

**REPORT ON  
EAST PENN SCHOOL DISTRICT  
SINGLE AUDIT REPORT  
FISCAL YEAR ENDED JUNE 30, 2024**

EAST PENN SCHOOL DISTRICT

Single Audit Report

For the Fiscal Year Ended June 30, 2024

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# EAST PENN SCHOOL DISTRICT

## Single Audit Report

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**Single Audit Report**

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

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## 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  
East Penn School District  
800 Pine Street  
Emmaus, PA 18049

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

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

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

Respectfully submitted,

*Gorman & Associates, P.C.*

December 20, 2024

***REPORT DISTRIBUTION LIST***

The East Penn School District has distributed copies of the Single Audit Act Package to the following:

ONE COPY TO:  
(Submitted Electronically)

FEDERAL AUDIT CLEARINGHOUSE  
GENERAL SERVICES ADMINISTRATION

ONE COPY TO:  
(Submitted Electronically)

COMMONWEALTH OF PENNSYLVANIA  
OFFICE OF THE BUDGET/BUREAU OF AUDITS

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4210 INDEPENDENCE DRIVE  
SCHNECKSVILLE, PA 18078

## FINANCIAL SECTION





**GORMAN & ASSOCIATES, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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

## **INDEPENDENT AUDITOR'S REPORT**

Board of School Directors  
East Penn School District  
800 Pine Street  
Emmaus, PA 18049

### **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 East Penn School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the East Penn 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 East Penn School District, as of June 30, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the East Penn 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 East Penn 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 East Penn 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 East Penn 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 6-15, the schedules associated with the District's Defined Benefit Pension Plan, and the Schedules of the District's OPEB Plans, on pages 80-89, 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 East Penn School District's basic financial statements. The accompanying combining and individual non-major 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 non-major 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 November 19, 2024, on our consideration of the East Penn 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 East Penn 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 East Penn School District's internal control over financial reporting and compliance.

Respectfully submitted,



Northampton, Pennsylvania  
November 19, 2024

**East Penn School District  
Management's Discussion and Analysis**

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

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

Management's Discussion and Analysis (MD&A) is an element of the reporting model adopted by the Governmental Accounting Standards Board (GASB) in 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.

**FINANCIAL HIGHLIGHTS**

- \* The District-wide total net position increased by \$11,827,053 to a balance of (\$28,282,718).
- \* The governmental net position has increased by \$11,386,043 to a balance of (\$27,956,702).
- \* The business-type net position has increased by \$441,010 to a balance of (\$326,016).
- \* The District's General Fund Balances have increased by \$432,933 to a balance of \$26,278,837.

**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 East Penn School District as a financial 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 consisting of 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. East Penn School District's sole proprietary fund is the Food Service 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.

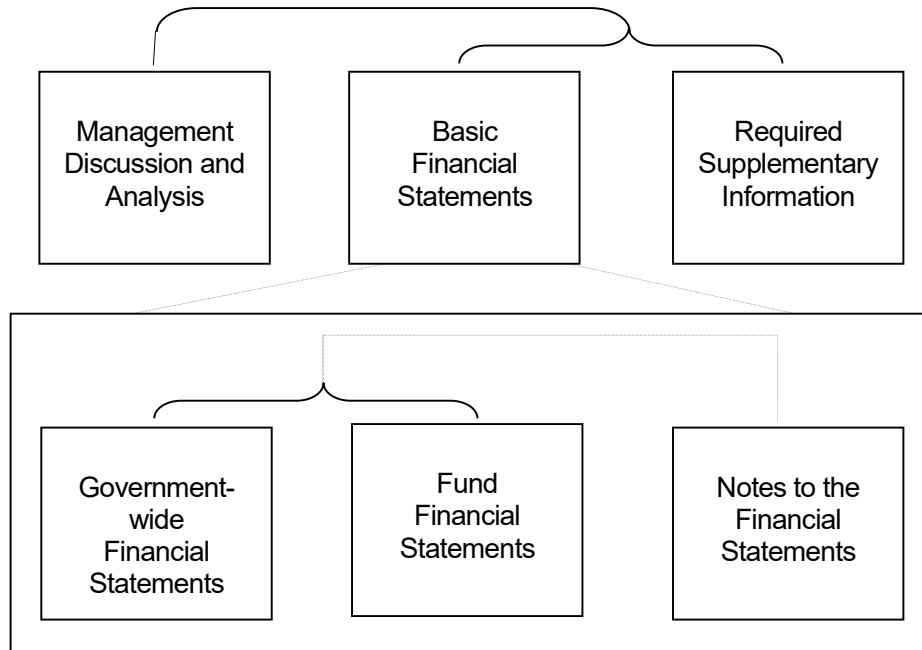
The financial statements also include notes that explain in greater detail, some of the information in the financial statements.

**East Penn School District  
Management's Discussion and Analysis**

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Figure A-1 shows how the required parts of these financial statements as a whole are arranged and relate to one another.

**Figure A-1  
Required Components of  
East Penn School District's  
Financial Report**



**East Penn 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 East Penn School District's  
Government-wide and Fund Financial Statements**

		Fund Statements		
	Government-wide 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

**East Penn School District**  
**Management's Discussion and Analysis**

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**OVERVIEW OF FINANCIAL STATEMENTS**

*Government-Wide Statements*

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

The two parts of the government-wide financial 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.

It should be noted, 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 students, staff and visitors to help 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 others may be required by debt service regulations or 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 reported in the Fund Financial Statements are reconciled in the financial statements.

**Proprietary funds** - These funds are used to account for District activities that are similar to business operations in the private sector; or where reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides - whether to outside customers or to other units in the District - these services are generally reported in proprietary funds. The Food Service Fund is the District's sole proprietary fund and is 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.

**East Penn 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 a separate Fiduciary Funds Statements of Fiduciary Net Position. These activities are excluded from the District's other financial statements, because the District cannot use these assets to finance operations.

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

The District's total net position is (\$28,282,718) at June 30, 2024. This reflects an increase in net position of \$11,827,053 from the previous fiscal year.

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

	2024			2023		
	Govern- mental Activities	Business- Type Activities	Total Primary Government	Govern- mental Activities	Business- Type Activities	Total Primary Government
Current assets	\$ 70,919,798	\$ 2,826,443	\$ 73,746,241	\$ 67,775,620	\$ 2,565,909	\$ 70,341,529
Non-Current assets	139,771,491	656,389	140,427,880	137,193,395	597,769	137,791,164
Deferred Outflow of Resources	39,331,704	749,821	40,081,525	32,320,725	548,314	32,869,039
<b>Total Assets &amp; Deferred Outflow of Resources</b>	<b>\$ 250,022,993</b>	<b>\$ 4,232,653</b>	<b>\$ 254,255,646</b>	<b>\$ 237,289,740</b>	<b>\$ 3,711,992</b>	<b>\$ 241,001,732</b>
Current and other liabilities	30,080,095	375,210	\$ 30,455,305	25,967,060	382,689	\$ 26,349,749
Long-term liabilities	239,580,134	4,097,933	243,678,067	238,655,922	4,023,019	242,678,941
Deferred Inflow of Resources	8,319,466	85,526	8,404,992	12,009,503	73,310	12,082,813
<b>Total Liabilities &amp; Deferred Inflow of Resources</b>	<b>277,979,695</b>	<b>4,558,669</b>	<b>282,538,364</b>	<b>276,632,485</b>	<b>4,479,018</b>	<b>281,111,503</b>
<b>Net Position</b>						
Net Investment in Capital Assets	128,360,634	656,389	129,017,023	120,293,692	597,769	120,891,461
Retirement of Long-Term Debt	18,897,330	-	18,897,330	20,573,055	-	20,573,055
Other Restrictions	-	-	-	-	-	-
Unrestricted	(175,214,666)	(982,405)	(176,197,071)	(180,209,492)	(1,364,795)	(181,574,287)
<b>Total Net Position</b>	<b>(27,956,702)</b>	<b>(326,016)</b>	<b>(28,282,718)</b>	<b>(39,342,745)</b>	<b>(767,026)</b>	<b>(40,109,771)</b>
<b>Total Liabilities, Deferred Inflow of Resources, &amp; Net Position</b>	<b>\$ 250,022,993</b>	<b>\$ 4,232,653</b>	<b>\$ 254,255,646</b>	<b>\$ 237,289,740</b>	<b>\$ 3,711,992</b>	<b>\$ 241,001,732</b>

Most of the District's net position is invested in capital assets (buildings, land, and equipment) totaling \$129,017,023. The remaining net portion is a combination of restricted and unrestricted amounts. The restricted capital projects balance of \$18,720,519 is set aside to fund capital projects as planned by the District. The unrestricted net position reflects a negative balance of (\$176,197,071).

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 property taxes assessed to community taxpayers and subsidies provided by the Commonwealth of Pennsylvania.

Additional information regarding the District's net position and activities are provided in the notes to the financial statements.



**East Penn School District**  
**Management's Discussion and Analysis**

Table A-2 takes the information from that Statement and rearranges it slightly, to provide a comparison with the prior year.

**Table A-2**  
**Changes in Net Position**  
**Fiscal Years Ended June 30, 2024**

	<u>2024</u>			<u>2023</u>		
	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>	<u>Govern- mental Activities</u>	<u>Business- Type Activities</u>	<u>Total Primary Government</u>
<b><u>REVENUES</u></b>						
<i>Program revenues</i>						
Charges for services	\$ 484,729	\$ 1,810,588	\$ 2,295,317	\$ 562,027	\$ 1,920,846	\$ 2,482,873
Operating grants and contributions	26,816,149	2,862,631	29,678,780	26,361,639	2,829,202	29,190,841
Capital grants and contributions	731,533	-	731,533	840,814	-	840,814
<i>General revenues</i>						
Property taxes	114,052,337	-	114,052,337	110,163,624	-	110,163,624
Other taxes	14,031,398	-	14,031,398	13,760,899	-	13,760,899
Grants, subsidies and contributions, unrestricted	19,147,020	-	19,147,020	17,700,396	138,359	17,838,755
Other	4,055,258	131,381	4,186,639	3,538,197	5,148	3,543,345
<b>TOTAL REVENUES</b>	<b>\$ 179,318,424</b>	<b>\$ 4,804,600</b>	<b>\$ 184,123,024</b>	<b>\$ 172,927,596</b>	<b>\$ 4,893,555</b>	<b>\$ 177,821,151</b>
<b><u>EXPENSES</u></b>						
Instruction	\$ 110,394,399	\$ -	\$ 110,394,399	\$ 101,430,909	\$ -	\$ 101,430,909
Instructional student support	14,710,741	-	14,710,741	12,669,004	-	12,669,004
Administrative and financial support	11,083,056	-	11,083,056	10,284,556	-	10,284,556
Operation and maintenance of plant	15,009,562	-	15,009,562	12,831,981	-	12,831,981
Pupil transportation	9,621,434	-	9,621,434	9,332,649	-	9,332,649
Student activities	2,124,715	-	2,124,715	1,957,926	-	1,957,926
Community services	95,345	-	95,345	108,366	-	108,366
Scholarships and awards	31,550	-	31,550	26,100	-	26,100
Interest on long-term debt	255,562	-	255,562	334,675	-	334,675
Unallocated depreciation expense	4,606,017	-	4,606,017	4,571,474	-	4,571,474
Food Services	-	4,363,590	4,363,590	-	3,902,062	3,902,062
<b>TOTAL EXPENSES</b>	<b>167,932,381</b>	<b>4,363,590</b>	<b>172,295,971</b>	<b>153,547,640</b>	<b>3,902,062</b>	<b>157,449,702</b>
<b>Increase (decrease) in net position</b>	<b>\$ 11,386,043</b>	<b>\$ 441,010</b>	<b>\$ 11,827,053</b>	<b>\$ 19,379,956</b>	<b>\$ 991,493</b>	<b>\$ 20,371,449</b>
Total Net Position - Beginning	\$ (39,342,745)	\$ (767,026)	\$ (40,109,771)	\$ (58,722,701)	\$ (1,758,519)	\$ (60,481,220)
Prior Period Adjustment	-	-	-	-	-	-
<b>Total Net Position - Ending</b>	<b>\$ (27,956,702)</b>	<b>\$ (326,016)</b>	<b>\$ (28,282,718)</b>	<b>\$ (39,342,745)</b>	<b>\$ (767,026)</b>	<b>\$ (40,109,771)</b>

**East Penn 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 nine distinct areas of expenditure - instructional, instructional student support, administrative, operation and maintenance, pupil transportation, scholarships and awards, student activities, community services, and interest on long term debt; 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 revenues.

**Table A-3**  
**Governmental Activities**  
**Fiscal Years Ended June 30, 2024**

<b>Functions/Programs</b>	<b>2024</b>		<b>2023</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Instruction	\$ 110,394,399	\$ 90,091,823	\$ 101,430,909	\$ 81,304,346
Instructional student support	14,710,741	12,805,107	12,669,004	10,575,878
Administrative	11,083,056	9,889,307	10,284,556	9,110,107
Operation and maintenance	15,009,562	13,575,905	12,831,981	11,687,636
Pupil transportation	9,621,434	7,556,882	9,332,649	7,441,010
Scholarships and awards	31,550	31,550	26,100	26,100
Student activities	2,124,715	1,642,038	1,957,926	1,501,061
Community services	95,345	66,587	108,366	71,687
Interest on long-term debt	255,562	(365,246)	334,675	(506,139)
Unallocated depreciation expense	4,606,017	4,606,017	4,571,474	4,571,474
<b>Total governmental activities</b>	<b>\$ 167,932,381</b>	<b>\$ 139,899,970</b>	<b>\$ 153,547,640</b>	<b>\$ 125,783,160</b>
Less:				
Unrestricted grants, subsidies		19,147,020		17,700,396
<b>Total needs from local Taxes and other revenues</b>		<b>\$ 120,752,950</b>		<b>\$ 108,082,764</b>

Table A-4 reflects the activities of the Food Service program, the only Business-type activity of the District.

**Table A-4**  
**Business-Type Activities**  
**Fiscal Years Ended June 30, 2024**

<b>Functions/Programs</b>	<b>2024</b>		<b>2023</b>	
	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>	<b>Total Cost of Services</b>	<b>Net Cost of Services</b>
Food Services	4,363,590	(309,629)	3,902,062	(847,986)
Less:				
Investment earnings & other misc.		9,438		5,148
<b>Total business-type activities</b>		<b>\$ (300,191)</b>		<b>\$ (842,838)</b>

The Statement of Revenues, Expenses and Changes in Fund Net Position for this proprietary fund will provide further detail on the actual results of operations.

**East Penn School District  
Management's Discussion and Analysis**

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***THE DISTRICT FUNDS***

At June 30, 2024, District governmental funds reported a combined fund balance of \$44,999,356, a decrease of \$1,281,311 from the previous year.

General fund revenues and other sources exceeded expenditures and other uses by \$432,933 which resulted in an ending total General Fund balance of \$26,278,837.

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 proposed capital projects each year. In order to fund projects with minimal need for additional borrowing issues, the district has established this fund and makes budgeted transfers, as well as transfers from available funds in the General Fund at year end. Capital outlay and support services costs of \$7,004,007 for capital improvement projects were covered by the Capital Reserve Fund, while transfers of \$4,464,200 were received from the General Fund, so the Capital Reserve fund balance decreased by \$1,714,244.

**General Fund Budget**

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 \$178,235,350 were \$1,334,865 greater than originally budgeted. Local revenues were \$2,291,914 higher than budgeted due to local taxes, interest earnings and other revenues exceeding budgeted levels. State subsidy revenues were \$915,010 lower than budgeted. Higher than budgeted basic education and, special education revenues offset lower than budgeted reimbursements for nonpublic transportation, social security, and orphan tuition revenues. Federal grant revenues were \$42,039 lower than budgeted due to a decrease in Title funding received.

Total expenditures of \$172,350,238 (excluding budgetary reserve) were \$1,278,803 lower than originally budgeted. Transportation expenses exceeded original budget projections, which were offset by positive budget variances in a majority of other categories.

Further, the budgetary reserve amount of \$8,954,100 was not needed, as there were no significant, 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.

The inclusion of \$4,464,200 in transfers to other funds resulted in total General Fund expenditures and funding uses of \$177,802,528.

**East Penn School District  
Management's Discussion and Analysis**

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**CAPITAL ASSET AND DEBT ADMINISTRATION**

**CAPITAL ASSETS**

At June 30, 2024, the District had \$139,771,494 invested in a broad range of capital assets, including land, buildings, furniture and equipment. This amount represents a net increase (including additions, deletions and depreciation) of \$2,578,099, or 1.84% from the previous year.

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

	2024	2023
Land	\$ 10,970,223	\$ 10,970,223
Site Improvements	9,407,648	9,374,814
Buildings	201,798,693	201,257,553
Furniture & Equipment	11,395,681	10,333,781
Intangible right-to-use equipment	788,446	796,776
Construction in Progress	11,151,390	5,227,447
<b>Total Capital Assets</b>	<b>\$ 245,512,081</b>	<b>\$ 237,960,594</b>
Less: Accumulated Depreciation	(105,740,587)	(100,767,199)
<b>Total Capital Assets, net of Accum. Depr.</b>	<b>\$ 139,771,494</b>	<b>\$ 137,193,395</b>

**DEBT ADMINISTRATION**

As of July 1, 2023, the District had total outstanding debt of \$16,497,000. During the year, the District issued \$0 in additional debt, but retired and repaid \$6,076,184 resulting in ending outstanding debt as of June 30, 2024 of \$11,052,000.

**Table A-6  
Outstanding Debt**

	2024	2023
General Obligation Notes/Bonds:		
- Notes, Series of 2020	\$ 4,072,000	\$ 6,302,000
- Bonds, Series of 2019	6,980,000	8,185,000
- Bonds, Series of 2018	-	2,010,000
- Notes, Series of 2016	-	-
- Bonds, Series B of 2015	-	-
- Bonds, Series of 2014	-	-
- Bonds, Series of 2013	-	-
- Bonds, Series A of 2012	-	-
- Bonds, Series of 2012	-	-
<b>TOTAL</b>	<b>\$ 11,052,000</b>	<b>\$ 16,497,000</b>

**East Penn School District  
Management's Discussion and Analysis**

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Other obligations include finance purchase obligations, lease obligations, compensated absences, employee post-employment benefits, and state pension liabilities.

More detailed information about long-term liabilities is included in the notes to the financial statements.

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

The revenue budget for the 2024-25 fiscal year of \$185,242,064 is \$8,341,579 higher than the original 2023-24, fiscal year budget, representing a 4.72% increase in budget revenues. This increase includes a 0.8300 mil (4.12%) real estate tax increase.

With the passage of Act 1, the District was required to pass a preliminary budget in December and obtain approval for increasing taxes above an allowed index or pass a resolution stating that the index would not be exceeded. The 2024-25 Act 1 index was 6.2% and the District approved a preliminary budget resolution which limited the final tax rate increase to the 6.2% Act 1 index. The 2024-25 final adopted budget reflected a total real estate tax rate of 21.0000 mills (4.12% real estate tax increase).

The expenditure budget for the 2024-25 fiscal year of \$196,636,023 is \$8,600,592 higher than the original 2023-24 fiscal year budget, or a 4.75% increase. The budgetary reserve accounts for \$9,380,000 of the total expenditure budget.

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

**Table A-7  
BUDGETED REVENUES**

	<b>2024-25</b>	<b>2023-24</b>
Local	74.6%	74.1%
State	24.3%	24.8%
Federal/Other	1.1%	1.1%

**BUDGETED EXPENDITURES**

	<b>2024-25</b>	<b>2023-24</b>
Instruction	61.8%	60.8%
Support Services	27.8%	27.7%
Non-Instruction/Community	1.2%	1.1%
Fund Transfers/Debt	9.2%	10.3%

**CONTACTING THE DISTRICT FINANCIAL MANAGEMENT**

Our financial report is designed to provide our citizens, taxpayers, parents, students, investors and creditors with a general overview of the District's finances and to show the Board's accountability for the money it receives. If you have questions about this report or wish to request additional financial information, please contact Robert E. Saul, Business Administrator at East Penn School District, 800 Pine Street, Emmaus, PA 18049, and (610) 966-8300.

## **B A S I C   F I N A N C I A L   S T A T E M E N T S**

**East Penn School District**  
**Statement of Net Position**  
**As of June 30, 2024**

	PRIMARY GOVERNMENT		
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 58,899,748	\$ 2,402,605	\$ 61,302,353
Restricted Cash	1,717,040	-	1,717,040
Investments	90,980	-	90,980
Receivables, net	2,023,322	-	2,023,322
Internal Balances	216,629	20,906	- (1)
Due From Other Governments	7,683,226	315,840	7,999,066
Other Receivables	198,659	-	198,659
Inventories	60,232	87,092	147,324
Prepaid Expenses	29,962	-	29,962
<b>Total Current Assets</b>	<b>70,919,798</b>	<b>2,826,443</b>	<b>73,508,706</b>
<b>Non-Current Assets:</b>			
Land	10,970,223	-	10,970,223
Site Improvements (net of depreciation)	3,534,913	-	3,534,913
Building and Bldg. Improvements (net of depreciation)	109,293,791	-	109,293,791
Furniture and Equipment (net of depreciation)	4,502,257	656,389	5,158,646
Right-To-Use - Equipment (net of amortization)	318,917	-	318,917
Construction in Progress	11,151,390	-	11,151,390
<b>Total Non-Current Assets</b>	<b>139,771,491</b>	<b>656,389</b>	<b>140,427,880</b>
<b>Total Assets</b>	<b>\$ 210,691,289</b>	<b>\$ 3,482,832</b>	<b>\$ 213,936,586</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred Outflows of Resources - Related to Pension	36,911,397	734,055	37,645,452
Deferred Outflows of Resources - Related to OPEB	2,354,296	15,766	2,370,062
Deferred Amount on Debt Refundings, net	66,011	-	66,011
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 250,022,993</b>	<b>\$ 4,232,653</b>	<b>\$ 254,018,111</b>
<b>LIABILITIES</b>			
<b>Current Liabilities:</b>			
Internal Balances	\$ 20,906	\$ 216,629	\$ - (1)
Due to other governments	967,363	-	967,363
Accounts Payable	5,559,588	46,338	5,605,926
Current Portion of Long-Term Obligations	6,305,393	-	6,305,393
Accrued Salaries and Benefits	8,518,669	127	8,518,796
Payroll Deductions and Withholdings	8,665,015	4,806	8,669,821
Prepayments	-	45,299	45,299
Other Current Liabilities	43,161	62,011	105,172
<b>Total Current Liabilities</b>	<b>30,080,095</b>	<b>375,210</b>	<b>30,217,770</b>
<b>Non-Current Liabilities:</b>			
Bonds and Notes Payable	6,139,868	-	6,139,868
Finance Purchase Obligations	301,835	-	301,835
Lease Obligations	122,521	-	122,521
Long-Term Portion of Compensated Absences	637,001	28,988	665,989
Net OPEB Liability - Single Employer Plan	24,994,425	18,592	25,013,017
Net OPEB Liability - Multiple Employer Plan	8,181,619	144,055	8,325,674
Net Defined Benefit Pension Liability	198,344,845	3,906,298	202,251,143
Net Defined Contribution Pension Liability	858,020	-	858,020
<b>Total Liabilities</b>	<b>269,660,229</b>	<b>4,473,143</b>	<b>273,895,837</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred Inflows of Resources - Related to Pension	3,110,456	62,427	3,172,883
Deferred Inflows of Resources - Related to OPEB	5,209,010	23,099	5,232,109
Unearned Revenue from TIF arrangement/Deposit on Sale	-	-	-
<b>TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>	<b>277,979,695</b>	<b>4,558,669</b>	<b>282,300,829</b>
<b>NET POSITION</b>			
Net Investment in Capital Assets	128,360,634	656,389	129,017,023
<b>Restricted For:</b>			
Capital Projects	18,720,519	-	18,720,519
Other Restrictions	176,811	-	176,811
Unrestricted (deficit)	(175,214,666)	(982,405)	(176,197,071)
<b>TOTAL NET POSITION</b>	<b>(27,956,702)</b>	<b>(326,016)</b>	<b>(28,282,718)</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION</b>	<b>\$ 250,022,993</b>	<b>\$ 4,232,653</b>	<b>\$ 254,018,111</b>

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

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

**East Penn School District**  
**Statement of Activities**  
**For the Year Ended June 30, 2024**

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION		
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
<b>GOVERNMENTAL ACTIVITIES:</b>							
Instruction	\$ 110,394,399	\$ 176,432	\$ 20,126,144	\$ -	\$ (90,091,823)	\$ -	\$ (90,091,823)
Instructional Student Support	14,710,741	-	1,905,634	-	(12,805,107)	-	(12,805,107)
Admin. & Fin'l Support Services	11,083,056	-	1,193,749	-	(9,889,307)	-	(9,889,307)
Oper. & Maint. of Plant Svcs.	15,009,562	-	1,322,932	110,725	(13,575,905)	-	(13,575,905)
Pupil Transportation	9,621,434	-	2,064,552	-	(7,556,882)	-	(7,556,882)
Student activities	2,124,715	308,297	174,380	-	(1,642,038)	-	(1,642,038)
Community Services	95,345	-	28,758	-	(66,587)	-	(66,587)
Scholarships and Awards	31,550	-	-	-	(31,550)	-	(31,550)
Interest on Long-Term Debt	255,562	-	-	620,808	365,246	-	365,246
Unallocated Depreciation Expense	4,606,017	-	-	-	(4,606,017)	-	(4,606,017)
<b>TOTAL GOVERNMENTAL ACTIVITIES</b>	<b>167,932,381</b>	<b>484,729</b>	<b>26,816,149</b>	<b>731,533</b>	<b>(139,899,970)</b>	<b>-</b>	<b>(139,899,970)</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>							
Food Services	4,363,590	1,810,588	2,862,631	-	-	309,629	309,629
<b>TOTAL PRIMARY GOVERNMENT</b>	<b>\$ 172,295,971</b>	<b>\$ 2,295,317</b>	<b>\$ 29,678,780</b>	<b>\$ 731,533</b>	<b>\$ (139,899,970)</b>	<b>\$ 309,629</b>	<b>\$ (139,590,341)</b>
<b>GENERAL REVENUES:</b>							
Property taxes Levied for general purposes, net					\$ 114,052,337	\$ -	\$ 114,052,337
Taxes levied for specific purposes					14,031,398	-	14,031,398
Grants, subsidies, & contributions not restricted					19,147,020	-	19,147,020
Investment Earnings					3,808,220	9,438	3,817,658
Miscellaneous Income					405,909	-	405,909
Special item - Gain (Loss) on sale of capital assets					(158,871)	(22,772)	(181,643)
Transfers					-	144,715	144,715
<b>TOTAL GENERAL REVENUES, SPECIAL ITEMS, EXTRAORDINARY ITEMS, AND TRANSFERS</b>					<b>151,286,013</b>	<b>131,381</b>	<b>151,417,394</b>
<b>CHANGES IN NET POSITION</b>					<b>11,386,043</b>	<b>441,010</b>	<b>11,827,053</b>
<b>NET POSITION - BEGINNING</b>					<b>(39,342,745)</b>	<b>(767,026)</b>	<b>(40,109,771)</b>
<b>NET POSITION - ENDING</b>					<b>\$ (27,956,702)</b>	<b>\$ (326,016)</b>	<b>\$ (28,282,718)</b>

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



**East Penn School District**  
**Balance Sheet**  
**Governmental Funds**  
**As of June 30, 2024**

	<u>GENERAL</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b><u>ASSETS</u></b>			
Cash and cash equivalents	\$ 40,495,924	\$ 18,403,823	\$ 58,899,747
Restricted Cash	-	1,717,040	1,717,040
Investments	90,980	-	90,980
Taxes Receivable, net	2,023,322	-	2,023,322
Due from other funds	216,629	-	216,629
Due from Other Governments	7,683,226	-	7,683,226
Other Receivables	198,659	-	198,659
Inventories	-	-	-
Prepaid Expenditures	29,962	-	29,962
Other Current Assets	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 50,738,702</b>	<b>\$ 20,120,863</b>	<b>\$ 70,859,565</b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	<b>-</b>	<b>-</b>	<b>-</b>
Deferred Charges of Bond Refundings, net	-	-	-
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$ 50,738,702</b>	<b>\$ 20,120,863</b>	<b>\$ 70,859,565</b>
<b><u>LIABILITIES</u></b>			
Due to Other Funds	\$ 20,906	\$ -	\$ 20,906
Due to Other Governments	967,363	-	967,363
Accounts Payable	4,159,243	1,400,344	5,559,587
Current Portion of Long-Term Debt	481,247	-	481,247
Accrued Salaries and Benefits	8,518,669	-	8,518,669
Payroll Deductions and Withholdings	8,665,015	-	8,665,015
Deposit Payable	-	-	-
Other Current Liabilities	32	-	32
<b>TOTAL LIABILITIES</b>	<b>22,812,475</b>	<b>1,400,344</b>	<b>24,212,819</b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>			
Unearned Revenue from Property Taxes	1,647,390	-	1,647,390
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	<b>24,459,865</b>	<b>1,400,344</b>	<b>25,860,209</b>
<b>FUND BALANCES:</b>			
Nonspendable Fund Balance	29,962	-	29,962
Restricted Fund Balance	176,811	18,720,519	18,897,330
Committed Fund Balance	3,289,759	-	3,289,759
Assigned Fund Balance	11,393,959	-	11,393,959
Unassigned Fund Balance	11,388,346	-	11,388,346
<b>TOTAL FUND BALANCES</b>	<b>26,278,837</b>	<b>18,720,519</b>	<b>44,999,356</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES</b>	<b>\$ 50,738,702</b>	<b>\$ 20,120,863</b>	<b>\$ 70,859,565</b>

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

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

<b>TOTAL FUND BALANCES - GOVERNMENTAL FUNDS</b>	\$	44,999,356
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**Amounts reported for governmental activities in the statement of net position are different because:**

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. The cost of the assets is \$245,512,078 and the accumulated depreciation is \$105,740,587.		139,771,491
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This represents deferred outflows of resources resulting in deferred charges on refunding prior bond issues.		66,011
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Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.		1,647,390
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The governmental funds follow the purchase method of inventory; therefore no inventory is reflected on the balance sheet. However, the statement of net position uses the consumption method of inventory.		60,232
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This represents the deferred outflows of resources, net of deferred inflows of resources pertaining to the Net Pension/OPEB Liabilities.		30,946,227
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		(245,447,409)
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<b>TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES</b>	<b>\$</b>	<b><u>(27,956,702)</u></b>
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The Accompanying Notes are an integral part of these financial statements.

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

	<u>GENERAL</u>	<u>CAPITAL PROJECT FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>REVENUES</b>			
Local Sources	\$ 133,325,127	\$ 825,563	\$ 134,150,690
State Sources	42,994,439	-	42,994,439
Federal Sources	<u>1,915,895</u>	<u>-</u>	<u>1,915,895</u>
<b>TOTAL REVENUES</b>	<u>178,235,461</u> -----	<u>825,563</u> -----	<u>179,061,024</u> -----
<b>EXPENDITURES</b>			
Instruction	113,393,830	-	113,393,830
Support Services	50,919,488	29,012	50,948,500
Operation of Non-Instructional Services	2,276,613	-	2,276,613
Capital Outlay	255,440	6,974,995	7,230,435
Debt Service	<u>6,492,957</u>	<u>-</u>	<u>6,492,957</u>
<b>TOTAL EXPENDITURES</b>	<u>173,338,328</u>	<u>7,004,007</u>	<u>180,342,335</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>4,897,133</u>	<u>(6,178,444)</u>	<u>(1,281,311)</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Operating Transfers In (Out)	<u>(4,464,200)</u>	<u>4,464,200</u>	<u>-</u>
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(4,464,200)</u>	<u>4,464,200</u>	<u>-</u>
<b>NET CHANGE IN FUND BALANCES</b>	432,933	(1,714,244)	(1,281,311)
<b>FUND BALANCES - BEGINNING</b>	<u>25,845,904</u>	<u>20,434,763</u>	<u>46,280,667</u>
<b>FUND BALANCES - ENDING</b>	<u><b>\$ 26,278,837</b></u>	<u><b>\$ 18,720,519</b></u>	<u><b>\$ 44,999,356</b></u>

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

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

**NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS** **\$ (1,281,311)**

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense or in the case of right-to-use assets are amortized over length of the lease term. This is the amount by which capital outlays exceeded depreciation in the current period.

Depreciation/Amortization expense	\$ 5,434,262	
less - capital outlays	<u>8,179,562</u>	2,745,300

In the statement of activities, only the gain on the sale of the capital assets is reported, whereas in the governmental funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the cost of fixed assets sold. (158,871)

Because some property taxes will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds. Deferred inflows of resources increased by this amount this year. 416,272

Repayments of long-term debt are expenditures in the governmental funds, but the repayments reduces long-term liabilities in the statement of net position. 6,076,184

In the statement of activities, certain operating expenses--compensated absences (vacations) and special termination benefits (early retirement) - are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. This amount represents the difference between the amount earned versus the amount used. 62,634

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, interest expense is recognized as the interest accrues, regardless of when it is due. This would include accumulated interest accreted on capital appreciation bonds. The additional interest accrued in the statement of activities over the amount due is shown here. 161,212

The governmental funds use the purchase method of inventory, where all items purchased are charged to expenditures. However, the statement of activities is reflected on the consumption method of recording inventory type items; therefore, this adjustment reflects the inventory difference. (124,718)

The difference between current year pension/OPEB expense reported on the governmental activities column of the government-wide financial statements and the pension/OPEB contributions made this past year reported as expenditures in the governmental funds. 3,489,341

**CHANGE IN NET POSITION ON GOVERNMENTAL ACTIVITIES** **\$ 11,386,043**

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

**East Penn School District  
Statement of Fund Net Position  
Proprietary Funds  
As of June 30, 2024**

	<b>FOOD SERVICE</b>
<b><u>ASSETS</u></b>	
<b>CURRENT ASSETS:</b>	
Cash and cash equivalents	\$ 2,402,605
Due from other funds	20,906
Due From Other Governments	315,840
Inventories	<u>87,092</u>
<b>TOTAL CURRENT ASSETS</b>	2,826,443
	-----
<b>NON-CURRENT ASSETS:</b>	
Machinery & Equipment (net)	<u>656,389</u>
<b>TOTAL NON-CURRENT ASSETS</b>	<u>656,389</u>
<b>TOTAL ASSETS</b>	\$ 3,482,832
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>	
Deferred Outflows of Resources - Related to Pension	734,055
Deferred Outflows of Resources - Related to OPEB	<u>15,766</u>
<b>TOTAL ASSETS &amp; DEFERRED OUTFLOWS OF RESOURCES</b>	<b><u>\$ 4,232,653</u></b>
<b><u>LIABILITIES</u></b>	
<b>CURRENT LIABILITIES:</b>	
Due to Other Funds	\$ 216,629
Accounts Payable	46,338
Accrued Salaries and Benefits	127
Payroll Deductions & Withholdings	4,806
Other Current Liabilities	62,011
Prepayments	<u>45,299</u>
<b>TOTAL CURRENT LIABILITIES</b>	375,210
	-----
<b>NON-CURRENT LIABILITIES:</b>	
Long-Term Portion of Compensated Absences	28,988
Net Pension Liability	3,906,298
Net OPEB Liability - Single Employer Plan	18,592
Net OPEB Liability - Multiple Employer Plan	<u>144,055</u>
<b>TOTAL NON-CURRENT LIABILITIES</b>	<u>4,097,933</u>
<b>TOTAL LIABILITIES</b>	4,473,143
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>	
Deferred Inflows of Resources - Related to Pension	62,427
Deferred Inflows of Resources - Related to OPEB	<u>23,099</u>
<b>TOTAL LIABILITIES &amp; DEFERRED INFLOWS OF RESOURCES</b>	4,558,669
	-----
<b><u>FUND NET POSITION</u></b>	
Net Investment in Capital Assets	656,389
Unrestricted	<u>(982,405)</u>
<b>TOTAL FUND NET POSITION</b>	<u>(326,016)</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND NET POSITION</b>	<b><u>\$ 4,232,653</u></b>

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

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

	<b>FOOD SERVICE</b>
<b>OPERATING REVENUES:</b>	
Food Service Revenue	\$ 1,810,588
<b>TOTAL OPERATING REVENUES</b>	1,810,588
	-----
<b>OPERATING EXPENSES:</b>	
Salaries	1,333,037
Employee Benefits	543,452
Purchased Property Service	121,136
Other Purchased Services	1,910,353
Supplies	328,197
Depreciation	63,322
Other Operating Expenses	64,093
<b>TOTAL OPERATING EXPENSES</b>	4,363,590
<b>OPERATING INCOME (LOSS)</b>	(2,553,002)
	-----
<b>NON-OPERATING REVENUES (EXPENSES):</b>	
Earnings on investments	9,438
Gain/Loss on Sale of Fixed Assets	(22,772)
State Sources	678,103
Federal Sources	2,184,528
<b>TOTAL NON-OPERATING REVENUES (EXPENSES)</b>	2,849,297
<b>INCOME (LOSS) BEFORE CONTRIBUTIONS</b>	296,295
Capital Contributions	144,715
<b>CHANGES IN FUND NET POSITION</b>	441,010
<b>FUND NET POSITION - BEGINNING</b>	(767,026)
<b>FUND NET POSITION - ENDING</b>	<b>\$ (326,016)</b>

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

**East Penn School District**  
**Statement of Cash Flows - Proprietary Funds**  
**As of June 30, 2024**

	<b>FOOD SERVICE</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Users	\$ 1,822,431
Cash Payments to Employees for Services	(1,985,933)
Cash Payments to Suppliers for Goods and Services	<u>(2,192,719)</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u>(2,356,221)</u> -----
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
State Sources	628,162
Federal Sources	1,722,761
Capital Contributions	<u>144,715</u>
<b>NET CASH PROVIDED BY (USED FOR) NON-CAPITAL FINANCING ACTIVITIES</b>	<u>2,495,638</u> -----
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Purchase of Equipment	<u>(144,715)</u>
<b>NET CASH PROVIDED BY (USED FOR) CAPITAL AND RELATED FINANCING ACTIVITIES</b>	<u>(144,715)</u> -----
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on Investments	<u>9,438</u>
<b>NET CASH PROVIDED BY (USED FOR) INVESTING ACTIVITIES</b>	<u>9,438</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	4,140
<b>CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR</b>	<u>2,398,465</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b><u>\$ 2,402,605</u></b>

**East Penn School District**  
**Statement of Cash Flows - Proprietary Funds**  
**As of June 30, 2024**

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

	<b>FOOD SERVICE</b>
<b>OPERATING INCOME (LOSS)</b>	\$ (2,553,002) -----
<b>ADJUSTMENTS TO RECONCILE OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	
Depreciation and Net Amortization	63,322
Donated Commodities Used	259,875
<b>CHANGE IN ASSETS AND LIABILITIES:</b>	
(Increase) Decrease in Advances to Other Funds	11,842
(Increase) Decrease in Inventories	(16,402)
(Increase) Decrease in Deferred Outflows of Resources - Change in Proportion of NPL	(59,296)
(Increase) Decrease in Deferred Outflows of Resources - Current Year Contributions	(57,530)
(Increase) Decrease in Deferred Outflows of Resources - Changes in Assumptions	37,059
(Increase) Decrease in Deferred Outflows of Resources - Diff. in Projected vs Actual Invest. Earnings	(124,756)
Increase (Decrease) in Accounts Payable	8,334
Increase (Decrease) in Accrued Salaries and Benefits	531
Increase (Decrease) in Payroll Deductions & Withholdings	4,806
Increase (Decrease) in Advances from Other Funds	(59,558)
Increase (Decrease) in Net OPEB Liability - Single Employer Plan	393
Increase (Decrease) in Net OPEB Liability - Multiple Employer Plan	954
Increase (Decrease) in Net Pension Liability	73,163
Increase (Decrease) in Deferred Inflows of Resources - Diff. in Projected vs Actual Contributions	(307)
Increase (Decrease) in Deferred Inflows of Resources - Diff. between Expected vs Actual Experience	15,539
Increase (Decrease) in Other Current Liabilities	38,812
<b>TOTAL ADJUSTMENTS</b>	<u>196,781</u>
<b>NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES</b>	<u><b>\$ (2,356,221)</b></u>

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



**East Penn School District**  
**Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**As of June 30, 2024**

	<b>PRIVATE- PURPOSE TRUST</b>	<b>CUSTODIAL FUNDS</b>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 17,785	\$ 310,748
Investments	51,792	-
Other Receivables	-	1,499
Prepaid Expenses	-	2,150
<b>TOTAL ASSETS</b>	<b>\$ 69,577</b>	<b>\$ 314,397</b>
	-----	-----
<b>LIABILITIES</b>		
Accounts Payable	\$ -	\$ 21,612
Due to Other Funds	-	-
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>21,612</b>
<b>NET POSITION</b>		
Restricted For:		
Students and other individuals	69,577	292,785
<b>TOTAL LIABILITIES &amp; NET POSITION</b>	<b>\$ 69,577</b>	<b>\$ 314,397</b>

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

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

	<b>PRIVATE- PURPOSE TRUST FUND</b>	<b>CUSTODIAL FUNDS</b>
<b>ADDITIONS</b>		
Contributions - Students	\$ -	\$ 503,603
Contributions - Other	6,229	-
Special Events	-	187,581
Other Income	-	52,566
<b>INVESTMENT EARNINGS:</b>		
Interest and Dividends	1,392	1,464
Net increase (decrease) in fair value of investments	-	-
Less investment expense	-	-
<b>TOTAL ADDITIONS</b>	<u>7,621</u>	<u>745,214</u>
	-----	-----
<b>DEDUCTIONS</b>		
Administrative expense	-	-
Payments for student club activities	-	759,617
Scholarships/Awards	<u>3,000</u>	<u>-</u>
<b>TOTAL DEDUCTIONS</b>	<u>3,000</u>	<u>759,617</u>
<b>NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION</b>	4,621	(14,403)
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>64,956</u>	<u>307,188</u>
<b>NET POSITION - END OF YEAR</b>	<u><b>\$ 69,577</b></u>	<u><b>\$ 292,785</b></u>

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

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

	<b>BUDGET AMOUNTS</b>		<b>ACTUAL</b>	<b>VARIANCE WITH</b>
	<b>ORIGINAL</b>	<b>FINAL</b>	<b>(BUDGETARY BASIS)</b>	<b>FINAL BUDGET POSITIVE (NEGATIVE)</b>
<b>REVENUES</b>				
Local Sources	\$ 131,033,213	\$ 131,033,213	\$ 133,325,127	\$ 2,291,914
State Sources	43,909,338	43,909,338	42,994,439	(914,899)
Federal Sources	1,957,934	1,957,934	1,915,895	(42,039)
<b>TOTAL REVENUES</b>	<u>176,900,485</u>	<u>176,900,485</u>	<u>178,235,461</u>	<u>1,334,976</u>
<b>EXPENDITURES</b>				
Regular Instruction	79,557,329	79,680,435	78,485,126	1,195,309
Special Programs	30,363,561	31,439,150	30,707,190	731,960
Vocational Programs	3,244,606	3,244,606	3,118,141	126,465
Other Instructional Programs	238,241	273,020	135,836	137,184
Nonpublic School Programs	46,248	48,171	48,171	-
Adult Education Programs	902,514	7,265	4,117	3,148
Community College Sponsorship	-	895,249	895,249	-
Pupil Personnel Services	7,100,439	7,513,820	7,167,981	345,839
Instructional Staff Services	5,071,421	5,565,598	5,338,375	227,223
Administrative Services	8,008,089	8,061,014	7,920,995	140,019
Pupil Health	2,544,044	2,558,810	2,542,943	15,867
Business Services	1,332,514	1,350,922	1,203,829	147,093
Operation & Maintenance of Plant Services	15,665,502	15,716,621	15,011,141	705,480
Student Transportation Services	9,938,160	10,114,692	9,621,434	493,258
Central Support Services	2,325,852	2,325,852	1,961,593	364,259
Other Support Services	156,413	156,413	151,197	5,216
Student Activities	2,077,520	2,161,239	2,150,790	10,449
Community Services	82,413	96,196	94,273	1,923
Scholarships and Awards	-	31,550	31,550	-
Facilities, Acquisition and Construction	128,448	255,440	255,440	-
Debt Service	5,833,817	6,492,957	6,492,957	-
<b>TOTAL EXPENDITURES</b>	<u>174,617,131</u>	<u>177,989,020</u>	<u>173,338,328</u>	<u>4,650,692</u>
Excess (deficiency) of revenues over expenditures	<u>2,283,354</u>	<u>(1,088,535)</u>	<u>4,897,133</u>	<u>5,985,668</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating Transfers In/(Out)	(4,464,200)	(4,464,200)	(4,464,200)	-
Budgetary Reserve	(8,954,100)	(5,582,211)	-	5,582,211
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<u>(13,418,300)</u>	<u>(10,046,411)</u>	<u>(4,464,200)</u>	<u>5,582,211</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>(11,134,946)</u>	<u>(11,134,946)</u>	<u>432,933</u>	<u>11,567,879</u>
<b>FUND BALANCE - JULY 1, 2023</b>	<u>\$ 25,420,591</u>	<u>\$ 25,420,591</u>	<u>\$ 25,845,904</u>	<u>\$ 425,313</u>
<b>FUND BALANCE - JUNE 30, 2024</b>	<u>\$ 14,285,645</u>	<u>\$ 14,285,645</u>	<u>\$ 26,278,837</u>	<u>\$ 11,993,192</u>

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

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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

***School District***

The East Penn School District is located in eastern Pennsylvania in the southern portion of Lehigh County, approximately seven miles to the south and west of Allentown, the county seat of Lehigh County. Encompassing 45.4 square miles in Lehigh County, the School District is comprised of Alburtis, Emmaus, and Macungie Boroughs, and Lower Macungie and Upper Milford Townships.

Prior to 1966 and pursuant to law, the former School Districts of the Boroughs of Emmaus, Alburtis, and Macungie, and the Townships of Lower Macungie and Upper Milford, Lehigh County, formed the East Penn Union School District. Pursuant to Act 299 of the 1963 Pennsylvania Legislature requiring a consolidation of school districts, effective July 1, 1966, the East Penn Union School District formed the East Penn School District. The reorganized School District has assumed all rights and obligations of the predecessor school district.

The East Penn 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 East Penn 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.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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The Business Administrator, recommended by the Superintendent and appointed by the Board of School Directors, shall supervise and coordinate all business and operational 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 East Penn School District. The Business Administrator is directly responsible to the Superintendent.

***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 East Penn School District, this includes general operations, food service, and student related activities of the School District.

East Penn 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 East Penn 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 East Penn School District does not have any component units.

***Joint Ventures***

***Lehigh Career and Technical Institute***

The School District is a participating member of the Lehigh Career and Technical Institute (LCTI). The LCTI 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 LCTI's annual operating budget. Each participating district pays a pro-rata share of the LCTI's operating costs based on the number of students attending the LCTI for each District. The District's share of the LCTI operating costs for 2023-24 was \$3,118,141.

On dissolution of the Lehigh Career and Technical Institute, the net position of LCTI 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 LCTI 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 LCTI can be obtained from the LCTI's administrative office at 4500 Education Park Drive, Schnecksville, PA.

***Lehigh-Carbon Community College***

The District is a participating member of the Lehigh-Carbon Community College (LCCC). The LCCC 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 LCCC's annual operating budget. The amount of the annual operating costs of the LCCC shall be apportioned among the member districts on the basis of the number of full-time equivalent students enrolled in LCCC and residing in the respective geographical areas of each of the member districts. The District's share of LCCC's operating costs for 2023-24 was \$895,249.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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On dissolution of the Lehigh-Carbon Community College, the net position of LCCC 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 LCCC 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 LCCC can be obtained from the LCCC's administrative office at 4525 Education Park Drive, Schneeksville, PA.

***Jointly Governed Organizations***

***Carbon-Lehigh Intermediate Unit***

The School District is a participating member of the Carbon-Lehigh Intermediate Unit (CLIU). The CLIU 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 CLIU's annual operating budget. The CLIU 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 CLIU. The CLIU 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. The more significant of these accounting policies are described below and, where appropriate, subsequent pronouncements will be referenced. GASB Statement No. 62 was issued to include all prior Financial Accounting Standards Board's statements and interpretations, along with predecessors' statements and interpretations pertaining to governments into the hierarchy of the Governmental Accounting Standards Board's jurisdiction.

***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 one business-type activity 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.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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**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.

**Special Revenue Fund**

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 new definition, the District does not have any special revenue funds.

**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 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.

**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

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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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 fund is:

*Food Service Fund*

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

***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 two Fiduciary Funds:

*Memorial Trust 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.

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

***Fund Financial Statements*** All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet, along with deferred outflows of resources or deferred inflows of resources required to be reported. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include reconciliation's 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 fund net position. The statement of revenues, expenses, and changes in fund net position presents increases (i.e., revenues) and decreases (i.e., expenses) in net total position. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its enterprise activities.



**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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**C. 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.

**D. Budgetary Process**

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

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

**Accelerated Budget Process Option**

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

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

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

**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

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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prior to adoption of the budget. The Board shall give public notice of its intent to adopt at least 10 days prior to adoption of the proposed budget. The Board shall annually adopt the final budget by a majority vote of all members of the Board by June 30.

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

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

***E. 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.

***F. Changes in Accounting Principles***

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

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

***G. 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.

***H. 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'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.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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*Single Employer OPEB Plan*

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

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

*Cash and Cash Equivalents*

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

*Investments*

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

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

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

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

The valuation techniques should be consistent with one or more of the following approaches: the market approach, the cost approach, or the income approach. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets or liabilities.

The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts (such as cash flows or income and expenses) to a single current (discounted) amount.

*Receivables and Payables*

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

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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*Property Tax Levy*

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

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

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

*Inventories*

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis, and are expensed when used. As of June 30, 2024, the inventory shown in the governmental activities column of the government-wide statement of net position is \$60,232 and \$87,092 is shown as inventory in the business-type activities column of the government-wide statement of net position.

Inventory type items in governmental funds utilize the purchase method, that is, they are charged to expenditures when purchased. There was no physical inventory taken as of June 30, 2024; therefore, there is no offsetting 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 is the Food Service Fund. Inventory within this fund consists of supplies, purchases, food, and donated commodities, which are valued at U.S.D.A.'s approximate costs. Inventories on hand at June 30, 2024, consist of:

Donated Commodities	\$	62,011
Supplies		6,228
Food		18,853
TOTAL	\$	<u>87,092</u>

*Prepaid Expenses*

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

*Capital Assets*

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their acquisition values as of the date received. The School District maintains a capitalization threshold of 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.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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

<b>Description</b>	<b>Governmental Activities Estimated Lives</b>	<b>Business-Type Activities Estimated Lives</b>
Site Improvements	20 years	20 years
Buildings and Improvements	15 - 30 years	15 - 30 years
Furniture and Equipment	5 - 15 years	5 -15 years
Right-to-use Equipment	Length of Lease	Length of Lease

### *Compensated Absences*

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

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

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

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

### *Leases*

The 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 \$25,000 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.
- 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.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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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.

*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 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.

*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 refunding's 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 refunding's 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 governmental 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

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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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 are explained in Note 8 to the financial statements:

*Nonspendable Fund Balance*

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

*Restricted Fund Balance*

Fund balance should be reported as restricted when constraints placed on the use of resources are externally imposed by creditors, grantors, contributors, or other 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 and Business Manager are 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.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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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 did not receive any 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".

The details of the \$245,447,409 differences are:

Bonds/Notes payable	\$ 11,052,000
Less: Issuance discount (to be amortized as interest expense)	-
Add: Issuance premium (to be amortized as a contra to interest expense)	424,868
Accrued interest payable	43,129
Finance Purchase Obligations	585,259
Lease Obligations	326,243
Defined Benefit Net Pension Liability	198,344,845
Net Defined Contribution Pension Liability	858,020
Net OPEB Liability - Single Employer Plan	24,994,425
Net OPEB Liability - Multiple Employer Plan	8,181,619
Compensated absences	<u>637,001</u>
Net adjustment to reduce "fund balance - total governmental funds" to arrive at "net position - governmental activities"	<u><b>\$ 245,447,409</b></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



**East Penn School District**  
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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.

	TOTAL GOVERN- MENTAL FUNDS	LONG-TERM REVENUES/ EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANS- ACTIONS	TOTAL FOR STATEMENT OF ACTIVITIES
<b><u>REVENUES AND OTHER SOURCES</u></b>					
<b>LOCAL SOURCES:</b>					
Property Taxes	\$ 113,636,066	\$ 416,272	\$ -	\$ -	\$ 114,052,338
Taxes levied for specific purposes	14,031,398	-	-	-	14,031,398
Interest and investment earnings	3,808,219	-	-	-	3,808,219
Miscellaneous	151,419	-	-	-	151,419
Contributions and Donations	254,490	-	-	-	254,490
Charges for Services	484,729	-	-	-	484,729
Grants, subsidies & contributions not restricted	19,147,020	-	-	-	19,147,020
<b>STATE SOURCES:</b>					
Operating & Capital grants and contributions	23,847,419	-	-	-	23,847,419
<b>FEDERAL SOURCES:</b>					
Operating & Capital grants and contributions	3,700,263	-	-	-	3,700,263
<b>SPECIAL AND EXTRAORDINARY SOURCES:</b>					
Gain or (Loss) on disposal of assets	-	-	(158,871)	-	(158,871)
<b>TOTAL REVENUES</b>	<b>179,061,023</b>	<b>416,272</b>	<b>(158,871)</b>	<b>-</b>	<b>179,318,424</b>
<b><u>EXPENDITURES/EXPENSES</u></b>					
Instruction	113,393,829	(2,636,523)	(362,907)	-	110,394,399
Instructional Student Support	15,049,299	(340,191)	1,633	-	14,710,741
Admin. & Fin'l Support Services	11,237,614	(314,295)	159,737	-	11,083,056
Oper. & Maint. Of Plant Svcs.	15,040,153	(98,753)	68,162	-	15,009,562
Pupil Transportation	9,621,434	-	-	-	9,621,434
Student activities	2,150,790	(37,378)	11,303	-	2,124,715
Community Services	94,273	(117)	1,189	-	95,345
Scholarships and Awards	31,550	-	-	-	31,550
Capital Outlay	7,230,435	-	(7,230,435)	-	-
Debt Service	6,492,957	-	-	(6,237,395)	255,562
Depreciation - unallocated	-	-	4,606,017	-	4,606,017
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>180,342,334</b>	<b>(3,427,257)</b>	<b>(2,745,301)</b>	<b>(6,237,395)</b>	<b>167,932,381</b>
<b>NET CHANGE FOR THE YEAR</b>	<b>\$ (1,281,311)</b>	<b>\$ 3,843,529</b>	<b>\$ 2,586,430</b>	<b>\$ 6,237,395</b>	<b>\$ 11,386,043</b>

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

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

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

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

No individual fund contains a deficit fund balance or net position at June 30, 2024, except the governmental activities had a deficit of \$29,956,702, and the business-type activity (Food Service Fund) had a deficit of \$326,016.

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**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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**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.

**Budgetary Compliance**

The District's only legally adopted budget is for the General Fund. All budgetary transfers were made within the last nine months of the fiscal year. The District cancels all purchase orders open at year-end; therefore, it does not have any outstanding encumbrances at June 30, 2024. In addition, the District includes a portion of the prior year's fund balance represented by unappropriated liquid assets remaining in the fund as budgeted revenue in the succeeding year. The results of operations on a GAAP basis do not recognize the fund balance allocation as revenue as it represents prior period's excess of revenues over expenditures.

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

**Cash**

**Custodial Credit Risk - Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. The District does not have a policy for custodial credit risk. As of June 30, 2024, \$15,849,252, of the District's bank balance of \$16,534,527 was exposed to custodial credit risk as follows:

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Uninsured and uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution	-
Uninsured and collateral held by the pledging bank's trust department not in the District's name	15,849,252
<b>TOTAL</b>	<b>\$ 15,849,252</b>

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**Reconciliation to Financial Statements**

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Uncollateralized Amount above	\$ 15,849,252
Plus: Insured Amount	685,275
Less: Outstanding Checks	(180,866)
Carrying Amount - Cash Balances	16,353,661
Plus: Petty Cash	-
Deposit in Pooled Investments Considered Cash Equivalents	47,137,036
Less: Certificates of Deposit considered Investments by School Code	(142,771)
<b>TOTAL CASH PER FINANCIAL STATEMENTS</b>	<b>\$ 63,347,926</b>

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**Investments**

Permitted investments for East Penn 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,

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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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.
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.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

- 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.

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

<i>Investment</i>	<b>Maturities</b>	<b>Fair Value</b>
PSDLAF		\$ 47,075,899
ESSA Bank Certificate of Deposit	3-24 Months	142,772
<b>TOTAL</b>		<b>\$ 47,218,671</b>

**Interest Rate Risk**

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

**Credit Risk**

The District has no investment policy that would limit its investment choices to certain credit ratings. As of June 30, 2024, the District's investments in PSDLAF were rated AAAm by Standard & Poor's.

**Concentration of Credit Risk**

The District places no limit on the amount the District may invest in any one issuer. As of June 30, 2024, no investment comprised over 5% of the total investments in any individual fund or within the entire entity.

**Reconciliation to Financial Statements**

Total Investments Above	\$ 47,218,671
Less: Deposits in Investment Pool Considered Cash Equivalents	(47,075,899)
<b>Total Investments Per Financial Statements</b>	<b>\$ 142,772</b>

**Fair Value Reporting**

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

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

*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 \$5,844,281,900. The tax rate for the year was \$2.01700 per \$100 of assessed valuation or 20.1700 mills. In accordance with Act 1 of 2006, the District received \$2,275,046 in property tax reduction funds for the 2023-24 fiscal year. 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:

	<b>GENERAL FUND</b>	<b>CAPITAL PROJECT FUNDS</b>	<b>FOOD SERVICE FUND</b>	<b>FIDUCIARY FUNDS</b>	<b>TOTAL</b>
<b>RECEIVABLES:</b>					
Interest	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes	2,023,322	-	-	-	2,023,322
Accounts	198,659	-	-	1,499	200,158
Intergovernmental	7,683,226	-	315,840	-	7,999,066
<b>GROSS RECEIVABLES</b>	<b>9,905,207</b>	<b>-</b>	<b>315,840</b>	<b>1,499</b>	<b>10,222,546</b>
Less: Allowance for Uncollectibles	-	-	-	-	-
<b>NET RECEIVABLES</b>	<b>\$ 9,905,207</b>	<b>\$ -</b>	<b>\$ 315,840</b>	<b>\$ 1,499</b>	<b>\$ 10,222,546</b>

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

	<b>UNAVAILABLE</b>	<b>UNEARNED</b>
Delinquent Property Taxes - General Fund	\$ 1,418,207	\$ -
Deposit on TIF Real Estate Tax Arrangement	-	229,183
<b>TOTAL</b>	<b>\$ 1,418,207</b>	<b>\$ 229,183</b>

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

**Capital Assets**

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

	BEGINNING BALANCE	INCREASES	DECREASES	ENDING BALANCE
<b>GOVERNMENTAL ACTIVITIES:</b>				
Capital Assets not being depreciated:				
Land	\$ 10,970,223	\$ -	\$ -	\$ 10,970,223
Construction in Progress	5,227,447	7,105,330	(1,181,387)	11,151,390
Total Capital Assets not being depreciated/amortized	16,197,670	7,105,330	(1,181,387)	22,121,613
Capital Assets being depreciated/amortized:				
Site Improvements	9,374,814	118,375	(85,541)	9,407,648
Buildings and Improvements	201,257,553	737,542	(196,402)	201,798,693
Furniture and Equipment	10,333,781	1,399,702	(337,802)	11,395,681
Intangible right-to-use equipment	796,776	-	(8,333)	788,443
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZED</b>	<b>221,762,924</b>	<b>2,255,619</b>	<b>(628,078)</b>	<b>223,390,465</b>
Less accumulated depreciation/amortization for:				
Site Improvements	(5,693,519)	(256,202)	76,986	(5,872,735)
Buildings and Improvements	(88,385,592)	(4,216,530)	97,219	(92,504,902)
Furniture and Equipment	(6,421,282)	(758,811)	286,669	(6,893,424)
Intangible right-to-use equipment	(266,806)	(211,053)	8,333	(469,526)
<b>TOTAL ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>(100,767,199)</b>	<b>(5,442,596)</b>	<b>469,207</b>	<b>(105,740,587)</b>
<b>TOTAL CAPITAL ASSETS BEING DEPRECIATED/AMORTIZATION NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>120,995,725</b>	<b>(3,186,977)</b>	<b>(158,871)</b>	<b>117,649,878</b>
<b>GOVERNMENTAL ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION/AMORTIZATION</b>	<b>\$ 137,193,395</b>	<b>\$ 3,918,353</b>	<b>\$ (1,340,258)</b>	<b>\$ 139,771,491</b>
<b>BUSINESS-TYPE ACTIVITIES:</b>				
Capital Assets being depreciated:				
Furniture and Equipment	\$ 1,782,279	\$ 144,715	\$ (142,666)	\$ 1,784,328
Less accumulated depreciation	(1,184,510)	(63,323)	119,894	(1,127,939)
<b>BUSINESS-TYPE ACTIVITIES CAPITAL ASSETS, NET OF ACCUMULATED DEPRECIATION</b>	<b>\$ 597,769</b>	<b>\$ 81,392</b>	<b>\$ (22,772)</b>	<b>\$ 656,389</b>

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

Instruction	\$ 540,751
Instructional Student Support	1,633
Admin. & Fin'l Support Services	159,737
Oper. & Maint. of Plant Svcs.	105,376
Student activities	19,559
Community Services	1,189
Depreciation - unallocated	4,606,017
<b>TOTAL DEPRECIATION FOR GOVERNMENTAL ACTIVITIES</b>	<b>\$ 5,434,262</b>

During the year, the District's governmental activities disposed of capital assets with an original cost of \$628,078 and accumulated depreciation of \$489,207. Since no proceeds were received from the disposition, this resulted in a net loss of \$158,871. Similarly, the business-type activities disposed of capital assets with an original cost of \$142,666 and accumulated depreciation of \$119,894. With no proceeds received from this disposition, the business-type activities incurred a net loss of \$22,772.

**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.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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

*Long-Term Construction Commitments*

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

	<b>CONTRACT AMOUNT</b>	<b>EXPENDED TO 6/30/24</b>	<b>OUTSTANDING COMMITMENTS</b>
<b><u>Jefferson ES Masonry Replacement</u></b>			
Silfies Masonry	\$ 106,000	\$ 95,400	\$ 10,600
<b><u>Shoemaker Elementary - ESCO</u></b>			
McClure Company	5,618,902	3,056,599	2,562,303
<b><u>Macungie ES Roof Restoration</u></b>			
TREMCO/Weatherproofing Tech	1,464,431	263,598	1,200,833
<b><u>Macungie ES Interior Renovations</u></b>			
Spillman Farmer Architects	160,000	40,000	120,000
<b><u>Alburtis ES - Duplex Oil Pump/2 Burners</u></b>			
3B Services, Inc	47,813	27,205	20,608
<b>TOTAL</b>	<b><u>\$ 7,397,146</u></b>	<b><u>\$ 3,482,802</u></b>	<b><u>\$ 3,914,344</u></b>

**Short-Term Debt**

*Interfund Receivables and Payables*

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

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

	<b>INTERFUND RECEIVABLES</b>	<b>INTERFUND PAYABLES</b>
General Fund	\$ 216,629	\$ 20,906
Capital Projects (Capital Reserve) Fund	-	-
Enterprise (Food Service) Fund	20,906	216,629
Private Purpose (Trust) Fund	-	-
Custodial (Activity) Fund	-	-
<b>TOTAL</b>	<b><u>\$ 237,535</u></b>	<b><u>\$ 237,535</u></b>

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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

	<b>TRANSFER IN</b>	<b>TRANSFER OUT</b>
General Fund	\$ -	\$ 4,464,200
Food Service Fund	-	-
Capital Project (Capital Reserve) Fund	4,464,200	-
<b>TOTAL</b>	<b>\$ 4,464,200</b>	<b>\$ 4,464,200</b>

*Long-Term Liabilities*

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

Changes in Long-Term Liabilities

	<b>BEGINNING BALANCE</b>	<b>ADDITIONS</b>	<b>REDUCTIONS</b>	<b>ENDING BALANCE</b>	<b>AMOUNTS DUE WITHIN ONE YEAR</b>
<b><u>GOVERNMENTAL ACTIVITIES</u></b>					
<b><i>General Obligation Debt:</i></b>					
<i>Bonds and notes payable:</i>					
Bonds Payable	\$ 10,811,371	\$ -	\$ 3,406,503	\$ 7,404,868	\$ 1,265,000
Notes Payable	6,302,000	-	2,230,000	4,072,000	4,072,000
<b><i>Total general obligation debt</i></b>	<b>17,113,371</b>	<b>-</b>	<b>5,636,503</b>	<b>11,476,868</b>	<b>5,337,000</b>
<b><i>Other liabilities:</i></b>					
Finance Purchase Obligations	1,011,820	-	426,561	585,259	283,423
Lease Obligations	539,199	-	212,956	326,243	203,722
Vested employee benefits:					
Vacation pay	257,564	-	48,160	209,404	82,447
Sick pay	882,565	26,279	-	908,844	398,801
Net Defined Benefit Pension Liability	193,092,424	5,252,421	-	198,344,845	-
Net Defined Contribution Pension Obligation	811,803	46,217	-	858,020	-
Net OPEB Liability - Single Employer Plan	23,353,083	1,641,342	-	24,994,425	-
Net OPEB Liability - Multiple Employer Plan	8,113,487	68,132	-	8,181,619	-
<b><i>Total other liabilities</i></b>	<b>228,061,945</b>	<b>7,034,391</b>	<b>687,677</b>	<b>234,408,659</b>	<b>968,393</b>
<b>TOTAL GOVERNMENTAL ACTIVITY</b>					
<b>LONG-TERM LIABILITIES</b>	<b>\$ 245,175,316</b>	<b>\$ 7,034,391</b>	<b>\$ 6,324,180</b>	<b>\$ 245,885,527</b>	<b>\$ 6,305,393</b>
<b><u>BUSINESS TYPE ACTIVITIES</u></b>					
<b><i>Other liabilities:</i></b>					
Vested employee benefits:					
Vacation pay	-	-	-	-	-
Sick pay	28,584	404	-	28,988	-
Net Defined Benefit Pension Liability	3,833,135	73,163	-	3,906,298	-
Net OPEB Liability - Single Employer Plan	18,199	393	-	18,592	-
Net OPEB Liability - Multiple Employer Plan	143,101	954	-	144,055	-
<b>TOTAL BUSINESS-TYPE ACTIVITY</b>					
<b>LONG-TERM LIABILITIES</b>	<b>\$ 4,023,019</b>	<b>\$ 74,914</b>	<b>\$ -</b>	<b>\$ 4,097,933</b>	<b>\$ -</b>

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



**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

Total Interest paid and accrued during the year:

<b>GOVERNMENTAL ACTIVITIES:</b>	<b>EXPENSE</b>	<b>PAID</b>
General obligation debt	\$ 227,605	\$ 388,817
Finance Purchases	21,139	21,139
Lease Obligations	6,818	6,818
Refund of Prior Year Receipts	-	-
<b>TOTAL INTEREST PAID BY GOVERNMENTAL ACTIVITIES</b>	<b><u>\$ 255,562</u></b>	<b><u>\$ 416,774</u></b>

*Finance Purchase Obligations*

Apple iPads – Apple Inc

The District entered into a finance purchase arrangement with Apple Inc. on May 15, 2022 to purchase 3,800 iPads in the amount of \$1,166,590, with total interest indebtedness of \$41,810 with an effective interest rate of 2.150%.

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 289,517	\$ 12,583
2025-26	295,742	6,358
<b>TOTAL OUTSTANDING</b>	<b><u>\$ 585,259</u></b>	<b><u>\$ 18,942</u></b>

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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*Lease Obligations*

*Kyocera Copiers – Marco*

On July 1, 2021, The District entered into a 51-month lease as lessee for the acquisition and use of Kyocera Copiers. An initial lease liability was recorded in the amount of \$333,820 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$99,622. The District is required to make monthly fixed payments of \$11,799 with the lease portion of the payments being \$6,686. The lease has an interest rate of 1.01%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$333,820 with accumulated amortization of \$233,955.

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 79,597	\$ 639
2025-26	20,025	34
<b>TOTAL OUTSTANDING</b>	<b>\$ 99,622</b>	<b>\$ 673</b>

*Postage Meter – Pitney Bowes*

On July 1, 2021, the District entered into a 41-month lease as lessee for the acquisition and use of a postage meter. An initial lease liability was recorded in the amount of \$16,327 during the current fiscal year. As of June 30, 2024, the value of the lease liability was \$1,274. The District is required to make quarterly fixed payments of \$1,274. The lease has an interest rate of 0.85%. The Equipment has a five-year estimated useful life. The value of the right to use asset as of June 30, 2024 was \$16,327 with accumulated amortization of \$14,118.

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 1,271	\$ 3
<b>TOTAL OUTSTANDING</b>	<b>\$ 1,271</b>	<b>\$ 3</b>

*SBITA – Subscription Based Information Technology Agreements*

*Frontline – Absence and Time Solutions Software*

On July 1, 2022, the District entered a 3-year subscription for the use of employee absence and time solution software. An initial subscription liability was recorded in the amount of \$149,346. As of June 30, 2024, the value of the subscription liability was \$52,013. East Penn School District is required to make yearly fixed payments of \$48,670 that increase 4.5% each year. The lease has an interest rate of 2.184%. The value of the right to use asset as of June 30, 2024 was \$149,346 with accumulated amortization of \$99,564.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 52,013	\$ 1,136
<b>TOTAL OUTSTANDING</b>	<b>\$ 52,013</b>	<b>\$ 1,136</b>

***Intrado – SchoolMessenger***

On July 1, 2022, the District entered a 4-year subscription for the use of the SchoolMessenger software from Intrado. An initial subscription liability was recorded in the amount of \$48,163. As of June 30, 2024, the value of the subscription liability was \$24,075. The District is required to make yearly fixed payments of \$12,450. The subscription has an interest rate of 2.275%. The value of the right to use asset as of June 30, 2024 was \$48,163 with accumulated amortization of \$25,470.

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 11,902	\$ 548
2025-26	12,173	277
<b>TOTAL OUTSTANDING</b>	<b>\$ 24,075</b>	<b>\$ 825</b>

***Trebron – Sophos 6500 Firewall***

On April 1, 2023, the District entered into a 63-month subscription for the licensing of the Trebron Sophos 6500 firewall. An initial subscription liability was recorded in the amount of \$149,605. As of June 30, 2024, the value of the subscription liability was \$118,872. The District is required to make yearly fixed payments of \$31,737. The subscription has an interest rate of 2.682%. The value of the right to use asset as of June 30, 2024 was \$149,605 with accumulated amortization of \$35,620.

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 28,549	\$ 3,188
2025-26	29,314	2,422
2026-27	30,101	1,636
2027-28	30,908	829
<b>TOTAL OUTSTANDING</b>	<b>\$ 118,872</b>	<b>\$ 8,075</b>

***Trebron – Sophos XDR Security Software***

On July 1, 2022, the District entered into a 3-year subscription for the licensing of Sophos XDR security software with Trebron Security. An initial subscription liability was recorded in the amount of \$91,182. As of June 30, 2024, the value of the subscription liability was \$30,389. The District is required to make yearly fixed payments of \$31,060. The subscription has an interest rate of 2.184%. The value of the right to use asset as of June 30, 2024 was \$91,182 with accumulated amortization of \$60,788.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 30,389	\$ 670
<b>TOTAL OUTSTANDING</b>	<b>\$ 30,389</b>	<b>\$ 670</b>

**General Obligation Bonds – Series of 2019**

On September 17, 2019, the District issued \$12,170,000 of General Obligation Bonds, Series of 2019. The proceeds were used to (1) currently refund all of the School District's outstanding GOB Series A of 2012, currently outstanding in the aggregate principal amount of \$6,770,000, (2) currently refund all of the GOB Series of 2014, currently outstanding in the aggregate principal amount of \$6,540,000, and (3) pay the costs of issuing 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, 2019 to November 15, 2028. The outstanding debt service requirements, using fixed interest rates ranging from 2.0% to 4.0% with total interest indebtedness of \$2,504,224.

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

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 1,265,000	\$ 253,900
2025-26	1,325,000	202,100
2026-27	1,395,000	147,700
2027-28	1,465,000	90,500
2028-29	1,530,000	30,600
<b>SUB-TOTAL</b>	<b>\$ 6,980,000</b>	<b>\$ 724,800</b>
Unamortized Premiums	424,868	
<b>TOTAL OUTSTANDING</b>	<b>\$ 7,404,868</b>	

**General Obligation Notes – Series of 2020**

On August 3, 2020 the District issued \$9,511,000 of General Obligation Notes, Series of 2020. The proceeds will be used to: (1) currently refund all the School District's outstanding GOB Series of 2012, currently outstanding in the aggregate principal amount of \$6,555,000, (2) currently refund all the GOB Series B of 2015, currently outstanding in the aggregate principal amount of \$2,785,000, and (3) pay costs of issuing the Notes.

In accordance with the Local Governmental Debt Act, a sinking fund has been established with the paying agent. The notes mature from September 15, 2020 to September 15, 2024. Interest rates is stated at 0.97% with total interest indebtedness of \$264,603.

**East Penn School District**  
**Notes to Basic Financial Statements**  
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The outstanding debt service requirements at June 30, 2024, are as follows:

<b>FISCAL YEAR</b>	<b>PRINCIPAL</b>	<b>INTEREST</b>
2024-25	\$ 4,072,000	\$ 19,749
<b>SUB-TOTAL</b>	<b>\$ 4,072,000</b>	<b>\$ 19,749</b>
Unamortized Premiums	-	
<b>TOTAL OUTSTANDING</b>	<b>\$ 4,072,000</b>	

The School District's 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.

*Lease Rental Debt*

The Lehigh Career and Technical Institute (LCTI), with authority of the nine participating school districts, have agreed to borrow up to \$53,715,000 to improve the Institute's facilities. The participating districts, such as East Penn School District, will be required to pay their proportionate shares of the incurred debt under the Articles of Agreement in subsequent years as "Capital Costs" under Section 4.2 of the Articles.

Specifically, Lehigh Career and Technical Institute issued \$32,000,000 of revenue bonds - Series of 2003 dated March 15, 2003, and \$21,715,000 of revenue bonds - Series of 2001 dated September 15, 2001, through the State Public School Building Authority (SPSBA). The bonds are special limited obligations of the SPSBA. During the 2005-06 fiscal year, these issues have been refunded with new issues.

The LCTI financing translates into an ongoing obligation of the participating districts for credit purposes; however, for purposes of the Local Governmental Unit Debt Act, this borrowing is not considered general obligation debt of the school districts; therefore, the future obligations of debt service are not recorded as a liability on East Penn's financial statements.

**East Penn School District**  
**Notes to Basic Financial Statements**  
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***Combined Long-Term Debt***

The combined general obligation long-term debt obligations for subsequent years are:

**Bonds**

<b>Fiscal Year Ended June 30</b>	<b>GO Bonds - 2019</b>	
	<b>Principal</b>	<b>Interest</b>
2025	\$ 1,265,000	\$ 253,900
2026	1,325,000	202,100
2027	1,395,000	147,700
2028	1,465,000	90,500
2029	1,530,000	30,600
<b>TOTAL</b>	<b>\$ 6,980,000</b>	<b>\$ 724,800</b>

**Direct Borrowing**

<b>Fiscal Year Ended June 30</b>	<b>GO Note - 2020</b>	
	<b>Principal</b>	<b>Interest</b>
2025	\$ 4,072,000	\$ 19,749
2026	-	-
2027	-	-
2028	-	-
2029	-	-
<b>TOTAL</b>	<b>\$ 4,072,000</b>	<b>\$ 19,749</b>

**Bonds and Direct Borrowing**

<b>Fiscal Year Ended June 30</b>	<b>Totals</b>	
	<b>Principal</b>	<b>Interest</b>
2025	5,337,000	273,649
2026	1,325,000	202,100
2027	1,395,000	147,700
2028	1,465,000	90,500
2029	1,530,000	30,600
<b>TOTAL</b>	<b>\$ 11,052,000</b>	<b>\$ 744,549</b>

**East Penn School District**  
**Notes to Basic Financial Statements**  
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***Compensated Absences***

***Sick-Pay***

Under the District's various bargaining agreements and plans, professional and eligible support personnel accumulate unused sick days from year to year based on their classification. These accumulated sick days are non-vesting during the employee's tenure. Only administrators employed prior to July 1, 2004 who have opted to retain this benefit are eligible for payment. Upon retirement, these employees, except for administrators, are eligible for remuneration for unused sick days under the following bargaining agreements:

1.	East Penn Education Association Members	- \$25 per day
2.	Teamsters Union Members	- \$35 per day
3.	Secretarial & Aide Members	- \$20 per day
4.	Administrative Plan Members	- \$22 per day

The District maintains records of each employee's accumulated sick days that are vested with employees who are eligible to retire, and for those under the administrative plan. In accordance with GASB Statement No. 16, \$28,988, including FICA tax (net of reimbursement), has been recorded in the Food Service (Enterprise) Fund for sick leave termination benefits earned by Cafeteria employees at June 30, 2024. This amount is also included as a long-term liability in the business-type activity column of the government-wide statement of net position. The amount recorded in the General Fund for governmental employees, which will use currently available financial resources, is \$398,801, including FICA tax (net of reimbursement). This amount is reflected as a current liability in the governmental activities column of the government-wide statement of net position. The remaining sick leave termination benefit of \$510,043, including FICA tax (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

***Vacation Leave***

Unused vacation leave is paid upon an employee's termination. The District maintains records of each employee's accumulated vacation days. In accordance with GASB Statement No. 16, the portion of vacation pay earned at June 30, 2024, that will use currently available financial resources is \$82,447 including FICA tax and retirement contributions (net of reimbursement), which has been recorded in the General Fund. This amount is also shown as a current liability in the governmental activities column of the government-wide statement of net position. The Enterprise (Food Service) Fund has recorded \$-0-, including FICA tax and retirement contributions (net of reimbursement), which is also reflected as a long-term liability in the business-type activity column of the government-wide statement of net position. The remaining vacation pay earned at June 30, 2024, of \$126,957, including FICA tax and retirement contributions (net of reimbursement), is recorded as a long-term liability in the governmental activities column of the government-wide statement of net position.

***Defined Benefit Pension Plan***

Public School Employees' Retirement System (PSERS) Pension Plan

***Summary of Significant Accounting Policies***

Pensions

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

**East Penn School District**  
**Notes to Basic Financial Statements**  
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recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

***General Information about the Pension Plan***

Plan Description

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

Benefits Provided

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

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

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

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

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



**East Penn School District**  
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Contributions

Member Contributions:

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

<b>Member Contribution Rates</b>				
<b>Membership Class</b>	<b>Continuous Employment Since</b>	<b>Defined Benefit (DB) Contribution Rate</b>	<b>DC Contribution Rate</b>	<b>Total Contribution Rate</b>
<b>T-C</b>	Prior to July 22, 1983	5.25%	N/A	5.25%
				6.25%
<b>T-C</b>	On or after July 22, 1983	6.25%	N/A	6.25%
<b>T-D</b>	Prior to July 22, 1983	6.50%	N/A	6.50%
<b>T-D</b>	On or after July 22, 1983	7.50%	N/A	7.50%
<b>T-E</b>	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%
<b>T-F</b>	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%
<b>T-G</b>	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%
<b>T-H</b>	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%
<b>DC</b>	On or after July 1, 2019	N/A	7.50%	7.50%

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

Employer Contributions:

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 33.09% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the District were \$24,661,929 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$202,251,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by rolling forward the System's total pension liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net pension liability was

**East Penn School District**  
**Notes to Basic Financial Statements**  
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calculated utilizing the employer's one-year reported contributions as it relates to the total one-year reported contributions. At June 30, 2024, the District's proportion was 0.4631 percent, which was an increase of 0.0124 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized pension expense of \$20,368,460. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

<b>Sources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Proportionate Share vs Actual Paid Separately Finance Liabilities	\$ -	\$ 93,391
Changes in Assumptions	3,074,000	-
Net difference between projected and actual contributions made	-	291,426
Net difference between projected and actual earnings on pension plan investments	5,830,000	-
Difference between expected and actual experience	-	2,774,000
Changes in proportion of the Net Pension Liability	3,991,000	-
District contributions subsequent to the measurement date	24,661,929	-
Total	<u>\$ 37,556,929</u>	<u>\$ 3,158,817</u>

\$24,661,929 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2024	\$ 2,430,000
2025	(1,943,909)
2026	7,455,944
2027	1,840,040
Thereafter	(45,892)
Total	<u>\$ 9,736,183</u>

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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***Changes in Actuarial Assumptions***

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

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

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

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

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

**East Penn School District**  
**Notes to Basic Financial Statements**  
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<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Global public equity	30.0%	5.2%
Private Equity	12.0%	7.9%
Fixed Income	33.0%	3.2%
Commodities	7.5%	2.7%
Infrastructure/MLPs	10.0%	5.4%
Real estate	11.0%	5.7%
Absolute return	4.0%	4.1%
Cash	3.0%	1.2%
Leverage	-10.5%	1.2%
	<u>100%</u>	

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

**Discount Rate**

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

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

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

	<b>1% Decrease 6.00%</b>	<b>Current Discount Rate 7.00%</b>	<b>1% Increase 8.00%</b>
District's proportionate share of the net pension liability	\$ 267,054,000	\$ 206,016,000	\$ 154,519,000

**Pension Plan Fiduciary Net Position**

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

**State Funding**

The Commonwealth of Pennsylvania generally reimburses the School District for 50%-60% of its retirement expense. This arrangement does not meet the criteria of a special funding situation in accordance with GASB standards. Therefore, the net pension liabilities and related pension expense represent 100% of the School District's share of these amounts.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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During the year ended June 30, 2024, the School District recognized revenue of \$12,710,745 as reimbursement from the State for its current year pension payments.

Payables to the Pension Plan

As of June 30, 2024, the School had \$9,387,993 included in accrued wages liability, of which \$7,391,745 is for the contractually required contribution for the second quarter of 2024 and \$1,996,248 is related to the accrued payroll liability for wages incurred as of June 30, 2024.

***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:

*Contributions*

*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 \$52,502 for the year ended June 30, 2024.

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

At June 30, 2023, the District reported a liability of \$858,020 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023, with rolling forward the System's total pension liability as of June 30, 2024.

For the year ended June 30, 2024, the District recognized pension expense of \$106,997. The following table reflects the changes to the pension obligation during the year:

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

	<u><b>2023-24</b></u>
<b>Total Defined Contribution Pension Liability - beginning</b>	<b>\$ 811,803</b>
Service Cost	69,641
Interest	34,586
Changes in Benefit Terms	-
Difference between expected and actual experience	-
Changes in assumptions	(3,410)
Benefit payments	<u>(54,600)</u>
Net change in total Pension Liability	<u>46,217</u>
<b>Total Defined Contribution Pension Liability - ending</b>	<b>\$ 858,020</b>
Interest Rate	4.13%
Plan Members	39
Covered Payroll	\$ 4,751,528

**Actuarial Assumptions**

The total pension liability as of June 30, 2024 was determined by the actuarial valuation on July 1, 2022, with rolling forward the System's total pension liability using the following actuarial assumptions, applied to all periods included in the measurement.

- Actuarial cost method – Entry Age Normal – level % of pay
- Investment return – 4.13%

The actuarial assumptions used in the July 1, 2022 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><b>Sources</b></u>	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Changes in Assumptions	\$ -	\$ 14,066
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	36,021	-
Changes in proportion of the net defined contribution pension liability	-	-
District contributions subsequent to the measurement date	<u>52,502</u>	<u>-</u>
<b>Total</b>	<b>\$ 88,523</b>	<b>\$ 14,066</b>

**East Penn School District**  
**Notes to Basic Financial Statements**  
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**Funded Status and Funding Process**

The funded status of the benefits as of June 30, 2024, was as follows:

	<b>Retirement Incentive Benefit Governmental Activity</b>
Actuarial accrued liability (a)	\$ 858,020
Actuarial value of plan assets (b)	-
Unfunded actuarial accrued liability (a) - (b)	<u>\$ 858,020</u>
Funded Ratio (b) / (a)	0.0%
Covered payroll	\$ 4,751,528
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	18.1%

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

The following presents the District's proportionate share of the net defined contribution pension liability calculated using the discount rate of 4.13%, as well as what the District's proportionate share of the net defined contribution pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.13%) or 1-percentage point higher (5.13%) than the current rate, using the net defined contribution liability reported by the actuary before adjusting for differences on projected vs actual contributions made.

	<b>1% Decrease 3.13%</b>	<b>Current Discount Rate 4.13%</b>	<b>1% Increase 5.13%</b>
District's proportionate share of the net OPEB Pension liability	\$ 907,569	\$ 858,020	\$ 810,325

**Other Employee Benefits**

**Special Termination Benefits**

The East Penn School District's Board of School Directors has established an early retirement incentive program (ERIP) for those employees who meet certain qualifications. All professional employees will select, in writing, one of the two financial options:

**Option 1**

Upon meeting the requirements explained later, the District shall pay to the employee a total payment equal to his/her final base salary, at the time of application for ERIP, multiplied by the percentage appearing in the chart below. Such payment will be made during the first calendar year of ERIP at a time stipulated, in writing, by the retiree. The employee may opt to receive these monies in either one or two installments.

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**Notes to Basic Financial Statements**  
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<u>AGE OF PERSON ON JULY 1 OF ERIP YEAR</u>	<u>PERCENTAGE</u>
54	50%
55	50%
56	40%
57	35%
58	30%
59	25%
60	20%

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*Option 2*

Upon receipt of a letter of request and letter of intent to retire, the Board will approve the applicant's request for a sabbatical leave, if the employee is eligible by law, and waives the return-to-work provision. Under this option, the employee would not begin receiving PSERS benefits until the conclusion of the year's sabbatical leave.

The plan is on a voluntary basis. To be eligible to receive this retirement incentive, the employee must meet all of the following qualifications:

The employee must be an active (not on leave) member of the instructional or administrative staff at the time of request.

The employee must choose to begin the ERIP program on July 1, and must be at least the age of 54 or not older than 60 on the preceding June 30.

The employee must have a minimum of fifteen (15) consecutive years of service in the East Penn School District prior to the commencement of ERIP.

The employee must qualify for retirement under provisions of the Public School Employees Retirement System (PSERS).

A letter of resignation, application to PSERS for benefits, and an application for ERIP must be received in the Superintendent's office on or before May 1, of the school year proceeding the July 1, start date of ERIP.

In accordance with GASB Statement No. 47, an employer that provides voluntary termination benefits shall recognize a liability and an expense when the employees accept the offer and the amount can be reasonably estimated. The amount recognized shall include any lump-sum payments and the present value of any expected future payments. The District records a liability when an employee accepts the offer. As of June 30, 2024, there were no eligible persons that accepted the offer that were not paid or recorded as a liability under GASB Statement No 47.

Under the provisions of Board Policy 450, the East Penn School District will pay, for those employees electing the Early Retirement Incentive Program explained in the preceding note, the premium for the retiring employee in an early retiree's hospitalization/medical plan. Such coverage will continue until the employee becomes eligible for government sponsored hospitalization/medical insurance or reaches age 65. Such insurance plan will be substantially equivalent to the plan offered to regular employees, but will have a mandatory reduction in major medical benefits. The Actuary has included this benefit under Other-Post Employment Benefits.



**East Penn School District**  
**Notes to Basic Financial Statements**  
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***Other Postemployment Benefits***

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

***Summary of Significant Accounting Policies***

Other Postemployment Benefits

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

***General Information about the Health Insurance Premium Assistance Program***

Health Insurance Premium Assistance Program

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

Premium Assistance Eligibility Criteria

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

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

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

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

Pension Plan Description

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

**East Penn School District**  
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**Benefits Provided**

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

**Contributions**

**Employer Contributions:**

The School Districts' contractually required contribution rate for the fiscal year ended June 30, 2024 was 0.64% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were \$476,991 for the year ended June 30, 2024.

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

At June 30, 2024, the District reported a liability of \$8,325,674 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2023, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward the System's total OPEB liability as of June 30, 2022 to June 30, 2023. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2024, the District's proportion was 0.4618 percent, which was an increase of 0.0123 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the District recognized OPEB expense of \$304,894. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

<b>Sources</b>	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between Proportionate Share vs Actual		
Paid Separately Finance Liabilities	\$ -	\$ 2,616
Changes in Assumptions	-	859,000
Net difference between projected and actual contributions made	-	9,881
Net difference between projected and actual investment earnings	19,000	-
Difference between expected and actual experience	-	28,000
Changes in proportion of the Net OPEB Liability	245,000	-
District contributions subsequent to the measurement date	476,991	-
<b>Total</b>	<b>\$ 740,991</b>	<b>\$ 899,497</b>

**East Penn School District**  
**Notes to Basic Financial Statements**  
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\$476,991 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2024	\$ (82,000)
2025	(135,922)
2026	(193,810)
2027	(246,993)
2028	24,250
Thereafter	<u>(1,022)</u>
Total	<u>\$ (635,497)</u>

***Actuarial Assumptions***

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

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

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

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2021 determined the employer contribution rate for fiscal year 2023.
- Cost Method: Amount necessary to assure solvency of Premium Assistance through the third fiscal year after the valuation date.
- Asset valuation method: Market Value.

**East Penn School District**  
**Notes to Basic Financial Statements**  
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- 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%	1.2%
	100%	

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

#### Discount Rate

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

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

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

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

**East Penn School District**  
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	<b>1% Decrease</b>	<b>Current Trend Rate</b>	<b>1% Increase</b>
System net OPEB liability	\$ 8,354,000	\$ 8,355,000	\$ 8,356,000

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

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

	<b>1% Decrease 3.13%</b>	<b>Current Discount Rate 4.13%</b>	<b>1% Increase 5.13%</b>
District's proportionate share of the net OPEB liability	\$ 9,446,000	\$ 8,355,000	\$ 7,442,000

OPEB Plan Fiduciary Net Position

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

Payables to the Multiple Employer OPEB Plan

As of June 30, 2024, the School had \$256,087 included in accrued wages liability, of which \$201,633 is for the contractually required contribution for the second quarter of 2024 and \$54,454 is related to the accrued payroll liability for wages incurred as of June 30, 2024.

**East Penn School District**  
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**Single Employer OPEB Plan**

<b>Summary of Plan Provisions</b>			
<b>Group</b>	<b>Eligibility</b>	<b>Coverage and Premium Sharing</b>	<b>Duration</b>
<b><u>I. ADMINISTRATORS</u></b>	Retention Incentive Program – (RIP) – must complete 5 years with the district and retire through PSERS.  Other –PSERS Retirement	<ul style="list-style-type: none"> <li>Coverage: Medical, Prescription Drug, and Dental.</li> <li>Premium Sharing: If the member retires under the RIP (or previously under the ERIP), the district will pay for the amount of the PPO retiree medical and prescription drug plan for the member only. Any difference in premiums must be paid for by the individual. Spouses may elect coverage by paying the full premiums. Member and spouse may also elect dental coverage by paying the full premiums.</li> </ul> <p>If the member does not meet the requirements for the District subsidy but does meet the requirements to retire through PSERS, the member and spouse may continue coverage by paying the full premiums.</p> <ul style="list-style-type: none"> <li>Dependents: Spouses included.</li> </ul>	<ul style="list-style-type: none"> <li>Member –Benefits cease upon Medicare age.</li> <li>Spouse –Benefits cease upon Medicare age.</li> </ul>
<b><u>II. TEACHERS</u></b>	Early Retirement Incentive Program (ERIP) – must attain age 54, but not exceed age 60, and complete 15 consecutive years with the district and retire through PSERS.  Other –PSERS Retirement	<ul style="list-style-type: none"> <li>Coverage: Medical, Prescription Drug, and Dental.</li> <li>Premium Sharing: If the member retires under the ERIP, the district will pay for the amount of the PPO retiree medical and prescription drug plan for the member only. Any difference in premiums must be paid for by the individual. Spouses may elect coverage by paying the full premiums. Member and spouse may also elect dental coverage by paying the full premiums.</li> </ul> <p>If the member does not meet the requirements for the district subsidy but requirements are met to retire through PSERS, the member and spouse may continue coverage by paying the full premiums.</p> <ul style="list-style-type: none"> <li>Dependents: Spouse included.</li> </ul>	Same as I

**East Penn School District**  
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<b>Summary of Plan Provisions</b>			
<b>Group</b>	<b>Eligibility</b>	<b>Coverage and Premium Sharing</b>	<b>Duration</b>
<b><u>III. SUPPORT STAFF</u></b>	PSERS Retirement	<ul style="list-style-type: none"> <li>• Coverage: Medical, Prescription Drug and Dental.</li> <li>• Premium Sharing: The member and spouse may elect medical, prescription drug, and dental coverage by paying the full premiums.</li> <li>• Dependents: Spouse Included.</li> </ul>	Same as I

**Notes:** Act 110/43 Eligibility: All employees are eligible for the 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 Retirement:**

- 1) Pension Class T-C or T-D: An employee is eligible for PSERS retirement if he (or she) is eligible for either: i) PSERS early retirement while under 62 with 5 years of PSERS service or ii) 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 65 with 10 years of PSERS service or ii) 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) 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 retirement if he (or she) is eligible for either: i) PSERS early retirement while under 67 with 10 years of PSERS service or ii) 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.
- 5) All individuals except those in Pension Class T-G are eligible for a special early retirement upon reaching age 55 with 25 years of PSERS service. Individuals in Pension Class T-G are eligible for a special early retirement upon reaching age 57 with 25 years of PSERS service.

**Cash Payments:** Cash payments are not GASB 75 liabilities

- Financial Incentives under the ERIP are valued under GASB 47. All current administrators elected the RIP and therefore, are not eligible for the Financial Incentives under ERIP.
- Financial Incentives under the RIP are valued under GASB 73. This valuation contains supplemental calculations under GASB 73. The benefit provision is as follows:
  - Administrators who qualify for PSERS retirement and have worked for the District are entitled to a one-time payment equal to the individual's base salary times a percentage which is the sum of A) 1% times services prior to age 49, plus B) 2% times service for ages between 50-54, plus C) 3% times service for ages greater than 55.

**East Penn School District**  
**Notes to Basic Financial Statements**  
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Employees Covered by Benefit Terms

At June 30, 2024, the following employees were covered by the benefit terms:

Active Participants	767
Vested Former Participants	0
Retired Participants	<u>57</u>
Total	824

Total OPEB Liability

The School's total OPEB liability under this single employer plan of \$25,013,017, was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2022.

Actuarial Assumptions and Other Inputs

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

Actuarial Methods and Assumptions

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

	<b>Single Employer OPEB Healthcare Benefit</b>
Actuarial Valuation Date	7/1/2022
Actuarial Cost Method	Entry Age Normal
Interest Rate	4.13%
Projected salary increases	4.00% to 6.75%
Healthcare inflation rate	7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% on 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
Asset Valuation Method	pay as you go basis
The discount rate is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2023.	



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

*Changes in the Total OPEB Liability*

	<u><b>2023-24</b></u>
<b>Total OPEB Liability</b>	
Service Cost	\$ 1,240,480
Interest	978,887
Changes in Benefit Terms	-
Difference between expected and actual experience	-
Changes in assumptions	347,714
Benefit payments	<u>(925,346)</u>
Net change in total OPEB Liability	1,641,735
Total OPEB Liability - beginning	<u>23,371,282</u>
<b>Total OPEB Liability - ending</b>	<u><b>\$ 25,013,017</b></u>
 Covered employee payroll	 <u><u>\$ 60,142,673</u></u>
 Total OPEB Liability as a percentage of covered employee payroll	 41.59%

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

For the year ended June 30, 2024, the School recognized OPEB expense of \$1,810,864. At June 30, 2024, the School reported deferred outflows of resource and deferred inflows of resources related to this single employer OPEB plan from the following sources:

<u><b>Sources</b></u>	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Changes in Assumptions	\$ -	\$ 4,325,588
Net difference between projected and actual investment earnings	-	-
Difference between expected and actual experience	618,131	-
Changes in proportion of the Net OPEB Liability	-	-
District contributions subsequent to the measurement date	<u>1,003,916</u>	<u>-</u>
<b>Total</b>	<u><u><b>\$ 1,622,047</b></u></u>	<u><u><b>\$ 4,325,588</b></u></u>

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

<b>Year ended June 30:</b>	<b><u>Amount</u></b>
2025	\$ (408,503)
2026	(408,503)
2027	(408,503)
2028	(408,503)
2029	(408,503)
Thereafter	<u>(1,664,942)</u>
Total	<u>\$ (3,707,457)</u>

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

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

	<b><u>1% Decrease</u></b>	<b><u>Current</u></b>	<b><u>1% Increase</u></b>
	<b><u>3.13%</u></b>	<b><u>Discount Rate</u></b>	<b><u>5.13%</u></b>
		<b><u>4.13%</u></b>	
District's proportionate share of the net OPEB liability	\$ 26,984,289	\$ 25,013,017	\$ 23,145,453

**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 or 1-percentage point than the current healthcare cost trend rates:

	<b><u>1% Decrease</u></b>	<b><u>Current</u></b>	<b><u>1% Increase</u></b>
		<b><u>Trend Rate</u></b>	
System net OPEB liability	\$ 22,065,229	\$ 25,013,017	\$ 28,473,838

**East Penn School District**  
**Notes to Basic Financial Statements**  
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**Combined Deferred Outflows/Inflows on Pensions and OPEB**

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

GOVERNMENTAL ACTIVITIES					
	<i>Pension - GASB 68</i>	<i>Pension - GASB 73</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension &amp; OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
	<u>CURRENT YR</u>	<u>CURRENT YR</u>	<u>CURRENT YR</u>	<u>CURRENT YR</u>	<u>CURRENT YR</u>
<u>IN DEFERRED OUTFLOWS/INFLOWS</u>	<u>BALANCE</u>	<u>BALANCE</u>	<u>BALANCE</u>	<u>BALANCE</u>	<u>BALANCE</u>
Change in Proportion	\$ 3,895,955	\$ -	\$ -	\$ 239,911	\$ 4,135,866
Current Year Contributions	24,275,703	52,502	1,001,646	469,521	25,799,372
Change in Assumption	3,048,146	(14,066)	(4,326,203)	(842,636)	(2,134,759)
Diff in Projected Vs Actual Contributions	(286,949)	-	-	(9,730)	(296,679)
Difference in Investment Earnings	5,603,070	-	-	18,678	5,621,748
Diff. between Expected vs Actual Experience	(2,716,050)	36,021	624,540	(27,825)	(2,083,314)
Diff. between Prop. Share vs Actual POS	(93,391)	-	-	(2,616)	(96,007)
<b>Net Pension Liability</b>	<b>\$ 198,344,845</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 198,344,845</b>
<b>Net Defined Contribution Pension Liability</b>	<b>\$ -</b>	<b>\$ 858,020</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 858,020</b>
<b>Net OPEB Liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 24,994,425</b>	<b>\$ 8,181,619</b>	<b>\$ 33,176,044</b>

BUSINESS-TYPE ACTIVITIES					
	<i>Pension - GASB 68</i>	<i>Pension - GASB 73</i>	<i>Single Employer OPEB - GASB 75</i>	<i>Multiple Employer OPEB - GASB 75</i>	<i>Pension &amp; OPEB Total</i>
	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>	<u>DR OR (CR)</u>
	<u>CURRENT YR</u>	<u>CURRENT YR</u>	<u>CURRENT YR</u>	<u>CURRENT YR</u>	<u>CURRENT YR</u>
<u>IN DEFERRED OUTFLOWS/INFLOWS</u>	<u>BALANCE</u>	<u>BALANCE</u>	<u>BALANCE</u>	<u>BALANCE</u>	<u>BALANCE</u>
Change in Proportion	\$ 95,045	\$ -	\$ -	\$ 5,089	\$ 100,134
Current Year Contributions	386,226	-	2,270	7,470	395,966
Change in Assumption	25,854	-	615	(16,364)	10,105
Diff in Projected Vs Actual Contributions	(4,477)	-	-	(151)	(4,628)
Difference in Investment Earnings	226,930	-	-	322	227,252
Diff. between Expected vs Actual Experience	(57,950)	-	(6,409)	(175)	(64,534)
Diff. between Prop. Share vs Actual POS	-	-	-	-	-
<b>Net Pension Liability</b>	<b>\$ 3,906,298</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,906,298</b>
<b>Net Defined Contribution Pension Liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net OPEB Liability</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 18,592</b>	<b>\$ 144,055</b>	<b>\$ 162,647</b>

STATEMENT OF NET POSITION	
<i>Governmental &amp; Business-Type Activities</i>	<i>Total</i>
	<u>DR OR (CR)</u>
	<u>CURRENT YR</u>
<u>IN DEFERRED OUTFLOWS/INFLOWS</u>	<u>BALANCE</u>
Change in Proportion	\$ 4,236,000
Current Year Contributions	26,195,338
Change in Assumption	(2,124,654)
Diff in Projected Vs Actual Contributions	(301,307)
Difference in Investment Earnings	5,849,000
Diff. between Expected vs Actual Experience	(2,147,848)
Diff. between Prop. Share vs Actual POS	(96,007)
<b>Net Pension Liability</b>	<b>\$ 202,251,143</b>
<b>Net Defined Contribution Pension Liability</b>	<b>\$ 858,020</b>
<b>Net OPEB Liability</b>	<b>\$ 33,338,691</b>

RECONCILIATION TO FINANCIAL STATEMENTS		
	<i>Bus. Type</i>	<i>Governmental</i>
<u>Pension Plans</u>	<u>Activities</u>	<u>Activities</u>
Net Pension Liability	\$ 3,906,298	\$ 199,202,865
Deferred Outflow Related to Pension	(734,055)	(36,911,397)
Deferred Inflows Related to Pension	62,427	3,110,456
<b>Total liab. Net deferred inflows/outflows</b>	<b>\$ 3,234,670</b>	<b>\$ 165,401,924</b>
<b><u>OPEB - Single &amp; Multiple Employer Plans</u></b>		
Net OPEB Liability	\$ 162,647	\$ 33,176,044
Deferred Outflows Related to OPEB	(15,766)	(2,354,296)
Deferred Inflows Related to OPEB	23,099	5,209,010
<b>Total liab. Net deferred inflows/outflows</b>	<b>\$ 169,980</b>	<b>\$ 36,030,758</b>

**East Penn School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2024**

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**Note 6 - Tax Increment Financing Agreement – Hamilton Crossing**

On June 23, 2014, East Penn School District entered a Tax Increment Financing Agreement.

Under the authority of the Pennsylvania Tax Increment Financing Act, the local taxing body (East Penn School District) is to provide 50% of necessary financing to TGG/TCH-Hamilton Crossings Associates, L.P. (the developer) to undertake retail and commercial development on 63 acres of land located in Lower Macungie Township.

Under the authority of the Pennsylvania Tax Increment Financing Act, the developer must complete the project dependent upon the requirements including infrastructure improvements as such: Road improvements to Route 222 Bypass, Krocks Road and Hamilton Boulevard, facilities to manage and infiltrate storm water and control regional flooding, to upgrade utility facilities, fund capitalized interest (if any), and fund issuance costs of obligations.

Full aggregate market value of all taxable real property located within the TIF district as of the effective date of creation is \$2,863,200.

East Penn School District pledges to pay over to the authority to be held in a TIF Agreement 50% of the real estate taxes assessed on the TIF District properties for each year within the agreement based upon the calculation below:

**East Penn School District Pledged Increment = (.50 x (the annual current assessment less the Tax Increment Base) x School District mileage at current year's calculation.**

The developer is to pay annually assessed property taxes on all properties within the TIF District, amounts pledged to be contributed by the School District and other TIF Agreement Parties will be deposited into the TIF Agreement Escrow account (split into both school district and township contributions), held by the authority, to be used in payment or trust for Obligations associated with project expenses.

Upon completion of payment for project obligations, any remaining monies held within the School District's portion of the TIF Agreement Escrow account held by the Authority will be returned to the School District.

Upon completion, the recipient of the TIF Tax Increment agrees to continue to pay 100% of real estate taxes on land and improvements in which the School District and Township will keep 100% of going forward. Additionally, the recipient agrees not to file any tax assessment appeal during the term of the TIF debt.

**East Penn School District  
Notes to Basic Financial Statements  
Fiscal Year Ended June 30, 2024**

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**Projected Tax Revenue Reduction for School District of TIF Agreement**

<u>Calender Year End</u>	<u>Estimated Incremental TIF Contribution</u>
12/31/2014	\$ -
12/31/2015	-
12/31/2016	540,978
12/31/2017	592,861
12/31/2018	598,684
12/31/2019	598,684
12/31/2020	604,507
12/31/2021	604,507
12/31/2022	610,694
12/31/2023	610,694
12/31/2024	616,881
12/31/2025	616,881
12/31/2026	632,068
12/31/2027	632,068
12/31/2028	629,255
12/31/2029	629,255
12/31/2030	635,442
12/31/2031	635,442
12/31/2032	641,629
12/31/2033	641,629
12/31/2034	<u>648,180</u>
<b>TOTAL</b>	<b><u>\$ 11,720,339</u></b>

Estimated surplus amounts which will be turned over after TIF obligations have been settled, and will be reimbursed to East Penn School District total \$4,095,697.

**Note 7 - 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 8 - Fund Balance Allocations**

*Nonspendable Fund Balance*

The General Fund has \$29,962 in nonspendable fund balance at year end, which is comprised of \$29,962 of prepaid expenditures.

*Restricted Fund Balance*

The Capital Reserve Fund's \$18,720,519 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. The General Fund has \$176,811 of contributions restricted at year end.

*Committed Fund Balance*

The district has committed \$1,289,759 to be spent on mitigating learning loss resulting from COVID-19 pandemic, and \$2,000,000 for technology upgrades.

**East Penn School District**  
**Notes to Basic Financial Statements**  
**Fiscal Year Ended June 30, 2024**

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*Assigned Fund Balance*

The General Fund has 11,393,959, assigned for appropriations in the 2024-25 budget.

**Note 9 - Net Investment in Capital Assets**

The portion of net position for governmental activities, shown on the government-wide statement of net position invested in capital assets, net of related debt is \$128,360,634. The business-type activities column reflects \$656,389 invested in capital assets with no related debt. In addition, \$18,720,519 of net position in the governmental activities column has been restricted for future capital projects.

**Note 10 - Contingencies**

*Grants*

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund, or other applicable funds. However, in the opinion of management any such disallowed claims will not have a material adverse effect on the overall financial position of the School District as of June 30, 2024.

*Litigation*

In accordance with management, there are no legal matters that could materially affect the financial position of the District as of June 30, 2024.

**Note 11 - New Accounting Pronouncements**

The Governmental Accounting Standards Board (GASB) has issued the following standards, which have not yet been implemented:

- GASB Statement No. 101, Compensated Absences: This statement establishes standards for the recognition and measurement of liabilities for compensated absences. It will be effective for fiscal years beginning after December 15, 2023, and will be adopted by the District for the fiscal year ending June 30, 2025.
- GASB Statement No. 102, Risks and Uncertainties Disclosures: This statement requires governments to disclose risks and uncertainties that could significantly affect financial outcomes. It is effective for fiscal years beginning after June 15, 2024.
- GASB Statement No. 103, Conduit Debt Obligations (Amendment): This standard clarifies the reporting of conduit debt obligations and will be effective for fiscal years beginning after December 15, 2024.

## REQUIRED SUPPLEMENTAL INFORMATION

EAST PENN SCHOOL DISTRICT  
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
District's proportion of the net pension liability (asset)	0.4631%	0.4507%	0.4432%	0.4586%	0.4510%	0.4440%	0.4395%	0.4435%	0.4371%	0.4236%
District's proportionate share of the net pension liability (asset)	\$ 206,016,000	\$ 200,375,000	\$ 181,963,000	\$ 225,810,000	\$ 210,990,000	\$ 213,142,000	\$ 217,062,000	\$ 219,785,000	\$ 189,332,000	\$ 167,664,000
District's covered employee payroll	74,529,856	71,101,614	66,548,628	62,516,246	64,424,139	62,467,686	59,842,387	58,676,043	57,594,539	56,225,255
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	276.42%	281.81%	273.43%	361.20%	327.50%	341.20%	362.72%	374.57%	328.73%	298.20%
Plan fiduciary net position as a percentage of the total pension liability	61.85%	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%



EAST PENN SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2024

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 24,661,929	\$ 24,394,964	\$ 22,719,702	\$ 21,061,723	\$ 21,549,875	\$ 20,364,466	\$ 18,993,974	\$ 17,133,405	\$ 14,398,635	\$ 11,526,177
Contributions in relation to the contractually required contribution	<u>24,661,929</u>	<u>24,394,964</u>	<u>22,719,702</u>	<u>21,061,723</u>	<u>21,549,875</u>	<u>20,364,466</u>	<u>18,993,974</u>	<u>17,133,405</u>	<u>14,398,635</u>	<u>11,526,177</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 74,529,856	\$ 71,101,614	\$ 66,548,628	\$ 62,516,246	\$ 64,424,139	\$ 62,467,686	\$ 59,842,387	\$ 58,676,043	\$ 57,594,539	\$ 56,225,255
Contributions as a percentage of covered employee payroll	33.09%	34.31%	34.14%	33.69%	33.45%	32.60%	31.74%	29.20%	25.00%	20.50%

**EAST PENN SCHOOL DISTRICT**  
**SCHEDULE OF CHANGES IN THE DISTRICT'S DEFINED CONTRIBUTION PENSION LIABILITY**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
<b>Total Defined Contribution Pension Liability - beginning</b>	<b>\$ 811,803</b>	<b>\$ 800,835</b>	<b>\$ 761,251</b>	<b>\$ 612,352</b>	<b>\$ 572,924</b>	<b>\$ 559,483</b>	<b>\$ 591,119</b>
Service Cost	69,641	72,816	73,071	57,972	58,083	60,116	65,767
Interest	34,586	19,008	15,175	22,175	18,409	18,314	15,059
Changes in Benefit Terms	-	-	-	-	-	-	-
Difference between expected and actual experience	-	33,429	-	37,251	-	(6,019)	-
Changes in assumptions	(3,410)	(40,510)	(14,541)	50,593	(12,584)	4,715	(16,291)
Benefit payments	<u>(54,600)</u>	<u>(73,775)</u>	<u>(34,121)</u>	<u>(19,092)</u>	<u>(24,480)</u>	<u>(63,685)</u>	<u>(96,171)</u>
Net change in total Pension Liability	<u>46,217</u>	<u>10,968</u>	<u>39,584</u>	<u>148,899</u>	<u>39,428</u>	<u>13,441</u>	<u>(31,636)</u>
<b>Total Defined Contribution Pension Liability - ending</b>	<b><u>\$ 858,020</u></b>	<b><u>\$ 811,803</u></b>	<b><u>\$ 800,835</u></b>	<b><u>\$ 761,251</u></b>	<b><u>\$ 612,352</u></b>	<b><u>\$ 572,924</u></b>	<b><u>\$ 559,483</u></b>
Interest Rate	4.13%	4.06%	2.28%	1.86%	3.36%	2.98%	3.13%
Plan Members	39	39	38	38	38	38	36
Covered Payroll	\$ 4,751,528	\$ 4,751,528	\$ 4,233,729	\$ 4,233,729	\$ 3,880,846	\$ 3,880,846	\$ 3,805,949

**EAST PENN SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET DEFINED CONTRIBUTION PENSION LIABILITY**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u><b>2023-24</b></u>	<u><b>2022-23</b></u>	<u><b>2021-22</b></u>	<u><b>2020-21</b></u>	<u><b>2019-20</b></u>	<u><b>2018-19</b></u>	<u><b>2017-18</b></u>
District's proportionate share of the net defined contribution pension liability (asset)	\$ 858,020	\$ 811,803	\$ 800,835	\$ 761,251	\$ 612,352	\$ 572,924	\$ 559,483
District's covered employee payroll	\$ 4,751,528	\$ 4,751,528	\$ 4,233,729	\$ 4,233,729	\$ 3,880,846	\$ 3,880,846	\$ 3,805,949
District's proportionate share of the net defined contribution pension liability (asset) as a percentage of its covered employee payroll	18.06%	17.09%	18.92%	17.98%	15.78%	14.76%	14.70%

**EAST PENN SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**MULTIPLE EMPLOYER OPEB PLAN**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>
District's proportion of the net OPEB liability	0.4618%	0.4495%	0.4422%	0.4579%	0.4510%	0.4440%	0.4395%	0.4435%
District's proportionate share of the net OPEB liability (asset)	\$ 8,355,000	\$ 8,274,000	\$ 10,481,000	\$ 9,894,000	\$ 9,592,000	\$ 9,257,000	\$ 8,954,000	\$ 9,553,000
District's covered-employee payroll	70,756,585	66,097,832	62,689,144	62,516,246	64,424,139	62,467,686	59,842,387	58,676,043
District's proportionate share of the net OPEB liability (asset) as a percentage of its covered employee payroll	11.81%	12.52%	16.72%	15.83%	14.89%	14.82%	14.96%	16.28%
Plan fiduciary net position as a percentage of the total OPEB liability	7.22%	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%	5.47%

**EAST PENN SCHOOL DISTRICT  
SCHEDULE OF DISTRICT'S CONTRIBUTIONS  
MULTIPLE EMPLOYER OPEB PLAN  
CUMULATIVE TEN FISCAL YEARS REPORT  
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>
Contractually required contribution	\$ 476,991	\$ 533,262	\$ 532,389	\$ 512,633	\$ 541,163	\$ 518,482	\$ 496,692	\$ 487,011	\$ 483,794	\$ 506,028
Contributions in relation to the contractually required contribution	<u>476,991</u>	<u>533,262</u>	<u>532,389</u>	<u>512,633</u>	<u>541,163</u>	<u>518,482</u>	<u>496,692</u>	<u>487,011</u>	<u>483,794</u>	<u>506,028</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 74,529,856	\$ 71,101,614	\$ 66,548,628	\$ 62,516,246	\$ 64,424,139	\$ 62,467,686	\$ 59,842,387	\$ 58,676,043	\$ 57,594,539	\$ 56,225,255
Contributions as a percentage of covered employee payroll	0.64%	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%	0.83%	0.84%	0.90%

**EAST PENN SCHOOL DISTRICT**  
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET OPEB LIABILITY**  
**SINGLE EMPLOYER HEALTH INSURANCE PLAN**  
**CUMULATIVE TEN FISCAL YEARS REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2024**

	<u>2023-24</u>	<u>2022-23</u>	<u>2021-22</u>	<u>2020-21</u>	<u>2019-20</u>	<u>2018-19</u>	<u>2017-18</u>
<b>Total OPEB Liability</b>							
Service Cost	\$ 1,240,480	\$ 1,745,551	\$ 1,767,047	\$ 1,396,859	\$ 1,407,346	\$ 1,590,428	\$ 1,554,305
Interest	978,887	575,312	451,788	689,319	586,608	714,207	529,272
Changes in Benefit Terms	-	(43,827)	-	-	-	-	-
Difference between expected and actual experience	-	4,530,264	-	(876,000)	-	(4,565,237)	-
Changes in assumptions	347,714	(6,695,508)	(773,872)	2,689,772	(621,725)	(13,860)	319,226
Benefit payments	<u>(925,346)</u>	<u>(497,318)</u>	<u>(459,931)</u>	<u>(538,415)</u>	<u>(522,478)</u>	<u>(856,922)</u>	<u>(900,125)</u>
Net change in total OPEB Liability	1,641,735	(385,526)	985,032	3,361,535	849,751	(3,131,384)	1,502,678
Total OPEB Liability - beginning	<u>23,371,282</u>	<u>23,756,808</u>	<u>22,771,776</u>	<u>19,410,241</u>	<u>18,560,490</u>	<u>21,691,874</u>	<u>20,189,196</u>
<b>Total OPEB Liability - ending</b>	<u><b>\$ 25,013,017</b></u>	<u><b>\$ 23,371,282</b></u>	<u><b>\$ 23,756,808</b></u>	<u><b>\$ 22,771,776</b></u>	<u><b>\$ 19,410,241</b></u>	<u><b>\$ 18,560,490</b></u>	<u><b>\$ 21,691,874</b></u>
 Covered employee payroll	 <u><b>\$ 60,142,673</b></u>	 <u><b>\$ 60,142,673</b></u>	 <u><b>\$ 57,132,864</b></u>	 <u><b>\$ 57,132,864</b></u>	 <u><b>\$ 55,869,257</b></u>	 <u><b>\$ 55,869,257</b></u>	 <u><b>\$ 52,503,081</b></u>
 Total OPEB Liability as a percentage of covered employee payroll	 41.59%	 38.86%	 41.58%	 39.86%	 34.74%	 33.22%	 41.32%

**East Penn School District  
Notes To Required Supplemental Information  
Fiscal Year Ended June 30, 2024**

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**Public School Employees' Retirement System**

*Changes of Benefit Terms*

None.

*Changes in Assumptions*

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Valuation Date -- June 30, 2022
- Actuarial cost method -- Entry Age Normal -- level % of pay.
- Investment return -- 7.00% includes inflation at 2.75%.
- Salary growth -- Effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or seniority increases.
- Mortality rates were based on a blend 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the Total Pension Liability was 7.0% as of June 30, 2022 and as of June 30, 2023.
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate - decreased from 5.00% to 4.50%.
  - Real wage growth and merit or seniority increases (components for salary growth) - decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates - previously based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

*Proportionate Share of the Net Pension Liability*

The amount reported as the District's proportionate share of the net pension liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

**Other Postemployment Benefits -- Teachers Health Insurance Assistance**

*Changes of Benefit Terms*

None.

*Changes in Assumptions*

The discount rate used to measure the Total OPEB liability decreased from 4.09% as of June 30, 2022 to 4.13% as of June 30, 2023.

**East Penn School District  
Notes To Required Supplemental Information  
Fiscal Year Ended June 30, 2024**

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**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

The actuarially determined contributions, by PSERS, are calculated as of the June 30 preceding the fiscal year in which contributions are made. It does not include an adjustment made for the difference between projected vs actual contributions or separately financed liabilities. The following methods and assumptions were used to determine contribution rates reported:

- Investment return – 4.13% - S&P 20 Year Municipal Bond Rate.
- Salary increases – Effective average of 4.5%, which reflects an allowance for inflation of 2.5%, and 2.0% for real wage growth and merit or seniority increases.
- Premium Assistance reimbursement is capped at \$1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than \$1,200 in premium assistance per year.
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSER'S experience and projected using a modified version of the MP-2020 Improvement Scale.
- Participation rate:
  - Eligible retirees will elect to participate Pre age 65 at 50%
  - Eligible retirees will elect to participate Post age 65 at 70%

**The following Assumptions were Used to Determine the Contribution Rate:**

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

**Proportionate Share of the Net OPEB Liability**

The amount reported as the District's proportionate share of the net opeb liability (asset) does not include the adjustment for the difference between projected vs actual contributions made and the adjustment for the difference between proportionate share vs actual paid separately financed liabilities.

**Other Postemployment Benefits – Single Employer Healthcare Plan**

**Changes of Benefit Terms**

No changes this year.

**Changes in Assumptions**

The discount rate changed from 4.06% to 4.13%. The trend assumption was updated.

**Methods and Assumptions Used in Calculations of Actuarially Determined Contributions**

- Actuarial Cost Method – Entry Age Normal
- Salary Increases – 4.00% to 6.75%



**East Penn School District**  
**Notes To Required Supplemental Information**  
**Fiscal Year Ended June 30, 2024**

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- Healthcare cost trend rate –7.0% in 2023 with 0.5% decrease per year until 5.5% in 2026. Rates gradually decrease from 5.4% in 2027 to 4.1% in 2075 based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Asset Valuation Method – Pay as you go basis.
- Discount Rate – The rate of 4.13% is based on S&P Municipal Bond 20-year high grade rate index at July 1, 2023.

## **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**

**East Penn School District  
General Fund  
Schedule on Tax Collectors' Receipts  
For the Year Ended June 30, 2024**

	<b>ALBURTIS BOROUGH</b>	<b>EMMAUS BOROUGH</b>	<b>LOWER MACUNGIE TOWNSHIP</b>	<b>MACUNGIE BOROUGH</b>	<b>UPPER MILFORD TOWNSHIP</b>	<b>TOTAL</b>
<b>CURRENT REAL ESTATE TAXES</b>						
Assessed Value	\$ 153,176,400	\$ 848,476,500	\$ 3,760,294,600	\$ 240,115,200	\$ 842,519,200	\$ 5,844,581,900
Millage Rate	<u>0.0201700</u>	<u>0.0201700</u>	<u>0.0201700</u>	<u>0.0201700</u>	<u>0.0201700</u>	<u>0.0201700</u>
<b>TOTAL TAX PER DUPLICATE</b>	3,089,567	17,113,772	75,845,141	4,843,125	16,993,613	117,885,218
<b>Less: Farmland Preservation</b>	-	-	15,736	-	21,559	37,295
<b>Less: Act 1 Deduction</b>	<u>93,205</u>	<u>365,651</u>	<u>1,336,710</u>	<u>99,765</u>	<u>379,715</u>	<u>2,275,046</u>
<b>TOTAL TAX TO BE COLLECTED</b>	2,996,362	16,748,121	74,492,695	4,743,360	16,592,339	115,572,877
	-----	-----	-----	-----	-----	-----
PLUS - Additions	-	621	28,466	-	6,306	35,393
- Penalties	<u>6,275</u>	<u>44,547</u>	<u>85,172</u>	<u>7,556</u>	<u>44,578</u>	<u>188,128</u>
	-----	-----	-----	-----	-----	-----
<b>CURRENT REAL ESTATE TAXES TO BE COLLECTED</b>	3,002,637	16,793,289	74,606,333	4,750,916	16,643,223	115,796,398
	-----	-----	-----	-----	-----	-----
LESS - Discount	53,362	280,154	1,356,260	85,131	284,057	2,058,964
- Reductions	-	-	23,923	-	153	24,076
- Refunds	1,269	14,985	30,516	16,944	3,914	67,628
- TIF Payment	-	-	671,676	-	-	671,676
- Rebates	2,750	30,050	48,544	10,800	19,530	111,674
- NSF	-	621	4,452	-	6,221	11,294
- Returned to County	97,233	267,510	647,314	56,822	246,094	1,314,973
- Exonerations	<u>4,260</u>	<u>2,357</u>	<u>86,208</u>	<u>-</u>	<u>-</u>	<u>92,825</u>
	-----	-----	-----	-----	-----	-----
<b>NET CURRENT REAL ESTATE TAXES COLLECTED</b>	\$ <u>2,843,763</u>	\$ <u>16,197,612</u>	\$ <u>71,737,440</u>	\$ <u>4,581,219</u>	\$ <u>16,083,254</u>	\$ <u>111,443,288</u>
	-----	-----	-----	-----	-----	-----
<b>CURRENT INTERIM REAL ESTATE TAXES COLLECTED</b>	\$ <u>121</u>	\$ <u>138,734</u>	\$ <u>437,626</u>	\$ <u>58,897</u>	\$ <u>75,951</u>	\$ <u>711,329</u>
	-----	-----	-----	-----	-----	-----

**East Penn School District**  
**General Fund - Budget vs Actual**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2024**

<b>6000 - Revenue from Local Sources</b>		<b>Budget</b>	<b>Actual</b>	<b>Variance</b>
6111	Current Real Estate Taxes	\$ 111,050,709	\$ 111,443,288	\$ 392,579
6112	Interim Real Estate Taxes	1,117,370	711,329	(406,041)
6113	Public Utility	110,211	106,940	(3,271)
6114	Payment in Lieu of Taxes	10,880	11,749	869
6151	Earned Income Tax	11,525,000	12,004,841	479,841
6153	Real Estate Transfer Tax	2,030,403	1,907,868	(122,535)
6411	Delinquent Real Estate Taxes	1,698,830	1,481,449	(217,381)
6510	Interest	1,260,000	2,982,657	1,722,657
6710	Admissions	71,840	76,328	4,488
6720	Bookstore Sales	-	25,346	25,346
6740	Fees	126,530	190,182	63,652
6750	Student Activity - Special Events	-	2,854	2,854
6790	Other Student Activity Income	7,100	12,933	5,833
6810	Revenue From Local Governmental Units	32,000	26,000	(6,000)
6831	Federal Revenue Received From Other Pennsylvania Schools	42,900	58,926	16,026
6832	I/U Services - Federal	1,595,104	1,725,442	130,338
6910	Rentals	40,161	60,612	20,451
6920	Contributions	100,000	254,490	154,490
6942	Summer School	42,390	32,051	(10,339)
6943	Adult Education Tuition	4,265	1,500	(2,765)
6944	Receipts from Other LEA's - Education	-	94,945	94,945
6949	Other Tuition From Patrons	32,070	22,590	(9,480)
6991	Refunds of Prior Yr. Expenditures	-	44,181	44,181
6992	Energy Efficiency Revenue	35,450	43,006	7,556
6999	Miscellaneous	100,000	3,620	(96,380)
<b>TOTAL REVENUE FROM LOCAL SOURCES</b>		<b>\$ 131,033,213</b>	<b>\$ 133,325,127</b>	<b>\$ 2,291,914</b>
<b>7000 - Revenue from State Sources</b>				
7111	Basic Education Funding - Formula	16,725,666	16,857,826	132,160
7160	Orphan Tuition	189,030	136,124	(52,906)
7271	Special Education	4,572,035	4,565,053	(6,982)
7311	Transportation (Regular and Additional)	2,337,133	1,741,152	(595,981)
7312	Transportation (Nonpublic and Charter School)	284,515	323,400	38,885
7320	Rentals	624,053	620,808	(3,245)
7330	Health Services	159,357	152,008	(7,349)
7340	State Property Tax Reduction Allocation	2,289,194	2,289,194	-
7362	School Mental Health & Safety and Security Grants	456,896	382,808	(74,088)
7505	Ready to Learn Grant	705,924	705,924	-
7810	State Share of Social Security and Medicare Taxes	2,878,973	2,708,282	(170,691)
7820	State Share of Retirement Contributions	12,686,562	12,511,860	(174,702)
<b>TOTAL REVENUE FROM STATE SOURCES</b>		<b>\$ 43,909,338</b>	<b>\$ 42,994,439</b>	<b>\$ (914,899)</b>
<b>8000 - Revenue from Federal Sources</b>				
8514	Title I	1,048,446	1,045,937	(2,509)
8515	Title II	160,455	158,171	(2,284)
8516	Title III	18,092	31,221	13,129
8517	Title IV	83,832	83,832	-
8747	ARP ECF - Emergency Connectivity Fund	-	5,773	5,773
8754	ARP ESSER Homeless Children and Youth Funds	-	10,832	10,832
8810	Medical Access	610,405	569,807	(40,598)
8820	Medical Assistance	36,704	10,322	(26,382)
<b>TOTAL REVENUE FROM FEDERAL SOURCES</b>		<b>1,957,934</b>	<b>1,915,895</b>	<b>(42,039)</b>

**East Penn School District**  
**General Fund - Budget vs Actual**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2024**

<b><u>9000 - Other Financing Sources</u></b>	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
9330 Capital Projects Fund Transfers In	-	-	-
9400 Sale of or Compensation For Loss of Fixed Assets	-	-	-
<b>TOTAL OTHER FINANCING SOURCES</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL REVENUE AND OTHER FINANCING SOURCES</b>	<b>\$ 176,900,485</b>	<b>\$ 178,235,461</b>	<b>\$ 1,334,976</b>

<b><u>1000 - Instruction</u></b>			
1110 Regular Programs - Elem./Secondary	78,475,305	77,279,996	1,195,309
1190 Federally Funded Regular Programs	1,205,130	1,205,130	-
1221 Deaf or Hearing Impaired Support	5,828	5,828	-
1224 Blind or Visually Impaired Support	30,899	30,899	-
1225 Speech & Language Impaired	1,854,160	1,802,742	51,418
1231 Emotional Support - Public	2,559,863	2,559,863	-
1233 Autistic Support	3,182,630	3,182,630	-
1241 Learning Support - Public	13,223,984	13,223,984	-
1243 Gifted Support	1,201,616	1,078,097	123,519
1270 Multi-Handicapped Support	488,609	488,609	-
1281 Development Delay Support	50,000	25,263	24,737
1290 Other Support	8,841,561	8,309,275	532,286
1390 Other Vocational Education Programs	3,244,606	3,118,141	126,465
1410 Drivers' Education	33,548	33,548	-
1420 Summer School	36,115	27,638	8,477
1430 Homebound Instruction	173,189	44,482	128,707
1441 Adjudicated / Court Placed Programs	9,637	9,637	-
1442 Alternative Education Program	20,531	20,531	-
1500 Nonpublic School Programs	48,171	48,171	-
1691 Instructional Services	7,265	4,117	3,148
1693 Community College Sponsorship	895,249	895,249	-
Total Instruction	115,587,896	113,393,830	2,194,066

<b><u>2000 - Support Services</u></b>			
2111 Supervision of Pupil Personnel Services - Head	234,343	234,343	-
2119 Supervision of Student Services	177,412	173,282	4,130
2120 Guidance Services	4,206,394	4,206,394	-
2121 Supervision of Guidance Services	216,464	216,464	-
2126 Placement Services	168,527	166,623	1,904
2140 Psychological Services	1,537,900	1,444,376	93,524
2144 Psychotherapy Services	228,448	-	228,448
2160 Social Work Services	744,332	726,499	17,833
2220 Technology Support Services	231,699	231,325	374
Sub-Total Support Services	7,745,519	7,399,306	346,213

**East Penn School District**  
**General Fund - Budget vs Actual**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2024**

<b><u>2000 - Support Services</u></b>		<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
	Sub-Total Support Services (carried forward)	7,745,519	7,399,306	346,213
2240	Computer Assisted Instruction Services	617,995	459,338	158,657
2250	School Library Services	1,307,072	1,307,072	-
2260	Instructional & Curriculum Dev. Service	2,713,464	2,713,464	-
2271	Instructional Staff Development	618,859	618,859	-
2272	Instructional Staff Development	8,317	8,317	-
2290	Other Instructional Staff Services	68,192	-	68,192
2310	Board Services	89,069	77,471	11,598
2320	Board Treasurer Services	11,796	11,603	193
2330	Tax Assessment & Collection Service	118,577	118,577	-
2340	Staff Relations	552,221	522,374	29,847
2350	Legal Services	251,968	251,968	-
2360	Office of the Superintendent Services	1,215,343	1,215,343	-
2370	Community Relations Services	178,005	159,557	18,448
2380	Office of the Principal Services	5,644,035	5,564,102	79,933
2410	Supervision of Health Services	6,500	6,500	-
2420	Medical Services	3,000	616	2,384
2430	Dental Services	1,500	689	811
2440	Nursing Services	2,483,496	2,470,824	12,672
2450	Non-Public Health Services	64,314	64,314	-
2511	Supervision of Fiscal Services	289,260	289,260	-
2514	Payroll Services	263,972	245,464	18,508
2515	Financial Accounting Services	797,690	669,105	128,585
2611	Supervision of Operation and Maintenance of Plant Services - Head	263,489	263,489	-
2619	Supervision of Operation and Maintenance of Plant Services	295,842	295,842	-
2620	Operation of Building Services	14,159,447	13,875,811	283,636
2630	Care and Upkeep of Grounds Services	226,227	226,227	-
2640	Care and Upkeep of Equipment Services	10,000	2,200	7,800
2650	Vehicle Operation and Maint. Services	86,241	86,241	-
2660	Security Services	675,375	261,331	414,044
2720	Vehicle Operation Services	7,818,063	7,324,805	493,258
2750	Non-Public Transportation	2,296,629	2,296,629	-
2810	Planning, Research, Development and Evaluation Services	1,677	-	1,677
2818	System-Wide Technology Services	1,607,779	1,488,096	119,683
2834	Staff Development Services - Non-Instructional, Certified	154,144	122,020	32,124
2836	Staff Development Services - Non-Instructional, Non-Certified	35,460	11,688	23,772
2840	Data Processing Services	468,970	325,038	143,932
2850	State and Federal Agency Liaison Services	57,822	14,751	43,071
2910	Support services not listed elsewhere in the 2000	156,413	151,197	5,216
	Total Support Services	53,363,742	50,919,488	2,444,254
<b><u>3000 - Operation of Non-Instructional Services</u></b>				
3210	Student Activities	577,961	577,961	-
3250	School Sponsored Student Activities	1,583,278	1,572,829	10,449
3300	Community Services	77,064	77,064	-
3350	Welfare Activities	10,832	10,832	-
3390	Other Community Services	8,300	6,377	1,923
3400	Scholarships and Awards	31,550	31,550	-
	Total Operation of Non-Instructional Services	2,288,985	2,276,613	12,372

**East Penn School District**  
**General Fund - Budget vs Actual**  
**Statement of Revenue, Expenditures, and Changes in Fund Balance**  
**For the Year Ended June 30, 2024**

<b><u>4000 - Facilities Acquisition, Construction, and Improvement Services</u></b>		<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance</u></b>
4600	Existing Building Improvement Services	<u>255,440</u>	<u>255,440</u>	<u>-</u>
	Total Facilities Acquisition, Construction, and Improvement Services	<u>255,440</u>	<u>255,440</u>	<u>-</u>
<b><u>5000 - Other Expenditures and Financing Uses</u></b>				
5110	Debt Service	6,281,517	6,281,517	-
5140	Leases	211,440	211,440	-
5230	Capital Projects Funds Transfers Out	4,464,200	4,464,200	-
5900	Budgetary Reserve	<u>5,582,211</u>	<u>-</u>	<u>5,582,211</u>
	Total Other Expenditures and Financing Uses	<u>16,539,368</u>	<u>10,957,157</u>	<u>5,582,211</u>
<b>TOTAL EXPENDITURES AND OTHE FINANCING USES</b>		<b><u>\$ 188,035,431</u></b>	<b><u>\$ 177,802,528</u></b>	<b><u>\$ 10,232,903</u></b>
<b>NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES</b>		<b>\$ (11,134,946)</b>	<b>\$ 432,933</b>	<b>\$ 11,567,879</b>
	Special Items	-	-	-
	Extraordinary Items	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET REVENUES AND OTHER FINANCING SOURCES OVER (UNDER) EXPENDITURES AND OTHER FINANCING USES AFTER SPECIAL ITEMS AND EXTRAORDINARY ITEMS</b>		<b>(11,134,946)</b>	<b>432,933</b>	<b>11,567,879</b>
<b>FUND BALANCE - JULY 1, 2023</b>		<b><u>25,420,591</u></b>	<b><u>25,845,904</u></b>	<b><u>425,313</u></b>
<b>FUND BALANCE - JUNE 30, 2024</b>		<b><u>\$ 14,285,645</u></b>	<b><u>\$ 26,278,837</u></b>	<b><u>\$ 11,993,192</u></b>

**East Penn School District  
Capital Reserve Fund  
Statement of Revenues and Expenditures  
For the Year Ended June 30, 2024**

<b>FUND BALANCE - JULY 1, 2023</b>		<b>\$ 20,434,763</b>
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**REVENUES AND OTHER FINANCING SOURCES**

Interest	\$ 825,563	
Transfer from General Fund	<u>4,464,200</u>	<u>5,289,763</u>
<b>TOTAL FUNDS AVAILABLE</b>		<b>25,724,526</b>

**EXPENDITURES**

**SUPPORT SERVICES:**

Repairs and Maintenance	21,321	
Equipment	7,691	

**CAPITAL OUTLAY:**

Construction Services	1,992,693	
Site Improvements	29,388	
Equipment	<u>4,952,914</u>	<u>7,004,007</u>

<b>FUND BALANCE - JUNE 30, 2024</b>		<b><u>\$ 18,720,519</u></b>
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**East Penn School District**  
**Food Service Fund**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**For the Year Ended June 30, 2024**

**REVENUES**

Sales	\$ 1,771,965	
Donated Commodities	259,874	
Special Events	38,603	
Over or (Short)	20	
State Subsidies	678,103	
Federal Subsidies	1,924,654	
Interest	9,438	
Gain (Loss) on Sale of Fixed Assets	(22,772)	
Capital Contributions	144,715	
<b>TOTAL REVENUES</b>		\$ 4,804,600

**COST OF COMMODITIES**

Beginning Inventory - 7/1	49,393	
Purchases	318,606	
Ending Inventory - 6/30	(62,011)	
<b>TOTAL COST OF COMMODITIES SOLD</b>		305,988
<b>GROSS PROFIT</b>		4,498,612

**SALARY AND BENEFIT EXPENSES**

Cafeteria Aides	1,154,784	
Clerical	45,969	
Overtime	465	
Custodial/Maintenance	117,447	
Technology Assistants	4,957	
Other	9,415	
Benefits	543,452	
		1,876,489

**OPERATING EXPENSES**

Supplies	18,143	
Food Service Management Costs	1,909,673	
Repairs and Maintenance	121,136	
Communications	606	
Diesel Fuel	4,066	
Electricity	18,779	
Books & Periodicals	45,314	
Travel	74	
Depreciation	63,322	
<b>TOTAL EXPENSES</b>		2,181,113

**CHANGES IN FUND NET POSITION** 441,010

**FUND NET POSITION - JULY 1, 2023** (767,026)

**FUND NET POSITION - JUNE 30, 2024** \$ (326,016)

**East Penn School District  
Student Activity Custodial Fund  
Statement of Changes in Fiduciary Net Position  
For the Year Ended June 30, 2024**

**ADDITIONS**

Interest Income	\$ 1,464	
Admissions	179,561	
Book Store Sales	13,872	
Student Organization Membership Dues and Fees	13,283	
Student Fees	282,871	
Special Events	187,581	
Contributions/Donations	27,888	
Other Activity Income	38,694	
<b>TOTAL ADDITIONS</b>		<b>\$ 745,214</b>

**DEDUCTIONS**

Professional and Technical Services	92,580	
Rentals	73,346	
Transportation Services	110,589	
General Supplies	193,136	
Food	68,297	
Dues and Fees	144,563	
Donations	14,126	
Miscellaneous Expenses	62,980	
<b>TOTAL DEDUCTIONS</b>		<b>759,617</b>

**NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION (14,403)**

**FUND NET POSITION - JULY 1, 2023 307,188**

**FUND NET POSITION - JUNE 30, 2024 \$ 292,785**

**Student Activity Custodial Fund  
Statement of Fiduciary Net Position  
As of June 30, 2024**

**ASSETS**

Cash and Cash Equivalents	\$ 310,748	
Other Receivables	1,499	
Prepaid Expenses	2,150	
<b>TOTAL ASSETS</b>		<b>\$ 314,397</b>

**LIABILITIES**

Accounts Payable	\$ 21,612	
<b>TOTAL LIABILITIES</b>		<b>21,612</b>

**NET POSITION**

Restricted for:  
Individuals, organizations, and other governments 292,785

**TOTAL LIABILITIES AND FUND NET POSITION \$ 314,397**

**East Penn School District**  
**Private-Purpose Trust Funds - Memorial Fund**  
**Statement of Changes in Fiduciary Net Position**  
**For the Year Ended June 30, 2024**

**ADDITIONS**

Interest Income	\$ 1,392	
Contributions	<u>6,229</u>	
<b>TOTAL ADDITIONS</b>		<b>\$ 7,621</b>

**DEDUCTIONS**

Administrative Charges	-	
Awards	<u>3,000</u>	
<b>TOTAL DEDUCTIONS</b>		<u>3,000</u>

**NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION** **4,621**

**FUND NET POSITION - JULY 1, 2023** 64,956

**FUND NET POSITION - JUNE 30, 2024** **\$ 69,577**

**Private-Purpose Trust Funds - Memorial Fund**  
**Statement of Fiduciary Net Position**  
**As of June 30, 2024**

**ASSETS**

Cash and Cash Equivalents	\$ 17,785	
Investments	<u>51,792</u>	
<b>TOTAL ASSETS</b>		<b><u>\$ 69,577</u></b>

**LIABILITIES**

Accounts Payable	<u>\$ -</u>	
<b>TOTAL LIABILITIES</b>		<b>-</b>

**NET POSITION**

Restricted for:		
Individuals, organizations, and other governments		<u>69,577</u>
<b>TOTAL LIABILITIES AND FUND NET POSITION</b>		<b><u>\$ 69,577</u></b>

**East Penn School District**  
**Schedule on General Obligation Bonds - Series of 2019**  
**Dated as of September 17, 2019**  
**For the Year Ended June 30, 2024**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2024-25	\$ 253,900	\$ 1,265,000
2025-26	202,100	1,325,000
2026-27	147,700	1,395,000
2027-28	90,500	1,465,000
2028-29	30,600	1,530,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 724,800</b>	<b>\$ 6,980,000</b>

**Schedule on General Obligation Notes - Series of 2020**  
**Dated as of August 3, 2020**  
**For the Year Ended June 30, 2024**

<b><u>FISCAL YEAR</u></b>	<b><u>INTEREST</u></b>	<b><u>PRINCIPAL</u></b>
2024-25	\$ 19,749	\$ 4,072,000
<b>TOTAL OUTSTANDING</b>	<b>\$ 19,749</b>	<b>\$ 4,072,000</b>

**EAST PENN SCHOOL DISTRICT**  
*Lehigh County, Pennsylvania*

**EAST PENN SCHOOL DISTRICT**  
**ENROLLMENT TRENDS**

Actual Enrollments					Projected Enrollments				
School					School				
Year	Grade K-5	Grade 6-8	Grade 9-12	Total	Year	Grade K-5	Grade 6-8	Grade 9-12	Total
2020-21	3,234	1,995	2,878	8,107	2025-26	3,376	1,933	2,958	8,267
2021-22	3,120	1,925	2,774	7,819	2026-27	3,421	1,933	2,893	8,247
2022-23	3,204	1,881	2,808	7,893	2027-28	3,441	1,920	2,847	8,208
2023-24	3,175	1,896	2,795	7,866	2028-29	3,390	1,917	2,841	8,148
2024-25	3,124	1,842	2,765	7,731	2029-30	3,396	1,899	2,763	8,058

Source: Actual Enrollments - East Penn SD October 1 Enrollment Reports; Projected Enrollments - Decision Insight October Conservative Enrollment Projection Report

**EAST PENN SCHOOL DISTRICT**  
**REAL PROPERTY TAX COLLECTION DATA**

School	Total Flat	Total Adjusted Flat	Current Year Collections	Current Year Collections as Percentage of Total Adjusted	Total Current Plus Delinquent Collections <sup>(2)</sup>	Total Collections as Percentage of Total Adjusted
Year	Billing	Billing <sup>(1)</sup>	Amount	Flat Billing	Collections <sup>(2)</sup>	Flat Billing
2019-20	\$100,320,696	\$98,717,327	\$96,612,469	97.87%	\$98,271,695	99.55%
2020-21	\$102,286,135	\$100,649,059	\$98,475,601	97.84%	\$100,061,834	99.42%
2021-22	\$107,211,472	\$105,228,444	\$102,945,484	97.83%	\$105,089,559	99.87%
2022-23	\$111,062,095	\$109,179,147	\$107,050,346	98.05%	\$108,680,249	99.54%
2023-24	\$115,572,877	\$113,609,216	\$111,442,288	98.09%	\$112,923,737	99.40%

<sup>(1)</sup> Flat billing plus penalties, less discounts and exonerations.

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

Note: Beginning in 2008-09 the amount of the Adjusted Levy is reduced by the amount of the Homestead/Farmstead Exemptions. The Adjusted levy shown excludes the amount payable from the Property Tax and Rent Rebate Program funded pursuant to Act 1 of the Commonwealth.

Source: Audited Financial Statements

**EAST PENN SCHOOL DISTRICT**  
**TEN LARGEST REAL PROPERTY TAXPAYERS**

Owner	Type of Property	2024-25 Assessed Value
Liberty Property LP	Warehouse	302,722,400
TGG / TCH - Hamilton Crossings Assoc LP	Retail	48,395,600
BCI-OEF Lehigh Valley Crossing DC I	Warehouse	33,837,800
Headlands Realty Corp.	Warehouse & Land	29,049,200
SUSO 4 West Valley LP	Retail	27,982,400
Woodmont Lower Mac LLC	Apartments	26,511,800
Mack Trucks Inc.	Truck Manufacturing	24,479,200
Allen Distribution	Warehouse & Land	24,000,000
Cedar - Trexler LLC	Retail	22,827,900
Fieldstone Assoc. Ltd. Partnership	Retail	22,650,100
<b>Total</b>		<b>\$562,456,400</b>

Source: Lehigh County Tax Assessors Office

**EAST PENN SCHOOL DISTRICT**  
***Lehigh County, Pennsylvania***

**EAST PENN SCHOOL DISTRICT**  
**TAX RATES**

<b>School Year</b>	<b>Real Estate (mills)</b>	<b>Real Estate Transfer (%)</b>	<b>Wage and Income (%)</b>
2020-21	18.6013	0.50%	0.50%
2021-22	19.1035	0.50%	0.50%
2022-23	19.6766	0.50%	0.50%
2023-24	20.1700	0.50%	0.50%
2024-25	21.0000	0.50%	0.50%

Source: Department of Community and Economic Development - Municipal Statistics

**EAST PENN SCHOOL DISTRICT**  
**REAL PROPERTY ASSESSMENT DATA**

<b>School Year</b>	<b>Market Value</b>	<b>Assessed Value</b>	<b>Ratio</b>
2020-21	\$5,773,991,582	\$5,589,125,400	96.80%
2021-22	\$5,920,545,356	\$5,696,122,100	96.21%
2022-23	\$6,403,747,088	\$5,748,098,400	89.76%
2023-24	\$6,540,105,047	\$5,830,935,700	89.16%
2024-25(1)	\$6,600,024,563	\$5,884,581,900	89.16%
Compound Average Annual % Change =	0.00%	0.00%	

(1) Market Value Estimate based on prior year ratio.

Source: [https://dced.pa.gov/library/?wpdmc=market\\_value\\_data](https://dced.pa.gov/library/?wpdmc=market_value_data)

(Tax duplicate information from Lehigh County Tax Assessors Office)

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

**East Penn School District**  
**Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended June 30, 2024**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS-THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/23	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/24	FOOT NOTES
<b>FEDERAL COMMUNICATIONS COMMISSION</b>											
<b>PASSED THROUGH THE UNIVERSAL SERVICE ADMINISTRATIVE CO</b>											2
COVID-19 EMERGENCY CONNECTIVITY FUND PROGRAM	I	32.009	N/A	N/A	\$ 5,773	\$ 7,233	\$ 1,460	\$ 5,773	\$ 5,773	\$ -	
<b>TOTAL FEDERAL COMMUNICATIONS COMMISSION</b>						7,233	1,460	5,773	5,773	-	
<b>U.S. DEPT. OF EDUCATION</b>											
<b>PASSED THROUGH THE PA DEPARTMENT OF EDUCATION (PDE)</b>											2
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-23-0127	7/1/22 - 9/30/23	\$ 1,070,842	95,421	95,093	328	328	-	
TITLE IA - IMPROVING BASIC PROGRAMS	I	84.010	FA-013-24-0127	7/1/23 - 9/30/24	\$ 1,045,609	898,668	-	1,045,609	1,045,609	146,941	
<b>TOTAL TITLE I PROGRAM</b>						994,089	95,093	1,045,937	1,045,937	146,941	
<b>PASSED THROUGH THE PDE</b>											
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-23-0127	7/1/22 - 9/30/23	\$ 200,172	43,777	43,777	-	-	-	
TITLE IIA - SUPPORTING EFFECTIVE INSTRUCTION	I	84.367	FA-020-24-0127	7/1/23 - 9/30/24	\$ 159,225	114,611	-	158,171	158,171	43,560	
<b>TOTAL TITLE II PROGRAM</b>						158,388	43,777	158,171	158,171	43,560	
<b>PASSED THROUGH THE PDE</b>											
TITLE III LEP/IMMIGRANT	I	84.365	FA-010-23-0127	7/1/22 - 9/30/23	\$ 20,043	1,141	775	365	365	-	
TITLE III LEP/IMMIGRANT	I	84.365	FA-010-24-0127	7/1/23 - 9/30/24	\$ 30,856	25,608	-	30,856	30,856	5,248	
<b>TOTAL TITLE III PROGRAM</b>						26,749	775	31,221	31,221	5,248	
<b>PASSED THROUGH THE PDE</b>											
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICH.	I	84.424	FA-144-23-0127	7/1/22 - 9/30/23	\$ 67,383	16,948	16,948	-	-	-	
TITLE IVA - STUDENT SUPPORT AND ACADEMIC ENRICH.	I	84.424	FA-144-24-0127	7/1/23 - 9/30/24	\$ 83,832	65,868	-	83,832	83,832	17,964	
<b>TOTAL TITLE IV PROGRAM</b>						82,816	16,948	83,832	83,832	17,964	
<b>PASSED THROUGH THE PDE</b>											
COVID-19 ARP-ESSER - LEARNING LOSS SET ASIDE	I	84.425U	FA-225-21-0127	3/13/20 - 9/30/24	\$ 312,756	125,103	125,103	-	-	-	
COVID-19 ARP-ESSER - HOMELESS CHILDREN AND YOUTH	I	84.425W	FA-181-21-2126	7/1/21 - 9/30/24	\$ 28,757	22,858	12,026	10,832	10,832	-	
<b>TOTAL EDUCATION STABILIZATION FUND</b>						147,961	137,129	10,832	10,832	-	
<b>PASSED THROUGH CARBON-LEHIGH I.U.</b>											
IDEA, PART B	I	84.027	N/A	7/1/22 - 9/30/23	\$ 1,589,780	901,447	901,446	-	-	-	1
IDEA, PART B	I	84.027	N/A	7/1/23 - 9/30/24	\$ 1,719,892	1,107,787	-	1,719,892	1,719,892	612,105	1
COVID-19 ARP-IDEA	I	84.027X	N/A	7/1/21 - 9/30/23	\$ 371,653	122,857	122,857	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/22 - 9/30/23	\$ 5,324	-	-	-	-	-	1
IDEA SECTION 619 - PRESCHOOL	I	84.173	N/A	7/1/23 - 9/30/24	\$ 5,550	5,550	-	5,550	5,550	-	1
<b>TOTAL IDEA CLUSTER</b>						2,137,641	1,024,303	1,725,442	1,725,442	612,105	
<b>TOTAL U.S. DEPARTMENT OF EDUCATION</b>						\$ 3,547,644	\$ 1,318,025	\$ 3,055,435	\$ 3,055,435	\$ 825,818	

SOURCE: D - DIRECT; I - INDIRECT



**East Penn School District**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**Fiscal Year Ended June 30, 2024**

FEDERAL GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	GRANTOR PASS-THROUGH NUMBER	GRANT PERIOD	AWARD AMOUNT	TOTAL RECEIVED	ACCRUED OR (DEFERRED) AT 7/01/23	REVENUE	EXPENDI- TURES	ACCRUED OR (DEFERRED) AT 6/30/24	FOOT NOTES
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>											
PASSED THROUGH THE PA											
<b>DEPARTMENT OF PUBLIC WELFARE</b>											2
TITLE 19 - MEDICAL REIMBURSEMENT	I	93.778	N/A	7/1/23 - 9/30/24	N/A	\$ 28,603	\$ 21,525	\$ 10,322	\$ 10,322	\$ 3,244	
<b>TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						28,603	21,525	10,322	10,322	3,244	
						-----	-----	-----	-----	-----	
<b>U.S. DEPARTMENT OF AGRICULTURE</b>											
PASSED THROUGH THE PA											
<b>DEPARTMENT OF EDUCATION</b>											2
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/22-06/30/23	N/A	39,883	39,883	-	-	-	
NATIONAL SCHOOL LUNCH	I	10.555	N/A	07/01/23-06/30/24	N/A	1,176,862	-	1,376,934	1,376,934	200,072	
COVID-19 NATIONAL SCHOOL LUNCH - SUPPLY CHAIN ASSISTANCE	I	10.555	N/A	N/A	N/A	188,263	-	188,263	188,263	-	
BREAKFAST PROGRAM	I	10.553	N/A	07/01/22-06/30/23	N/A	11,978	11,978	-	-	-	
BREAKFAST PROGRAM	I	10.553	N/A	07/01/23-06/30/24	N/A	300,496	-	354,178	354,178	53,682	
SEVERE NEED BREAKFAST	I	10.553	N/A	07/01/22-06/30/23	N/A	-	-	-	-	-	
SEVERE NEED BREAKFAST	I	10.553	N/A	07/01/23-06/30/24	N/A	2,024	-	2,024	2,024	-	
<b>PASSED THROUGH THE PA</b>											
<b>DEPARTMENT OF AGRICULTURE</b>											2
NATIONAL SCHOOL LUNCH - USDA COMMODITIES	I	10.555	N/A	07/01/23-06/30/24	N/A	272,492	(49,395)	259,874	259,874	(62,013)	3
<b>TOTAL CHILD NUTRITION CLUSTER</b>						1,991,998	2,466	2,181,273	2,181,273	191,741	
						-----	-----	-----	-----	-----	
<b>PASSED THROUGH THE PDE</b>											
COVID-19 STATE PANDEMIC ELECTRONIC BENEFIT TRANSFER (P-EBT) ADMIN. COSTS	I	10.649	N/A	N/A	N/A	3,256	-	3,256	3,256	-	2
<b>TOTAL U.S. DEPARTMENT OF AGRICULTURE</b>						1,995,254	2,466	2,184,529	2,184,529	191,741	
<b>TOTAL FEDERAL FINANCIAL AWARDS</b>						\$ 5,578,734	\$ 1,343,476	\$ 5,256,059	\$ 5,256,059	\$ 1,020,803	

SOURCE: D - DIRECT; I - INDIRECT

**East Penn School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended June 30, 2024**

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**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of East Penn School District under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of East Penn School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of East Penn 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 2.1% of its total general fund revenue in federal awards, and 45.5% of its total enterprise fund revenue.

**Note 4 - Indirect Costs**

The District did not charge any indirect costs to any of their federal grants and programs during this fiscal year. As such, the District did not use the 10% de minimis cost rate.

**Note 5 - Program Disclosure - Footnotes**

1. The federal award, passed through the Carbon-Lehigh I.U., under the U.S. Department of Education heading, is 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 revenue.
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	\$ 11,563,361	\$ 3,254,648
Universal Service Administrative Co.	5,773	5,773
Carbon-Lehigh I.U.	3,692,199	1,725,442
PA Department of Public Welfare	N/A	10,322
PA Department of Agriculture	N/A	259,874
Totals	\$ 15,261,333	\$ 5,256,059

**East Penn School District**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Fiscal Year Ended June 30, 2024**

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3. The District received non-monetary assistance from the U.S. Department of Agriculture of \$272,492 in the form of commodities. These commodities are valued at U.S.D.A.'s approximate costs. During the 2023-24 fiscal year, the District used \$259,874 in commodities and established a year-end inventory of \$62,013 at June 30, 2024.
4. The Transportation Access passed through the Carbon Lehigh I.U. is reflected as federal local 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 Federal Awards.
5. The Medical Access grant passed through the PA Department of Education is reflected as federal source revenue on the basic financial statements; however, pursuant to instructions from the Commonwealth of PA, it is not reported as revenue on the Schedule of Federal Awards.

**FINANCIAL STATEMENT RECONCILIATION**

General Fund Federal Source Revenues	\$ 1,915,895
Federal Grants in Local Sources	1,784,368
Food Service Fund Federal Revenue	<u>2,184,529</u>
<b>Total Federal Revenue, per financial statements</b>	5,884,792
Less - Medical Access Grant	(569,807)
Less - Transportation Access Grant	(58,926)
<b>Federal Revenue on SEFA</b>	<u><u>\$ 5,256,059</u></u>



GORMAN & ASSOCIATES, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

**INDEPENDENT AUDITOR'S REPORT 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  
East Penn School District  
800 Pine Street  
Emmaus, PA 18049

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 East Penn School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise East Penn School District's basic financial statements, and have issued our report thereon dated November 19, 2024.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered East Penn 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 East Penn School District's internal control. Accordingly, we do not express an opinion on the effectiveness of East Penn 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 East Penn 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  
November 19, 2024



**GORMAN & ASSOCIATES, P.C.**

**CERTIFIED PUBLIC ACCOUNTANTS**

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

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

Board of School Directors  
East Penn School District  
800 Pine Street  
Emmaus, PA 18049

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited East Penn 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 East Penn School District's major federal programs for the year ended June 30, 2024. East Penn 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, East Penn School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

***Basis for Opinion on Each Major Federal Program***

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

We are required to be independent of the East Penn 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 East Penn 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 East Penn 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 East Penn 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 East Penn 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 East Penn 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 East Penn 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 East Penn 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 have not been identified.

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

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

Respectfully submitted,

Norman Associates, P.C.

Northampton, Pennsylvania  
November 19, 2024



**East Penn School District  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2024**

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**Section I - Summary of Auditor Results**

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

**Federal Awards**

Internal control over major programs:

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

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

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

Identification of major program:

<b>AL Number(s)</b>	<b>Name of Federal Program or Cluster</b>
84.027, 84.027X, 84.173	Special Education Cluster - IDEA

Percentage of programs tested to total awards 38.3%

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

Auditee qualified as low-risk auditee? ☒ yes ☐ no

**East Penn School District  
Schedule of Findings and Questioned Costs  
Fiscal Year Ended June 30, 2024**

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**Section II - Financial Statement Findings**

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There were no findings discovered, relating to the financial statements, which are required to be reported in accordance with generally accepted government auditing standards.

**Section III - Findings and Questioned Costs for Federal Awards**

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There were no findings discovered, relating to federal awards, which are required to be reported 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 findings in the previous year.