Restricted for:		
Individuals, organizations, and other governments		557,903
TOTAL LIABILITIES AND FUND NET POSITION		\$ 585,220

**Bethlehem Area School District
Private-Purpose Trust Fund
Statement of Changes in Fiduciary Net Position
For the Year Ended June 30, 2025**

ADDITIONS

Contributions & Donations	\$	105,057	
Miscellaneous Revenue		750	
Interest Income		9,038	
TOTAL REVENUES		114,845	\$ 114,845

DEDUCTIONS

Admin. Fees		-	
Awards		103,494	
TOTAL EXPENSES		103,494	103,494

CHANGES IN NET POSITION **11,351**

NET POSITION - JULY 1, 2024 **184,273**

NET POSITION - JUNE 30, 2025 **\$ 195,624**

**Private-Purpose Trust Fund
Statement of Fiduciary Net Position
As of June 30, 2025**

ASSETS

Cash and Cash Equivalents	\$	202,849	
Investments		600	
TOTAL ASSETS		203,449	<u>\$ 203,449</u>

LIABILITIES

Accounts Payable	\$	7,825	
TOTAL LIABILITIES		7,825	7,825

NET POSITION

Restricted for:			
Individuals, organizations, and other governments		195,624	
TOTAL LIABILITIES AND FUND NET POSITION		195,624	<u>\$ 203,449</u>

Bethlehem Area School District
Schedule on General Obligation Notes - Series B of 2015
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 124,706	\$ -
2026-27	124,706	-
2027-28	124,706	-
2028-29	124,706	-
2029-30	111,545	810,000
2030-31	73,069	1,500,000
2031-32	23,878	1,415,000
TOTAL OUTSTANDING	\$ 707,316	\$ 3,725,000

Schedule on General Obligation Notes - Series C of 2015
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 197,675	\$ 1,370,000
2026-27	146,759	1,390,000
2027-28	93,886	1,365,000
2028-29	40,581	1,325,000
2029-30	6,993	340,000
TOTAL OUTSTANDING	\$ 485,894	\$ 5,790,000

Schedule on General Obligation Bonds - Series A of 2016
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 460,434	\$ 9,240,000
2026-27	45,838	745,000
2027-28	30,937	750,000
2028-29	15,938	750,000
TOTAL OUTSTANDING	\$ 553,147	\$ 11,485,000

Bethlehem Area School District
Schedule on General Obligation Bonds - Series B of 2016
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 590,925	\$ -
2026-27	590,925	-
2027-28	590,925	-
2028-29	590,925	-
2029-30	590,925	5,000
2030-31	590,806	5,000
2031-32	590,681	5,000
2032-33	590,550	4,655,000
2033-34	450,900	4,860,000
2034-35	305,100	5,010,000
2035-36	154,800	5,160,000
TOTAL OUTSTANDING	\$ 5,637,462	\$ 19,700,000

Schedule on General Obligation Bonds - Series of 2021
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 886,000	\$ 4,020,000
2026-27	681,375	4,165,000
2027-28	468,625	4,345,000
2028-29	246,500	4,540,000
2029-30	66,500	2,660,000
TOTAL OUTSTANDING	\$ 2,349,000	\$ 19,730,000

Schedule on Guaranteed Revenue Bonds - Series C of 2021
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 1,259,927	\$ 25,000
2026-27	1,259,340	25,000
2027-28	1,258,752	25,000
2028-29	1,258,165	25,000
2029-30	1,207,133	2,275,000
2030-31	904,624	13,640,000
2031-32	318,603	14,215,000
TOTAL OUTSTANDING	\$ 7,466,544	\$ 30,230,000

Bethlehem Area School District
Schedule on General Obligation Bonds - Series A of 2024
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 1,451,500	\$ 5,000
2026-27	1,451,250	6,500,000
2027-28	1,126,250	6,935,000
2028-29	779,500	7,390,000
2029-30	410,000	8,200,000
TOTAL OUTSTANDING	\$ 5,218,500	\$ 29,030,000

Schedule on General Obligation Bonds - Series B of 2024
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 1,659,125	\$ 1,575,000
2026-27	1,513,625	4,245,000
2027-28	1,295,500	4,480,000
2028-29	1,065,000	4,740,000
2029-30	810,375	5,445,000
2030-31	532,250	5,680,000
2031-32	237,625	6,105,000
2032-33	42,500	1,700,000
TOTAL OUTSTANDING	\$ 7,156,000	\$ 33,970,000

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

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 1,415,357	\$ 5,000
2026-27	1,248,666	5,000
2027-28	1,248,497	5,000
2028-29	1,248,328	5,000
2029-30	1,248,159	5,000
2030-31	1,247,991	5,000
2031-32	1,247,816	5,000
2032-33	1,247,634	5,000
2033-34	1,247,453	5,000
2034-35	1,247,272	5,000
2035-36	1,247,091	5,000
2036-37	1,190,750	2,250,000
2037-38	1,075,375	2,365,000
2038-39	954,125	2,485,000
2039-40	826,625	2,615,000
2040-41	692,500	2,750,000
2041-42	551,500	2,890,000
2042-43	403,375	3,035,000
2043-44	247,625	3,195,000
2044-45	83,875	3,355,000
TOTAL OUTSTANDING	\$ 19,920,014	\$ 24,995,000

Bethlehem Area School District
Schedule on General Obligation Bonds - Series A of 2025
For the Year Ended June 30, 2025

<u>FISCAL YEAR</u>	<u>INTEREST</u>	<u>PRINCIPAL</u>
2025-26	\$ 983,377	\$ -
2026-27	1,421,625	5,000
2027-28	1,421,375	5,000
2028-29	1,421,125	5,000
2029-30	1,420,875	5,000
2030-31	1,420,625	5,000
2031-32	1,420,375	5,000
2032-33	1,255,750	6,580,000
2033-34	918,375	6,915,000
2034-35	563,750	7,270,000
2035-36	191,000	7,640,000
TOTAL OUTSTANDING	<u>\$ 12,438,252</u>	<u>\$ 28,435,000</u>

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

**Bethlehem Area School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2025**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/24	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/25	FOOT NOTES
U.S. DEPARTMENT OF THE TREASURY											
PASSED THROUGH THE PA COMMISSION ON CRIME AND DELINQUENCY (PCCD)											
COVID-19 CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS	I	21.027	2023-CM-01-41757	1/1/24 - 12/31/25	\$ 286,373	\$ 116,450	\$ -	\$ 180,450	\$ 180,450	\$ 64,000	2
TOTAL U. S. DEPARTMENT OF TREASURY						116,450	-	180,450	180,450	64,000	
U.S. DEPARTMENT OF EDUCATION											
IMPACT AID PUBLIC LAW 81-874											
TOTAL IMPACT AID PROGRAM	D	84.041	N/A	7/1/24-6/30/25	\$ -	81,521	-	81,521	81,521	-	
PASSED THROUGH THE PA DEPT OF EDUCATION (PDE)											
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-24-0034	7/1/23-9/30/24	\$ 4,291,027	1,421,498	1,401,670	19,828	19,828	-	2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-25-0034	7/1/24-9/30/25	\$ 4,234,434	3,108,764	-	3,993,079	3,993,079	884,315	
TITLE I - SCHOOL INTERVENTION	I	84.010	FA-042-24-0034	7/1/23-9/30/24	\$ 502,463	133,990	133,990	-	-	-	
TITLE I - SCHOOL INTERVENTION	I	84.010	FA-042-25-0034	7/1/24-9/30/25	\$ 585,236	468,189	-	585,236	585,236	117,047	
TOTAL TITLE I PROGRAM						5,132,441	1,535,660	4,598,143	4,598,143	1,001,362	
PASSED THROUGH THE PDE											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0034	7/1/22-9/30/23	\$ 512,165	-	(10,384)	10,384	10,384	-	2
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-24-0034	7/1/23-9/30/24	\$ 487,713	131,375	85,751	45,624	45,624	-	
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-25-0034	7/1/24-9/30/25	\$ 535,051	388,947	-	493,050	493,050	104,103	
TOTAL TITLE IIA PROGRAM						520,322	75,367	549,058	549,058	104,103	
PASSED THROUGH THE PDE											
TITLE III - LEP / IMMIGRANT STUDENTS	I	84.365	FA-010-24-0034	7/1/23-9/30/24	\$ 217,708	74,187	42,876	31,311	31,311	-	2
TITLE III - LEP / IMMIGRANT STUDENTS	I	84.365	FA-010-25-0034	7/1/24-9/30/25	\$ 208,244	97,181	-	202,983	202,983	105,802	
TOTAL TITLE III PROGRAM						171,368	42,876	234,294	234,294	105,802	
PASSED THROUGH THE PDE											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-23-0034	7/1/22-9/30/23	\$ 318,169	-	(4,543)	4,543	4,543	-	2
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	84.424	FA-144-24-0034	7/1/23-9/30/24	\$ 317,803	211,869	189,958	21,911	21,911	-	
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICHMENT	I	85.424	FA-010-25-0034	7/1/24-9/30/25	\$ 324,284	151,333	-	279,980	279,980	128,647	
TOTAL TITLE IV PROGRAM						363,202	185,415	306,434	306,434	128,647	
PASSED THROUGH COMMUNITIES IN SCHOOLS OF EASTERN PA											
TITLE IVB, NITA M. LOWET 21ST CCLC COHORT 11	I	84.287	21C-22-0039	10/1/22-9/30/2027	\$ 432,328	233,732	-	233,732	233,732	-	2
TOTAL 21ST CENTURY COMMUNITY LEARNING CENTERS PROGRAM						233,732	-	233,732	233,732	-	
PASSED THROUGH THE COLONIAL I.U. #20											
IDEA, PART B	I	84.027	N/A	7/1/23-9/30/24	\$ 2,250,707	758,064	758,064	-	-	-	2
IDEA, PART B	I	84.027	N/A	7/1/24-9/30/25	\$ 2,236,104	1,913,425	-	2,236,104	2,236,104	322,679	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/23-9/30/24	\$ 16,133	8,127	8,127	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/24-9/30/25	\$ 11,275	11,275	-	11,275	11,275	-	1
PASSED THROUGH THE INTERMEDIATE UNIT I											
INDIVIDUALS WITH DISABILITIES EDUCATION ACT - IDEA, PART B	I	84.027	N/A	7/1/24 - 9/30/25	\$ 10,000	10,000	-	10,000	10,000	-	2
TOTAL IDEA CLUSTER						2,700,891	766,191	2,257,379	2,257,379	322,679	
PASSED THROUGH THE PDE											
COVID-19 AMERICAN RESCUE PLAN - ESSER (ARP-ESSER)	I	84.425U	223-21-0034	3/13/20-9/30/24	\$ 32,138,927	-	(493,775)	493,775	493,775	-	2
COVID-19 ARP-ESSER - HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2035	7/01/21-9/30/24	\$ 189,023	53,315	53,315	-	-	-	
TOTAL EDUCATION STABILIZATION FUND						53,315	(440,460)	493,775	493,775	-	
TOTAL U.S. DEPARTMENT OF EDUCATION						9,256,792	2,165,049	8,754,336	8,754,336	1,662,593	

SOURCE: D-DIRECT; I-INDIRECT

**Bethlehem Area School District
Schedule of Expenditures of Federal Awards
Fiscal Year Ended June 30, 2025 (Continued)**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS THROUGH		AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/24	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/25	FOOT NOTES
			NUMBER	GRANT PERIOD							
U.S. DEPT. OF HEALTH AND HUMAN SERVICES											
PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE											
PROMOTING SAFE AND STABLE FAMILIES	I	93.556	SAP 4100066996	7/1/23-9/30/24	\$ 124,095	-	-	-	-	-	2
PROMOTING SAFE AND STABLE FAMILIES	I	93.556	SAP 4100066996	7/1/24-9/30/25	\$ 124,095	124,095	-	124,095	124,095	-	4
TOTAL PROMOTING SAFE AND STABLE FAMILIES PROGRAM						124,095	-	124,095	124,095	-	
PASSED THROUGH THE PA DEPARTMENT OF PUBLIC WELFARE											
ESEA - TITLE 19 MEDICAID REIMBURSEMENT	I	93.778	N/A	7/1/24-9/30/25	N/A	166,908	19,379	170,181	170,181	22,652	2
TOTAL U.S. DEPT. OF HEALTH AND HUMAN SERVICES						291,003	19,379	294,276	294,276	22,652	
U. S. DEPT. OF AGRICULTURE											
PASSED THROUGH THE PDE											
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/23-6/30/24	N/A	58,404	58,404	-	-	-	2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	7/1/24-6/30/25	N/A	4,049,859	-	4,145,448	4,145,448	95,589	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/23-6/30/24	N/A	3	3	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	7/1/24-6/30/25	N/A	408	-	435	435	27	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/23-6/30/24	N/A	32,594	32,594	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	7/1/24-6/30/25	N/A	1,494,433	-	1,532,041	1,532,041	37,608	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/23-6/30/24	N/A	-	-	-	-	-	
AFTER SCHOOL SNACK	I	10.555	N/A	7/1/24-6/30/25	N/A	148,486	-	149,218	149,218	732	
SUMMER FOOD	I	10.559	N/A	7/1/23-6/30/24	N/A	54,588	54,588	-	-	-	
SUMMER FOOD	I	10.559	N/A	7/1/24-6/30/25	N/A	142,228	-	211,709	211,709	69,481	
PASSED THROUGH THE PA DEPARTMENT OF AGRICULTURE											
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	7/1/24 - 6/30/25	N/A	519,636	(1,319)	509,526	509,526	(11,429)	2
TOTAL CHILD NUTRITION CLUSTER						6,500,639	144,270	6,548,377	6,548,377	192,008	3
PASSED THROUGH THE PENN STATE UNIVERSITY											
PSU SCHOOL BREAKFAST EXPANSION GRANT	I	10.579	120-48-1002-2	N/A	\$ 7,000	3,000	-	3,000	3,000	-	2
TOTAL U.S. DEPARTMENT OF AGRICULTURE						6,503,639	144,270	6,551,377	6,551,377	192,008	
TOTAL FEDERAL FINANCIAL AWARDS						\$ 16,167,884	\$ 2,328,698	\$ 15,780,439	\$ 15,780,439	\$ 1,941,253	

SOURCE: D-DIRECT; I-INDIRECT

Bethlehem Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Note 1 – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal award activity of Bethlehem Area School District under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Bethlehem Area School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Bethlehem Area School District.

Note 2 – Significant Accounting Policies

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

Note 3 – Organization and Scope

The District recognized 2.4% of its total general fund revenue in federal awards, 67.0% of its total food service fund revenue, and 1.6% of its capital project fund revenue.

Note 4 – Indirect Costs

The District charged indirect costs to certain federal programs in accordance with the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR Part 200).

For the fiscal year ended June 30, 2025, the District applied an approved negotiated indirect cost rate established with the Pennsylvania Department of Education (PDE). Indirect costs were charged in accordance with the approved rate agreement and applicable federal program requirements. Indirect costs were charged as follows:

<u>Federal Grant</u>	<u>Pass-Through Number</u>	<u>Indirect Costs</u>
Title I	FA-042-25-0034	\$ 13,155
Title IV	FA-144-25-0034	22,530
ARP-ESSER	223-21-0034	24,833
	Total	\$ <u>60,518</u>

Note 5 – Program Disclosure – Footnotes

1. The federal awards passed through the Colonial I.U. #20 under the U.S. Department of Education heading, are part of a consortium of participating school districts. In accordance with directions from the Commonwealth of Pennsylvania, these awards are reported on the basic financial statements as local source revenues.

Bethlehem Area School District
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

2. The Federal Grants were passed through the following entities in the totals below:

<u>Passed through</u>	<u>Total Awards</u>	<u>Total Expenditures</u>
PA Department of Education	\$ 44,862,247	\$ 12,220,555
PA Commission on Crime and Delinquency	286,373	180,450
Penn State University	7,000	3,000
Colonial I.U. #20	2,247,379	2,247,379
Intermediate Unit #1	10,000	10,000
Communities in Schools of Eastern PA	432,328	233,732
PA Department of Public Welfare	124,095	294,276
PA Department of Agriculture	N/A	509,526
Totals	<u>\$ 47,969,422</u>	<u>\$ 15,698,918</u>

3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$519,636 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2024-25 fiscal year, the District used \$509,526 in commodities and established a year-end inventory of \$11,428 at June 30, 2025.
4. A deferral of \$36,938 was reported on the 2023-24 Schedule of Expenditures of Federal Awards (SEFA) for the Promoting Safe and Stable Families Program. This amount was reported in error due to the misallocation of program receipts between the State and Federal portions of the grant. The \$36,938 should have been reported as part of the State's allocation and not the Federal's, which resulted in the reporting of the deferral. Accordingly, the opening deferral reported on the 2024-25 SEFA has been corrected to reflect a balance of \$0.
5. The Medical Access grant passed though the PA Department of Education is reflected as federal source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Expenditures of Federal Awards.

FINANCIAL STATEMENT RECONCILIATION

General Fund Federal Source Revenues	\$ 6,855,763
Federal Grants in Local Sources	2,491,111
Capital Project Fund Federal Revenue	468,942
Food Service Fund Federal Revenue	<u>6,551,378</u>
Total Federal Revenue, per financial statements	16,367,194
Less - Medical Access Reimbursement (Federal)	<u>(586,755)</u>
Total Federal Revenue Reported on SEFA	<u>\$ 15,780,439</u>



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, the aggregate remaining fund information, and the budgetary comparison statement of the general fund of the Bethlehem Area School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Bethlehem Area School District's basic financial statements, and have issued our report thereon dated December 9, 2025.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Respectfully submitted,



Northampton, Pennsylvania
December 9, 2025



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

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Bethlehem Area School District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Bethlehem Area School District's major federal programs for the year ended June 30, 2025. Bethlehem Area School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control over Compliance

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

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

Bethlehem Area School District

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

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

Respectfully submitted,

Manna & Associates, P.C.

Northampton, Pennsylvania
December 9, 2025

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

Section I - Summary of Auditor Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported
- Noncompliance material to financial statements noted? yes no

Federal Awards

Internal control over major programs:

- Material weakness(es) Identified? yes no
- Significant Deficiencies identified that are not considered to be material weaknesses? yes none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? yes no

Identification of major program:

AL Number(s)	Name of Federal Program or Cluster
84.027,84.173	Special Education (IDEA) Cluster
84.367	Title II Program
84.425U, 54.425W	Education Stabilization Fund

Percentage of programs tested to total awards 20.9%

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

Auditee qualified as low-risk auditee? yes no

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

Section II – Financial Statement Findings

We did not discover any findings relating to the basic financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

Section III – Findings and Questioned Costs for Federal Awards

We did not discover any findings or questioned costs on federal awards, in accordance with Uniform Guidance Section 200.516.

Audit Follow-Up Procedures

We did not perform follow-up procedures on prior year findings, since there were no prior year findings reported.