

SCHOOL DISTRICT

OF

LEBANON TOWNSHIP

Lebanon Township School District
Board of Education
Califon, Hunterdon County
New Jersey

Comprehensive Annual Financial Report
For The Fiscal Year Ended June 30, 2020

Comprehensive Annual

Financial Report

of the

Lebanon Township School District

Board of Education

Califon, New Jersey

For the Fiscal Year Ending June 30, 2020

Prepared by

Lebanon Township School District

Board of Education

Finance Department

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Introductory Section

LEBANON TOWNSHIP SCHOOL DISTRICT

70 BUNNVALE ROAD CALIFON, NJ 07830-4199

PHONE: (908) 638-4521 FAX: (908) 638-5511

Jason Kornegay, Superintendent

Valley View School

400 Rt. 513

Califon, NJ 07830-4199

Phone: 832-2175

Fax: 832-6280

Patricia Bell, Principal

Abigail J. Postma, School Business Admin/Brd Sec

Colleen Andrade, Coordinator of Special Services

Phone: 832-2174

Fax: 832-5068

Woodglen School

70 Bunnvale Rd.

Califon, NJ 07830-4199

Phone: 638-4111

Fax: 638-8418

Michael B. Rubright, Principal

December 9, 2020

Honorable President and
Members of the Board of Education
Lebanon Township School District
Hunterdon County, New Jersey

Dear Board Members:

The comprehensive annual financial report of the Lebanon Township School District (District) for the fiscal year ended June 30, 2020, is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The financial section also includes the Management's Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

1) **REPORTING ENTITY AND ITS SERVICES:** The Lebanon Township School District is an independent reporting entity within the criteria adopted by the GASB as established NCGA Statement No. 3. All funds and account groups of the District are included in this report. The Lebanon Township Board of Education and all its schools constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular instruction, as well as special education for handicapped youngsters. The District completed the 2019-2020 fiscal year with an average daily enrollment of 630.51 students. The following details the changes in the student enrollment of the District over the past several years.

Average Daily Enrollment

<u>Fiscal</u> <u>Year</u>	<u>ADE</u> <u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
1996-97	826.7	6.42%
1997-98	819.9	(0.82%)
1998-99	817.7	(0.27%)
1999-00	810.0	(0.94%)
2000-01	873.3	7.81%
2001-02	884.9	1.33%
2002-03	872.5	(1.40%)
2003-04	842.8	(3.40%)
2004-05	834.3	(1.01%)
2005-06	816.2	(2.17%)
2006-07	813.0	(0.39%)
2007-08	824.2	1.38%
2008-09	818.0	(0.75%)
2009-10	773.9	(5.39%)
2010-11	763.8	(1.3%)
2011-12	734.2	(3.9%)
2012-13	709.9	(3.3%)
2013-14	723.9	2.0%
2014-15	687.5	(5.6%)
2015-16	659.5	(4.08%)
2016-17	624.2	(5.6%)
2017-18	590.5	(5.6%)
2018-19	633.5	7.3%
2019-20	630.5	(.5%)

Although the District has been experiencing decreased enrollment over the past few years, the student population has stabilized in the past year.

Lebanon Township students in grades 9-12 attend Voorhees High School, which is physically located in Lebanon Township, and which serves five other municipalities. Voorhees High School is one of two schools in the North Hunterdon-Voorhees Regional High School District.

2) **ECONOMIC CONDITION AND OUTLOOK:** The Lebanon Township area is largely residential. There are relatively few business enterprises on the tax rolls.

The Lebanon Township School District is in a sound financial position with reserves sufficient to maintain its facilities and provide a strong educational program for the benefit of all township residents. However, the anticipated reduction in State Aid over the next decade may create financial burdens in order to continue to provide our current educational programs.

3) **MAJOR INITIATIVES:** The Lebanon Township School District continues to dedicate our resources towards providing the best possible education for our students. We have made a commitment to continue to use a balance of responsible assessment programs, current technology, and sound instructional methods. In order to support these initiatives, the district has dedicated resources for professional development activities for staff members.

In an effort to ensure that our students are able to compete in an increasingly complex work world, we continue to invest in technology for our classrooms. Our students have access to individual electronic devices as well as classroom based technology. Investing in hardware and human resources for the teaching of technology will serve our students well as they enter high school and ultimately, the world of work.

Our district has for many years sought opportunities to share services with other districts in order to maintain program efficacy and to act in a fiscally responsible manner. We continue this commitment with shared services agreements for the Superintendent's office, child study team services, and facility services with the Township of Lebanon. We are proud of our schools and continue to look for new ways to share our expertise.

4) **INTERNAL ACCOUNTING CONTROLS:** Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the costs of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District is also responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial

assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) **BUDGETARY CONTROLS:** In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated general fund budget, which is approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Project-length budgets are approved for the capital improvements accounted for within any capital projects fund, when applicable. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated were reported as reservations of fund balance.

6) **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted accounting principles, as promulgated by the Governmental Accounting Standards Board (GASB). The accounting system of the District is organized on the basis of funds and account groups. These funds and account groups are explained in "Notes to the Financial Statements", Note 1.

7) **DEBT ADMINISTRATION:** Lebanon Township School District has no outstanding debt.

8) **CASH MANAGEMENT:** The investment policy of the District is guided in large part by state statute as detailed in "Notes to the Financial Statements", Note 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA"). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) **RISK MANAGEMENT:** The Board carries various forms of insurance, including but not limited to general liability, vehicle liability, hazard and theft insurance on property and contents, and fidelity bonds. Wherever possible, the Board's major policies are pooled with other public schools of similar make-up in order to reduce experience ratings and premiums. Excess liability insurance is held under a joint insurance fund.

10) **OTHER INFORMATION:**

Independent Audit – State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Bedard, Kurowicki and Company, Certified Public Accountants, PC was selected by the Board of Education. In addition to meeting the requirements set forth in state statutes, the audit also was designed to

meet the 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) and the State Treasury OMB Circular 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

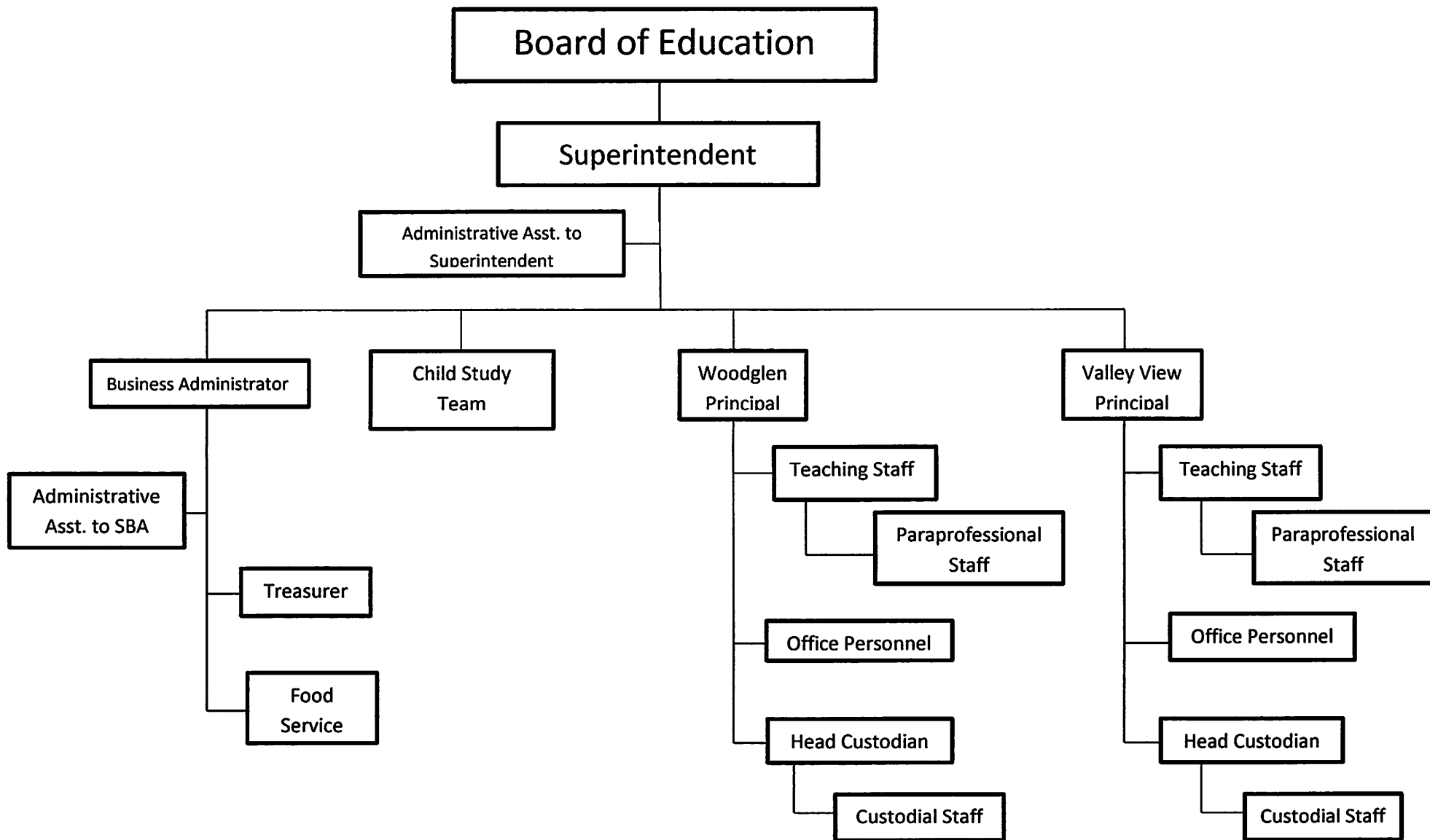
11) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Lebanon Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,



Jason Kornegay,
Superintendent

Lebanon Township School District Organizational Chart



**LEBANON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

ROSTER OF OFFICIALS

JUNE 30, 2020

<u>Members of the Board of Education</u>	<u>Term Expires</u>
Michele Korfin, <i>President</i>	2021
Stephanie Cahill, <i>Vice-President</i>	2022
Kathleen Walsh	2020
Ronald Pojedinec	2020
Ben Damiano	2022
Kiersten Robbins	2020
Karen Williams	2021
Daniel Kerr	2022
Barton Lagomarsino	2020

Other Officials

Jason Kornegay, *Superintendent*

Abigail J. Postma, *School Business Administrator/Board Secretary*

Gregory Della Pia, *Treasurer*

**LEBANON TOWNSHIP SCHOOL DISTRICT
BOARD OF EDUCATION**

CONSULTANTS AND ADVISORS

AUDIT FIRM

Ardito & Co., LLC
1110 Harrison Street, Suite C
Frenchtown, NJ 08825

BOARD ATTORNEY

Comegno Law Group
521 Pleasant Valley Avenue
Moorestown, NJ 08057

OFFICIAL DEPOSITORIES

PNC Bank
431 County Road 513
Califon, NJ 07882

Investors Bank
55 Old Highway 22
Clinton, NJ 08809

Financial Section

Independent Auditor's Report



ARDITO & COMPANY LLC

1110 Harrison Street, Suite C
Frenchtown, New Jersey 08825-1192
908-996-4711 Fax: 908-996-4688
e-mail: anthony@arditoandcompany.com

Independent Auditor's Report

The Honorable President and
Members of the Board of Education
Lebanon Township School District
County of Hunterdon
Califon, New Jersey 07830

Report on the Financial Statements

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lebanon Township School District Board of Education, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon Township School District Board of Education, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 20, the spread of the COVID 19 coronavirus is affecting the United States and global economies and may have an impact on the District's subsequent operational and financial performance. At this point, the District cannot reasonably estimate the impact on its subsequent operations or financial results. The accompanying financial statements do not include any adjustments related to subsequent events. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension trend information as identified in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

-Continued-

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lebanon Township School District Board of Education's basic financial statements. The introductory section, combining and individual fund financial statements, statistical section, and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statement information and the schedule of state financial assistance, as required by New Jersey OMB's Circular 15-08, ***Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid***, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the combining and individual fund financial statement information and schedule of state financial assistance, as required by New Jersey OMB's circular 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid, are fairly stated in all material respects in relation to the basic financial statements as a whole.

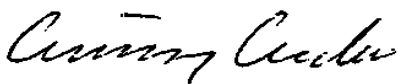
The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with ***Government Auditing Standards***, we have also issued our report dated December 9, 2020, on our consideration of the Lebanon Township School District Board of Education'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.



ARDITO & COMPANY LLC
December 9, 2020



Licensed Public School Accountant No. 2369

Required Supplementary Information - Part I

Management's Discussion and Analysis

LEBANON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

The discussion and analysis of Lebanon Township School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2020. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2020 are as follows:

- ◆ In total, Net Position increased \$831,114 which represents a 14.5% increase from 2019.
- ◆ General revenues accounted for \$10,480,921 in revenue or 64.6% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,744,888 or 35.4% of total revenues of \$16,225,809.
- ◆ Total assets of governmental activities increased by \$555,331, as cash and cash equivalents increased by \$777,415, receivables increased by \$9,520, and capital assets decreased by \$233,812.
- ◆ The School District had \$15,394,695 in expenses; only \$5,744,888 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,480,921 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$15,221,067 in revenues and \$14,461,549 in expenditures. The General Fund's surplus balance increased \$611,198 over 2019, which compares favorably to the budgeted decrease of \$819,566.

Using this Generally Accepted Accounting Principals Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lebanon Township 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 Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail.

For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Lebanon Township School District, the General Fund is by far the most significant fund.

LEBANON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, “How did we do financially during 2020?” The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year’s revenues and expenses regardless of when cash is received or paid.

These two statements report the School District’s Net Position and changes in those assets. This change in Net Position is important because it tells the reader that, for the School District as a whole, the financial positions of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Nonfinancial factors include the School District’s property tax base, current laws in New Jersey restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Position and the Statement of Activities, the School District is divided into two distinct kinds of activities:

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

Reporting the School District’s Most Significant Funds

Fund Financial Statements

The analysis of the School District’s major funds begins on page 24. Fund financial reports provide detailed information about the School District’s major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District’s most significant funds. The School District’s major governmental funds are the General Fund, Special Revenue Fund, and Capital Projects Fund.

LEBANON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds 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 School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's Net Position for 2020 compared to 2019.

**Table 1
Net Position**

	<u>2020</u>	<u>2019</u>
Assets		
Current and Other Assets	\$ 6,120,153	\$ 5,331,010
Capital Assets	4,423,200	4,657,012
Total Assets	<u>10,543,353</u>	<u>9,988,022</u>
Deferred Outflows of Resources	<u>532,058</u>	<u>844,291</u>
Liabilities		
Long-Term Liabilities	148,268	341,779
Other Liabilities	2,862,315	3,280,609
Total Liabilities	<u>3,010,583</u>	<u>3,622,388</u>
Deferred Inflows of Resources	<u>1,506,672</u>	<u>1,482,883</u>
Net Position		
Invested in Capital Assets, Net of Debt	4,423,200	4,657,012
Restricted	4,888,741	4,387,301
Unrestricted	<u>(2,753,785)</u>	<u>(3,317,271)</u>
Total Net Position	<u>\$ 6,558,156</u>	<u>\$ 5,727,042</u>

LEBANON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Total assets of governmental activities increased by \$555,331, as cash and cash equivalents increased by \$777,415, receivables increased by \$9,520, and capital assets decreased by \$233,812.

The cash increase was mainly due to budget operational efficiencies and collection of prior year receivables. The increase in capital assets was primarily due to the acquiring of tech servers and gym mats.

Table 2 shows the changes in Net Position from fiscal year 2019.

Table 2
Changes in Net Position

	<u>2020</u>	<u>2019</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 685,602	\$ 661,487
Operating Grants and Contributions	5,059,286	5,893,540
General Revenues:		
Property Taxes	10,327,000	10,124,520
Investment Earnings	60,734	82,721
Other	<u>93,187</u>	<u>130,179</u>
Total Revenues	<u>16,225,809</u>	<u>16,892,447</u>
Program Expenses		
Instruction	8,860,157	9,646,245
Support Services:		
Tuition	57,062	40,675
Pupils and Instructional Staff	2,523,481	2,811,162
General Administration, School Administration, Business	1,357,842	1,556,174
Operations and Maintenance of Facilities	1,738,448	1,665,023
Pupil Transportation	492,206	545,197
Business-Type Activities	128,042	173,955
Interest and Fiscal Charges	<u>237,457</u>	<u>255,477</u>
Total Expenses	<u>15,394,695</u>	<u>16,693,908</u>
Increase in Net Position	<u>\$ 831,114</u>	<u>\$ 198,539</u>

LEBANON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Governmental Activities

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 63.6% percent of revenues for governmental activities for the Lebanon Township School District for the fiscal year 2020.

Instruction comprises 57.6% of district expenses. Support services expenses make up 40.1% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2019. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>	<u>Total Cost of Services 2019</u>	<u>Net Cost of Services 2019</u>
Instruction	\$ 8,860,157	\$ 5,240,902	\$ 9,646,245	\$ 5,581,492
Support Services:				
Tuition	57,062	38,775	40,675	26,574
Pupils and Instructional Staff	2,523,481	1,692,869	2,811,162	1,808,138
General Admin., School Admin., Business	1,357,842	922,675	1,556,174	1,016,692
Operation and Maintenance of Facilities	1,738,448	1,181,303	1,665,023	1,087,806
Pupil Transportation	492,206	334,462	545,197	356,192
Business-Type Activities	128,042	1,364	173,955	6,510
Interest and Fiscal Charges	<u>237,457</u>	<u>237,457</u>	<u>255,477</u>	<u>255,477</u>
Total Expenses	<u>\$ 15,394,695</u>	<u>\$ 9,649,807</u>	<u>\$ 16,693,908</u>	<u>\$ 10,138,881</u>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and student.

Tuition activities are for those expenditures related to sending district resident students to other special schools.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to students.

General administration, school administration and business include expenses associated with administrative and financial supervision of the District.

Operation and maintenance of facilities activities involve keeping the school grounds, buildings and equipment in an effective working condition.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

LEBANON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

Business-type activities includes expenses related to activities provided by the School District which are designed to provide for students to participate in food service.

Interest and fiscal charges involve the transactions associated with the payment of interest and other related charges to debt of the School District and unallocated depreciation.

The dependence upon tax revenues is apparent. Over 59.2% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 67.6%. The community, as a whole, is the primary support for the Lebanon Township School District.

The School District's Funds

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$15,435,175 and expenditures of \$14,675,657. The General Fund's surplus balance increased \$611,198 over 2019, which compares favorably to the budgeted decrease of \$819,566.

General Fund Budgeting Highlights

The School District's budget is prepared according to New Jersey law, and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of the fiscal 2020 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$13,210,071, \$217,525 over original budgeted estimates of \$12,992,546. This difference was due primarily to non-budgeted extraordinary aid and tuition revenue over budgeted amounts.

General fund revenues exceeded expenditures by \$589,714. Again this surplus compares to a budgeted deficit of \$819,566, which was due to the budgeted use of surplus needed to balance the 2019-2020 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction, administration, capital outlay, and benefits.

Overall general fund balance (budget basis) was \$5,556,389, and amounts ear-marked and reserved for future purposes were \$5,242,357, creating a surplus in unreserved fund balance of \$314,032. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

LEBANON TOWNSHIP SCHOOL DISTRICT
 MANAGEMENT'S DISCUSSION AND ANALYSIS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2020
 UNAUDITED

Capital Assets

At the end of the fiscal year 2020, the School District had \$4,401,432 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2020 balances compared to 2019.

Table 4
Capital Assets (Net of Depreciation) at June 30,

	<u>2020</u>	<u>2019</u>
Land	\$ 73,982	\$ 73,982
Land Improvements	114,235	127,082
Buildings and Improvements	4,089,914	4,292,451
Machinery and Equipment	123,301	136,045
 Totals	 <u>\$ 4,401,432</u>	 <u>\$ 4,629,560</u>

Overall capital assets decreased \$228,128 from fiscal year 2019 to fiscal year 2020. The decrease in capital assets was due to depreciation expense.

Capital improvements of \$9,815 were purchased during fiscal year 2020. Capital items included the floor burnisher.

Debt Administration

At June 30, 2020, the School District had \$148,268 as outstanding long term debt. Of this amount, \$148,268 is for compensated absences.

At June 30, 2020, the School District's overall legal debt margin was \$27,574,456 and the unvoted debt margin was the same.

LEBANON TOWNSHIP SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020
UNAUDITED

For the Future

The Lebanon Township School District is in very good financial condition presently. A major concern is the continued reliance on local property taxes in light of possible state funding decreases. However, future finances are not without challenges as the community continues to grow and state funding is expected to decreased.

It has been increasingly difficult to balance educational needs with increases in property tax rates. The frozen state aid to offset local property taxes in a predominately bedroom community is thought to be the main reason for the problem. This problem seems to be statewide and is not exclusive to the Lebanon Township School District. The Lebanon Township School District is primarily a residential community, with very few ratables, thus the burden is focused on homeowners to bear the tax burden.

In conclusion, the Lebanon Township School District has committed itself to financial excellence for many years. In addition, the School District's system for financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenge of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional information contact the School Business Administrator/ Board Secretary at Lebanon Township School District, 70 Bunnvale Road, Califon, NJ 07830.

Basic Financial Statements

DISTRICT-WIDE FINANCIAL STATEMENTS

The statement of net position and the statement of activities display information about the District. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activities of the District.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

STATEMENT OF NET POSITION

JUNE 30, 2020

	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
ASSETS			
Cash and Cash Equivalents	\$ 5,926,396	\$ 5,145	\$ 5,931,541
Receivables from Other Governments	106,673	877	107,550
Other Receivables	71,981	15	71,996
Interfund Receivables	-	2,948	2,948
Inventory		6,118	6,118
Capital Assets, Net (Note 5):	4,401,432	21,768	4,423,200
Total Assets	10,506,482	36,871	10,543,353
DEFERRED OUTFLOWS OF RESOURCES			
Pension Deferred Outflows	532,058		532,058
LIABILITIES			
Accounts Payable	31,862	1,796	33,658
Unearned Revenue	32,540	1,237	33,777
Interfund Payables	2,948		2,948
Net Pension Liability (Note 7)	2,791,932		2,791,932
Noncurrent Liabilities (Note 6):			
Due Within One Year			
Due Beyond One Year	148,268		148,268
Total Liabilities	3,007,550	3,033	3,010,583
DEFERRED INFLOWS OF RESOURCES			
Pension Deferred Inflows	1,506,672		1,506,672
NET POSITION			
Invested in Capital Assets, Net of Related Debt	4,401,432	21,768	4,423,200
Reserved for:			
Other Purposes	4,888,741		4,888,741
Unrestricted	(2,765,855)	12,070	(2,753,785)
Total Net Position	\$ 6,524,318	\$ 33,838	\$ 6,558,156

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION		TOTAL
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES	
Governmental Activities:						
Instruction:						
Regular	\$ 5,750,794	\$ 592,911	\$ 2,029,842		\$ (3,128,041)	\$ (3,128,041)
Special Education	2,766,922		886,755		(1,880,167)	(1,880,167)
Other Special Instruction	235,087		75,342		(159,745)	(159,745)
School Sponsored Cocurricular	107,354		34,405		(72,949)	(72,949)
Support Services:						
Tuition	57,062		18,287		(38,775)	(38,775)
Student & Instruction Related Serv.	2,523,481		830,612		(1,692,869)	(1,692,869)
School Administrative Services	641,105		205,464		(435,641)	(435,641)
General and Business Admin. Serv.	716,737		229,703		(487,034)	(487,034)
Plant Operations and Maintenance	1,738,448		557,145		(1,181,303)	(1,181,303)
Pupil Transportation	492,206		157,744		(334,462)	(334,462)
Interest and Other Fiscal Charges	2,165		-		(2,165)	(2,165)
Unallocated Depreciation	235,292				(235,292)	(235,292)
Total Governmental Activities	15,266,653	592,911	5,025,299		(9,648,443)	(9,648,443)
Business-Type Activities:						
Food Service	128,042	92,691	33,987		\$ (1,364)	(1,364)
Total Business-Type Activities	128,042	92,691	33,987	-	-	(1,364)
Total Primary Government	\$ 15,394,695	\$ 685,602	\$ 5,059,286		\$ (9,648,443)	\$ (1,364)
General Revenues:						
Taxes:						
Property Taxes, Levied for General Purposes, Net				\$ 10,327,000		\$ 10,327,000
Investment Earnings				60,734		60,734
Miscellaneous Income				93,187	-	93,187
Total General Revenues, Special Items, Extraor. Items and Transfers				10,480,921		10,480,921
Change in Net Position				832,478	(1,364)	831,114
Net Position—Beginning				5,691,840	35,202	5,727,042
Net Position—Ending				\$ 6,524,318	\$ 33,838	\$ 6,558,156

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

The Individual Fund statements and schedules present more detailed information for the individual fund in a format that segregates information by fund type.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-1

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2020

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
ASSETS				
Cash and Cash Equivalents	\$ 5,237,296		\$ 689,100	\$ 5,926,396
Interfund Receivables	2,445			2,445
Other Receivables	64,688	\$ 7,293		71,981
Receivables from Other Governments	82,501	24,172		106,673
TOTAL ASSETS	\$ 5,386,930	\$ 31,465	\$ 689,100	\$ 6,107,495
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts Payable	\$ 31,862			\$ 31,862
Interfund Payables	2,948	\$ 2,445		5,393
Unearned Revenue	3,520	29,020		32,540
Total Liabilities	38,330	31,465	-	69,795
Fund Balances:				
<u>Restricted for:</u>				
Capital Reserve Account	2,454,697			2,454,697
Maintenance Reserve Account	542,211			542,211
Emergency Reserve Account	250,000			250,000
Excess Surplus	820,896			820,896
Excess Surplus - Designated for Subsequent Year's Expenditures	820,937			820,937
<u>Assigned to:</u>				
Year-End Encumbrances	353,616		\$ 689,100	1,042,716
<u>Unassigned:</u>				
General Fund	106,243			106,243
Total Fund Balances	5,348,600	-	689,100	6,037,700
TOTAL LIABILITIES AND FUND BALANCE	\$ 5,386,930	\$ 31,465	\$ 689,100	\$ 6,107,495

Amounts reported for *governmental activities* in the statement of net position (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,147,280 and the accumulated depreciation is \$6,745,848.	4,401,432
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	532,058
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	(1,506,672)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(2,791,932)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	(148,268)
Net Position of governmental activities	<u>\$ 6,524,318</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-2

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
REVENUES				
Local sources:				
Local Tax Levy	\$ 10,327,000			\$ 10,327,000
Tuition	570,926			570,926
Transportation	21,985			21,985
Interest on Capital Reserve	16,929			16,929
Miscellaneous	131,560	\$ 5,432		136,992
Total - Local Sources	11,068,400	5,432	-	11,073,832
State Sources	4,152,667			4,152,667
Federal Sources		208,676		208,676
Total Revenues	15,221,067	214,108	-	15,435,175
EXPENDITURES				
Current:				
Regular Instruction	3,535,975	192,232		3,728,207
Special Education Instruction	1,793,901			1,793,901
Other Special Instruction	152,416			152,416
School Sponsored Activities	69,602			69,602
Support services and undistributed costs:				
Tuition	57,062			57,062
Student and Instruction Related Services	1,614,026	21,876		1,635,902
School Administrative Services	415,589			415,589
Other Administrative Services	464,521			464,521
Plant Operations and Maintenance	1,125,100			1,125,100
Pupil Transportation	492,206			492,206
Unallocated Benefits	4,729,171			4,729,171
Transfer to Charter School				-
Capital Outlay	11,980	-	-	11,980
Total Expenditures	14,461,549	214,108	-	14,675,657
Excess (Deficiency) of Revenues Over Expenditures	759,518			759,518
OTHER FINANCING SOURCES (USES)				
Transfers - Capital Projects Fund	(148,320)		\$ 148,320	-
Total Other Financing Sources and Uses	(148,320)	-	148,320	-
Net Change in Fund Balances	611,198	-	148,320	759,518
Fund Balance—July 1	4,737,402		540,780	5,278,182
Fund Balance—June 30	\$ 5,348,600	-	\$ 689,100	\$ 6,037,700

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

Total Net Change in Fund Balances - Governmental Funds (from B-2) **\$ 759,518**

Amounts reported for governmental activities in the statement of activities (A-2) are different because:

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

Depreciation Expense	\$ (237,943)	
Capital Outlays	<u>9,815</u>	(228,128)

Pension contributions are reported in governmental funds as expenditures. However, in the statement of activities, the contributions are adjusted for actuarial valuation adjustments, including service and interest costs, administrative costs, investment returns, and experience/assumption. This is the amount by which net pension liability and deferred inflows/outflows related to pension changed during the period.

107,577

In the statement of activities, compensated absence debt is accrued, regardless of when paid. In the governmental funds, the related expense is reported when paid. This is the amount by which current year's debt amount of exceeds the prior year's amount.

193,511

Change in Net Position of Governmental Activities

\$ 832,478

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION
PROPRIETARY FUNDS

JUNE 30, 2020

	Business-Type Activities- Enterprise Funds	
	<u>Food Service</u>	<u>Totals</u>
ASSETS		
Current assets:		
Cash and Cash Equivalents	\$ 5,145	\$ 5,145
Accounts Receivable-Governmental	877	877
Accounts Receivable-Other	15	15
Interfund Receivable	2,948	2,948
Inventories	6,118	6,118
Total Current Assets	15,103	15,103
Noncurrent Assets:		
Furniture, Machinery and Equipment	100,082	100,082
Less Accumulated Depreciation	(78,314)	(78,314)
Total Noncurrent Assets	21,768	21,768
Total Assets	36,871	36,871
LIABILITIES		
Current liabilities:		
Accounts Payable	1,796	1,796
Deferred Revenue	1,237	1,237
Total Current Liabilities	3,033	3,033
Total Liabilities	3,033	3,033
NET POSITION		
Invested in Capital Assets Net of Related Debt	21,768	21,768
Unrestricted	12,070	12,070
Total Net Position	\$ 33,838	\$ 33,838

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-5

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Business-type Activities- Enterprise Fund	
	Food Service	Total Enterprise
Operating Revenues:		
Charges for Services:		
Daily Sales - Reimbursable	\$ 63,602	\$ 63,602
Daily Sales - Non-Reimb. Programs	29,089	29,089
Miscellaneous		
Total Operating Revenues	<u>92,691</u>	<u>92,691</u>
 Operating Expenses:		
Cost of Sales - Reimbursable Programs	33,384	33,384
Cost of Sales - Non-reimbursable Programs	22,802	22,802
Salaries	40,671	40,671
Employee Benefits	11,117	11,117
Supplies	4,270	4,270
Miscellaneous	2,114	2,114
Other Purchased Professional Services	8,000	8,000
Depreciation	5,684	5,684
Total Operating Expenses	<u>128,042</u>	<u>128,042</u>
 Operating Income (Loss)	<u>(35,351)</u>	<u>(35,351)</u>
 Nonoperating Revenues (Expenses):		
State Sources:		
State School Lunch Program	1,260	1,260
Federal Sources:		
National School Lunch Program	26,016	26,016
Food Distribution Program	6,711	6,711
Total Nonoperating Revenues (Expenses)	<u>33,987</u>	<u>33,987</u>
 Income (Loss) Before Contributions and Transfers	(1,364)	(1,364)
Transfers In (Out)		
Change in Net Position	<u>(1,364)</u>	<u>(1,364)</u>
 Total Net Position—Beginning	35,202	35,202
Total Net Position—Ending	<u>\$ 33,838</u>	<u>\$ 33,838</u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

For the Year Ended June 30, 2020

	Business-Type Activities- Enterprise Funds	
	<u>Food Service</u>	<u>Total Enterprise</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from Customers	\$ 92,691	\$ 92,691
Payments to Employees and Benefits	(51,788)	(51,788)
Payments to Suppliers	(72,182)	(72,182)
Net Cash Provided by (used for) Operating Activities	(31,279)	(31,279)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Sources	1,366	1,366
Federal Sources	27,198	27,198
Operating Subsidies and Transfers from Other Funds	-	-
Net Cash Provided by (used for) Non-Capital Financing Activities	28,564	28,564
Net Increase (Decrease) in Cash and Cash Equivalents	(2,715)	(2,715)
Balances—Beginning of Year	7,860	7,860
Balances—End of Year	\$ 5,145	\$ 5,145
Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:		
Operating Income (Loss)	\$ (35,351)	\$ (35,351)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation Expense	5,684	5,684
Federal Commodities	6,711	6,711
(Increase) Decrease in Accounts Receivable, Net	-	-
(Increase) Decrease in Inventories	(2,209)	(2,209)
Increase (Decrease) in Accounts Payable	(6,114)	(6,114)
Total Adjustments	4,072	4,072
Net Cash Provided by (used for) Operating Activities	\$ (31,279)	\$ (31,279)

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-7

**STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

JUNE 30, 2020

	Unemployment Compensation Trust	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 179,749	\$ 30,091
Total Assets	<u>\$ 179,749</u>	<u>\$ 30,091</u>
LIABILITIES		
Payroll Deductions and Accrued Salaries Payable to Student Groups		\$ 4,445 <u>25,646</u>
Total Liabilities		<u>\$ 30,091</u>
NET POSITION		
Held in Trust for Unemployment Claims & Other Purposes	<u>\$ 179,749</u>	<u> </u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS**

For the Year Ended June 30, 2020

	Unemployment Compensation <u>Trust</u>
ADDITIONS	
Total Contributions	
Plan Member	\$ 12,178
Employer	<u>5,000</u>
Total Contributions	<u>17,178</u>
Investment Earnings:	
Interest	<u>1,485</u>
Net Investment Earnings	<u>1,485</u>
Total Additions	<u>18,663</u>
DEDUCTIONS	
Unemployment Claims	<u>246</u>
Total Deductions	<u>246</u>
Change in Net Position	18,417
Net Position—Beginning of the Year	<u>161,332</u>
Net Position—End of the Year	<u><u>\$ 179,749</u></u>

The accompanying Notes to Basic Financial Statements are an integral part of this statement.

Notes to Financial Statements

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Board of Education (Board) of the Lebanon Township School District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Board's accounting policies are described below.

In June 1999, the Governmental Accounting Standards Board (GASB) unanimously approved Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments (Statement No.34). This Statement provided for the most significant change in financial reporting in over twenty years and was phased-in (based on amount of revenues) starting with fiscal years ending 2002 (for larger governments). The District was not required to implement the new model until the 2003-2004 school year.

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the CAFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB and GASB No. 84 Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2019.

A. Reporting Entity:

The Lebanon Township School District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Lebanon Township School District had an approximate enrollment at June 30, 2020, of 630 students.

The primary criterion for including activities within the District's reporting entity, as set forth in Section 2100 of the GASB *Codification of Governmental Accounting and Financial Reporting Standards*, is whether:

- the organization is legally separate (can sue or be sued in their own name)
- the District holds the corporate powers of the organization
- the District appoints a voting majority of the organization's board
- the District is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the District
- there is a fiscal dependency by the organization on the District

Based on the aforementioned criteria, the District has no component units.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting:

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

Basis of Presentation

District-wide Statements: The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal activities. These statements distinguish between the governmental and business-type activity of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees and charged to external parties. The statement of net position presents the financial condition of the governmental and business-type activity of the School District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for the business-type activity of the District and for each function of the District's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues. The comparison of direct expenses with program revenues identifies the extent to which each governmental function or business segment is self-financing or draws from the general revenues of the School District.

Fund Financial Statements: During the fiscal 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. The fund financial statements provide information about the District's funds, including its fiduciary funds. Separate statements for each fund category—*governmental, proprietary,* and *fiduciary*—are presented. The New Jersey Department of Education (NJDOE) has elected to require New Jersey districts to treat each governmental fund as a major fund in accordance with the option noted in GASB No.34, paragraph 76. The NJDOE believes that the presentation of all funds as major is important for public interest and to promote consistency among district financial reporting models.

GOVERNMENTAL FUNDS

The District reports the following governmental funds:

General Fund - The General Fund is the general operating fund of the District and is used to account for all expendable financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or noninstructional equipment which are classified in the Capital Outlay subfund.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

GOVERNMENTAL FUNDS (Continued)

As required by the New Jersey State Department of Education, the District includes budgeted Capital Outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that General Fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues. Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to Current Expense by board resolution.

Special Revenue Fund - The Special Revenue Fund is used to account for the proceeds of specific revenue from State and Federal Government, (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes.

Capital Projects Fund - The Capital Projects Fund is used to account for all financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds). The financial resources are derived from temporary notes or serial bonds that are specifically authorized by the voters as a separate question on the ballot either during the annual election or at a special election.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of principal and interest on bonds issued to finance major property acquisition, construction and improvement programs.

PROPRIETARY FUNDS

The District reports the following proprietary fund:

Enterprise (Food Service) Fund - The Enterprise Fund accounts for all revenues and expenses pertaining to the Board's cafeteria operations. The food service fund is utilized to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that the costs (i.e. expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis be financed or recovered primarily through user charges.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation, Basis of Accounting (Continued):

Additionally, the District reports the following fund type:

Fiduciary Funds - The Fiduciary Funds are used to account for assets held by the District on behalf of others and include the Student Activities Fund, Payroll Agency Fund and Unemployment Compensation Trust Fund.

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements.

District-wide, Proprietary, and Fiduciary Fund Financial Statements: The District-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting; the enterprise fund and fiduciary funds use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures. Ad Valorem (Property) Taxes are susceptible to accrual as under New Jersey Statute a municipality is required to remit to its school district the entire balance of taxes in the amount voted upon or certified, prior to the end of the school year.

The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive monies under the established payment schedule and the unpaid amount is considered to be an "accounts receivable". Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental Fund Financial Statements: Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

All governmental and business-type activities and enterprise funds of the District follow FASB Statements and Interpretations issued on or before November 30, 1989, Accounting Principles Board Opinions, and Accounting Research Bulletins, unless those pronouncements conflict with GASB pronouncements.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgets/Budgetary Control:

Annual appropriated budgets are prepared in the spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the county office for approval and are voted upon at the annual school election on the third Tuesday in April. Budgets are prepared using the modified accrual basis of accounting, except for the special revenue funds. The legal level of budgetary control is established at line item accounts within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. All budget amendments/transfers must be approved by School Board resolution. In addition, transfers are also covered by changes in N.J.A.C. 6A:23A-2.3 that can require approval through the state department. All budget amounts presented in the accompanying supplementary information reflect the original budget and the amended budget (which have been adjusted for legally authorized revisions of the annual budgets during the year).

Appropriations, except remaining project appropriations, encumbrances and unexpended grant appropriations, lapse at the end of each fiscal year. The capital projects fund presents the remaining project appropriations compared to current year expenditures.

Formal budgetary integration into the accounting system is employed as a management control device during the fiscal year. For governmental funds, there are no substantial differences between the budgetary basis of accounting and generally accepted accounting principles with the exception of the legally mandated revenue recognition of the last state aid payment for budgetary purposes only and the special revenue fund as noted below. Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the special revenue fund are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

D. Encumbrance Accounting:

Under encumbrance accounting purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds, other than the special revenue fund, are reported as reservations of fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services.

Open encumbrances in the special revenue fund, for which the District has received advances, are reflected in the balance sheet as deferred revenues at fiscal year end.

The encumbered appropriation authority carries over into the next fiscal year. An entry will be made at the beginning of the next fiscal year to increase the appropriation reflected in the certified budget by the outstanding encumbrance amount as of the current fiscal year end.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity:

Cash and Cash Equivalents:

Cash and cash equivalents includes petty cash, change funds, amounts in deposits, money market accounts and short-term investments with original maturities of three months or less.

Interfund Transactions:

Transfers between governmental and business-type activities on the District-wide statements are reported in the same manner as general revenues.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating revenues/expenses in the enterprise fund. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

Inventories:

Inventory purchases, other than those recorded in the enterprise fund, are recorded as expenditures during the year of purchase. Enterprise fund inventories are valued at cost, which approximates market, using the first-in, first-out (FIFO) method.

Allowance for Uncollectible Accounts:

No allowance for uncollectible accounts has been recorded as all amounts are considered collectible.

Capital Assets:

The District has established a formal system of accounting for its capital assets. Purchased or constructed capital assets are reported at cost. Donated capital assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. The School District does not possess any infrastructure. The capitalization threshold used by school districts in the State of New Jersey is \$2,000.

All reported capital assets except for land and construction in progress are depreciated. Depreciation is computed using the straight-line method under the half-year convention over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
School Buildings	50
Building Improvements	20
Electrical/Plumbing	30
Vehicles	8
Office and Computer Equipment	5-10
Instructional Equipment	10
Grounds Equipment	15

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition. Fixed assets are not capitalized and related depreciation is not reported in the fund financial statements.

Compensated Absences:

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

District employees are granted sick leave in varying amounts under the District's personnel contractual agreed policies. Sick leave benefits provide for ordinary sick pay begin vesting with the employee after twenty years of service and payable at set limits upon retirement in the state pension system.

The liability for compensated absences was accrued using the termination payment method, whereby the liability is calculated based on the amount of sick leave that is expected to become eligible for payment upon termination. The District estimates its accrued compensated absences liability based on the accumulated sick and vacation days at the balance sheet date by those employees who are currently eligible to receive termination payments. Salary related payments for the employer's share of social security and medicare taxes, as well as pension contributions, are included.

For the District-wide Statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, for the governmental funds, in the Fund Financial Statements, all of the compensated absences are considered long-term and therefore, are not a fund liability and represents a reconciling item between the fund level and District-wide presentations.

Unearned (Deferred) Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2020, but which were levied to finance fiscal year 2020 operations, have been recorded as unearned revenue. Grants and entitlement received before the eligible requirements are met are also recorded as unearned revenue.

Accrued Liabilities and Long-Term Obligations:

All payables, accrued liabilities and long-term obligations are reported on the District-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, contractually required pension contributions and compensated absences that are paid from governmental funds are reported as liabilities on the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Net Position:

Net Position represent the difference between assets and liabilities. Net Position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any borrowing used for the acquisition, construction or improvement of those assets. Net Position are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The School District's policy is to first apply restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

Fund Balance Reserves:

The School District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Revenues—Exchange and Nonexchange 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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means 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. For the District, available means within sixty days of the fiscal year end.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. 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 the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest and tuition.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Assets, Liabilities and Equity (Continued):

Operating Revenues and Expenses:

Operating revenues are those revenues that are generated directly from the primary activity of the enterprise fund. For the School District, these revenues are sales for food service. Operating expenses are necessary costs incurred to provide the service that is the primary activity of the enterprise fund.

Allocation of Indirect Expenses:

The District reports all direct expenses by function in the Statement of Activities. Direct expenses are those that are clearly identifiable with a function. Indirect expenses are allocated to functions but are reported separately in the Statement of Activities. Employee benefits, including the employer's share of social security, workers compensation and medical and dental benefits, were allocated based on salaries of that program. Depreciation expense, where practicable, is specifically identified by function and is included in the indirect expense column of the Statement of Activities. Depreciation expense, that could not be attributed to a specific function, is considered an indirect expense and is reported separately on the Statement of Activities. Interest on long-term debt is considered an indirect expense and is reported separately on the Statement of Activities.

Extraordinary and Special Items:

Extraordinary items are transactions or events that are unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of management and are either unusual in nature or infrequent in occurrence. Neither of these types of transactions occurred during the fiscal year.

Management Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenditures/expenses during the reporting period. Actual amounts could differ from those estimates.

NOTE 2: CASH AND CASH EQUIVALENTS

Deposits:

New Jersey statutes require that school districts deposit public funds in public depositories located in New Jersey, which are insured by the Federal Deposit Insurance Corporation, the Federal Savings and Loan Insurance Corporation, or by any other agency of the United States that insures deposits made in public depositories. School districts are also permitted to deposit public funds in the State of New Jersey Cash Management Fund.

New Jersey statutes require public depositories to maintain collateral for deposits of public funds that exceed depository insurance limits as follows:

The market value of the collateral must equal at least 5% of the average daily balance of collected public funds on deposit.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 2: CASH AND CASH EQUIVALENTS (Continued):

In addition to the above collateral requirement, if the public funds deposited exceed 75% of the capital funds of the depository, the depository must provide collateral having a market value at least equal to 100% of the amount exceeding 75%.

All collateral must be deposited with the Federal Reserve Bank of New York, the Federal Reserve Bank of Philadelphia, the Federal Home Loan Bank of New York, or a banking institution that is a member of the Federal Reserve System and has capital funds of not less than \$25,000,000.

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2020, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2020, cash and cash equivalents of the District consisted of the following:

	<u>Cash and Cash Equivalents (A-1)</u>	<u>Cash and Cash Equivalents (H-1)</u>	<u>Total</u>
Checking Accounts	<u>\$5,931,541</u>	<u>\$209,840</u>	<u>\$6,141,381</u>
	<u>\$5,931,541</u>	<u>\$209,840</u>	<u>\$6,141,381</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2020, was \$6,141,381 and the bank balance was \$6,683,005. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$6,433,005 was covered by collateral pool.

NOTE 3: RECEIVABLES

Receivables at June 30, 2020, consisted of transportation charges and intergovernmental state and federal awards. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Governmental Fund Financial Statements</u>	<u>Government-Wide Financial Statements</u>
State Aid	\$82,501	\$82,515
Federal Aid	24,172	25,035
Other Receivables	71,981	71,996
Gross Receivable	178,654	179,546
Less: Allow. for Uncollectibles		
Total Receivables, Net	\$178,654	\$179,546

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 4: INVENTORY

Inventory in the Food Service Fund at June 30, 2020, consisted of the following:

Food	\$4,515
Supplies	<u>1,603</u>
	<u>\$6,118</u>

The value of Federal donated commodities as reflected on Schedule A (required by the Single Audit Law of 1996, as revised) is the difference between market value and cost of the commodities at the date of purchase and has been included as an item of nonoperating revenue in the financial statements.

NOTE 5: CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
Governmental Activities:				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Construction in Progress	\$ 73,982			\$ 73,982
Total Capital Assets Not Being Depreciated	73,982			73,982
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	373,247			373,247
Buildings and Building Improvements	10,057,702			10,057,702
Furniture and Equipment	632,534	\$ 9,815		642,349
Total at Historical Cost	11,063,483	9,815	-	11,073,298
Less Accumulated Depreciation for:				
Land Improvements	(246,165)	(12,847)		(259,012)
Building and Improvements	(5,765,251)	(202,537)		(5,967,788)
Furniture and Equipment	(496,489)	(22,559)		(519,048)
Total Accumulated Depreciation	(6,507,905)	(237,943)	-	(6,745,848)
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	4,555,578	(228,128)	-	4,327,450
Government Activity Capital Assets, Net	\$ 4,629,560	\$ (228,128)	-	\$ 4,401,432

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 5: CAPITAL ASSETS - (CONTINUED)

On January 11, 2001, the NJ State Department of Education announced that effective July 1, 2001, the capitalization threshold used by school districts in the State of New Jersey is increased to \$2,000. The previous threshold was \$500. Applying the higher capitalization threshold retroactively (removal of old assets from the General Fixed Assets Account Group) will be permitted by the State regulations in situations where (1) the assets have been fully depreciated, or (2) the assets have exceeded their useful lives. The retirement of machinery and equipment is due to the retroactive application of the higher threshold of equipment capitalization. That is, the District has removed from their records assets with a historical cost greater than \$500 but not greater than \$2,000 that were fully depreciated or had exceeded their useful lives.

Depreciation expense was charged to functions as follows:

Instruction :	
Regular	\$ 231
Support Services:	
Student & Instruction	167
General & Business Admin	167
School Administration	84
Plant & Maintenance	2,002
Unallocated	235,292
Total	<u>\$ 237,943</u>

NOTE 6: LONG-TERM OBLIGATIONS

Bonds are authorized in accordance with State law by the voters of the municipality through referendums. All bonds are retired in serial installments within the statutory period of usefulness. Bonds issued by the Board are general obligation bonds.

A. Long-Term Obligation Activity:

Changes in long-term obligations for the year ended June 30, 2020, are as follows:

	Balance <u>7/1/19</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/20</u>	Amounts Due Within <u>One Year</u>
Governmental Activities:					
Other Liabilities:					
Compensated Absences Payable	\$ 341,779		\$ (193,511)	\$ 148,268	
Total	<u>\$ 341,779</u>	<u>-</u>	<u>\$ (193,511)</u>	<u>\$ 148,268</u>	<u>-</u>

Compensated absences have been liquidated in the General Fund.

As of June 30, 2020, the District had no authorized but not issued bonds.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS

Description of Plans - All required employees of the District are covered by either the Public Employees' Retirement System or the Teachers' Pension and Annuity Fund which have been established by state statute and are administered by the New Jersey Division of Pension and Benefits (Division). According to the State of New Jersey Administrative Code, all obligations of both Systems will be assumed by the State of New Jersey should the Systems terminate. The Division issues a publicly available financial report that includes the financial statements and required supplementary information for the Public Employees Retirement System and the Teachers' Pension and Annuity Fund. These reports may be obtained by writing to the Division of Pension and Benefits, PO Box 295, Trenton, New Jersey, 08625 or on the internet at <http://www.state.nj.us/treasury/pensions/annrprts.shtml>.

Teachers' Pension and Annuity Fund (TPAF) - The Teachers' Pension and Annuity Fund was established as of January 1, 1955, under the provisions of N.J.S.A. 18A:66 to provide retirement benefits, death, disability and medical benefits to certain qualified members. The Teachers' Pension and Annuity Fund is considered a cost-sharing multiple-employer plan with a special funding situation, as under current statute, 100% of employer contributions are made by the State of New Jersey on behalf of the District and the system's other related non-contributing employers. Membership is mandatory for substantially all teachers or members of the professional staff certified by the State Board of Examiners, and employees of the Department of Education who have titles that are unclassified, professional and certified.

Summary of Significant Accounting Policies - 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 Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. 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.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$31,363,517 as measured on June 30, 2019 and \$31,518,525 measured on June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$1,849,904 and revenue of \$1,849,904 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2020 is based upon changes in the collective net pension liability with a measurement period of June 30, 2018 through June 30, 2019. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2018 and June 30, 2019.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

Although the district does not report net pension liability or deferred outflows or inflows related to the TPAF, the following schedule illustrates the collective net pension liability and deferred items and the State's portion of the net pension liability associated with the district. The collective amounts are the total of all New Jersey local governments participating in the TPAF plan.

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$12,599,296,329	\$10,077,460,797
Collective deferred inflows of resources	\$16,171,861,734	\$17,525,379,167
Collective net pension liability (Nonemployer-State of New Jersey)	\$63,617,852,031	\$61,370,943,870
State's portion of the net pension liability that was associated with the district	\$31,518,525	\$31,363,517
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.049544%	0.051105%

Actuarial assumptions - The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation:	2.75%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2019) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long-term expected rate of return 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. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2019 are summarized in the following table:

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets E	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - The discount rate used to measure the total pension liability was 5.60% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State. Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2054.

Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2054 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the State's net pension liability to changes in the discount rate - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2019, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(4.60%)</u>	<u>(5.60%)</u>	<u>(6.60%)</u>
State's Collective Net Pension Liability	\$ 72,544,649,801	\$ 61,519,112,443	\$ 52,371,397,951

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

Pension plan fiduciary net position - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fiduciary net position as of June 30, 2019 was \$22,696,734,276

Amortization of Deferred Outflows and Inflows of Resources - Amount reported as deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) related to pensions will be recognized in the state's pension expense as follows:

	<u>Year Ended June 30:</u>
2020	(\$272,405,510)
2021	(704,260,700)
2022	(630,562,767)
2023	(1,216,378,743)
2024	(2,381,316,232)
Thereafter	<u>(2,402,153,865)</u>
Total	<u><u>(\$7,607,077,817)</u></u>

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$1,882,081,572
Interest on total pension liability	4,201,672,382
Member contributions	(846,166,328)
Administrative expenses	13,922,385
Expected investment return net of investment expenses	(1,542,884,759)
Pension expense related to specific liabilities of individual employers	(300,112)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	178,228,412
Recognition of assumption changes or inputs	(596,671,173)
Recognition of investment gains/losses	<u>338,679,314</u>
Total pension expense	<u><u>\$3,628,561,693</u></u>

Public Employees' Retirement System (PERS) - The Public Employees' Retirement System (PERS) was established as of January 1, 1955 under the provisions of N.J.S.A. 43:15A to provide retirement, death, disability and medical benefits to certain qualified members. The Public Employees' Retirement System is a cost-sharing multiple-employer plan. Membership is mandatory for substantially all full-time employees of the State of New Jersey or any county, municipality, school district, or public agency, provided the employee is not required to be a member of another state-administered retirement system or other state or local jurisdiction.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

Summary of Significant Accounting Policies - 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 PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. 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.

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

At June 30, 2020, the District reported a liability of \$2,791,932 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. The total pension liability for the June 30, 2018 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2019 and 2018. At June 30, 2019, the District's proportion was .01549% which was a decrease of 0.00094% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the District recognized pension expense of \$30,312. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 50,112	\$ 12,334
Changes of assumptions	278,785	969,071
Net difference between projected and actual earnings on pension plan investments	-	44,072
Changes in proportion and differences between District contributions and proportionate share of contributions	52,025	481,195
District contributions subsequent to the measurement date	151,136	
Total	\$ 532,058	\$ 1,506,672

\$151,136 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2020, the plan measurement date is June 30, 2019) will be recognized as a reduction of the net pension liability measured as of June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

	<u>Year Ended June 30:</u>
2020	(\$130,288)
2021	(422,652)
2022	(377,404)
2023	(177,210)
2024	(18,196)
Total	<u>(\$1,125,750)</u>

	<u>6/30/2018</u>	<u>6/30/2019</u>
Collective deferred outflows of resources	\$4,684,852,302	\$3,149,522,616
Collective deferred inflows of resources	7,646,736,226	7,645,087,574
Collective net pension liability (Non State - Local Group)	\$19,689,501,539	\$18,018,482,972
District's portion of net pension liability	\$3,235,531	\$2,791,932
District's proportion %	0.01643277%	0.01549482%

Actuarial assumptions - The collective total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of July 1, 2018, which was rolled forward to June 30, 2019. This actuarial valuation used the following actuarial assumptions:

Inflation:	2.75%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

The actuarial assumptions used in the July 1, 2018 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2019 are summarized in the following table:

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Risk mitigation	3.00%	4.67%
Cash equivalents	5.00%	2.00%
US Treasuries	5.00%	2.68%
Investment Grade Credit	10.00%	4.25%
High Yield	2.00%	5.37%
Private Credit	6.00%	7.92%
Real Assets	2.50%	9.31%
Real Estate	7.50%	8.33%
US Equity	28.00%	8.26%
Non-US developed markets E	12.50%	9.00%
Emerging markets equity	6.50%	11.37%
Private Equity	12.00%	10.85%

Discount rate - The discount rate used to measure the total pension liability was 6.28% as of June 30, 2019. This single blended discount rate was based on the long-term expected rate of return on pension plan investments of 7.00% and a municipal bond rate of 3.50% as of June 30, 2019 based on the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 70% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers.

Based on those assumptions, the plan's fiduciary net position was projected to be available to make projected future benefit payments of current plan members through 2057. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2057 and the municipal bond rate was applied to projected benefit payments after that date in determining 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 District's proportionate share of the net pension liability measured as of June 30, 2019, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(5.28%)</u>	<u>(6.28%)</u>	<u>(7.28%)</u>
District's proportionate share of the net pension liability	\$ 3,526,664	\$2,791,932	\$ 2,172,816

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

Pension Expense - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2019 are as follows:

Service cost	\$25,181
Interest on total ension liability	\$74,633
Member contributions	(\$17,344)
Administrative expens	\$459
Expected investment return net of investment expenses	(\$46,309)
Pension expense related to specific liabilities of individual employers	(\$217)
Recognition (amortization) of deferred inflows/outflows:	
Recognition of economic/demographic gains/losses	\$5,619
Recognition of assumption changes or inputs	(\$17,174)
Recognition of investment gains/losses	<u>\$5,463</u>
Total pension expense	<u>\$30,312</u>

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>.

Defined Contribution Retirement Plan (DCRP) - The Defined Contribution Retirement Program (DCRP) was established as of July 1, 2007 under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A. 43:15C-1 et seq.). The DCRP is a cost-sharing multiple-employer defined contribution pension fund. The DCRP provides eligible members, and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N. J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by state statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. The State Treasurer has the right under current law to make temporary reductions in member rates based on the existence of surplus plan assets in the retirement system; however statute also requires the return to the normal rate when such surplus pension assets no longer exist.

PERS and TPAF Vesting and Benefit Provisions - The vesting and benefit provisions for PERS are set by N.J.S.A. 43:15A and 43.3B, and N.J.S.A. 18A:6C for TPAF. All benefits vest after eight to ten years of service, except for medical benefits that vest after 25 years of service. Retirement benefits for age and service are available at age 60 and are generally determined to be 1/60 of the final average salary for each year of service credit, as defined. Final average salary equals the average salary for the final three years of service prior to retirement (or highest three years' compensation if other than the final three years). Members may seek early retirement after achieving 25 years of service credit or they may elect deferred retirement after achieving eight to ten years of service in which case benefits would begin the first day of the month after the member attains normal retirement age.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

The TPAF and PERS provides for specified medical benefits for members who retire after achieving 25 years of qualified service, as defined, or under the disability provisions of the System. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Significant Legislation - Chapter 78, P.L. 2011, effective June 28, 2011 made various changes to the manner in which the Public Employees' Retirement System (PERS) and the Police and Firemen's Retirement System (PFRS) operate and to the benefit provisions of those systems.

Chapter 78's provisions impacting employee pension and health benefits include:

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of $\frac{1}{4}$ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

□ The payment of automatic cost-of-living adjustment (COLA) additional increases to current and future retirees and beneficiaries is suspended until reactivated as permitted by this law. □ New employee contribution requirements towards the cost of employer-provided health benefit coverage. Employees are required to contribute a certain percentage of the cost of coverage. The rate of contribution is determined based on the employee's annual salary and the selected level of coverage. The increased employee contributions will be phased in over a 4-year period for those employed prior to Chapter 78's effective date with a minimum contribution required to be at least 1.5% of salary. □ In addition, this new legislation changes the method for amortizing the pension systems' unfunded accrued liability (from a level percent of pay method to a level dollar of pay).

Contribution Requirements - The contribution policy is set by N.J.S.A. 43:15A, Chapter 62, P.L. of 1994, Chapter 115, P.L. of 1997 (PERS) and N.J.S.A. 18:66 (TPAF) requires contributions by active members and contributing employers. Plan member and employer contributions may be amended by State of New Jersey legislation. TPAF and PERS provide for employee contributions of 6.5% of employees' annual compensation, as defined. Employers are required to contribute at an actuarially determined rate in both TPAF and PERS. The current TPAF rate is 6.5% and the PERS rate is 6.5% of covered payroll.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 7: PENSION PLANS (Continued)

<u>Three-Year Trend Information for PERS</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2020	\$151,136	100 %	-0-
6/30/2019	\$164,218	100	-0-
6/30/2018	\$172,577	100	-0-

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2020	\$1,148,244	100 %	-0-
6/30/2019	\$1,027,437	100	-0-
6/30/2018	\$748,420	100	-0-

During the fiscal year ended June 30, 2020, the State of New Jersey did contribute \$1,573,750 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$415,762 during the year ended June 30, 2020, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

NOTE 8: POST-RETIREMENT BENEFITS

Plan description and benefits provided

The State provides post-retirement medical (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements.

The State of New Jersey reports a liability as a result of its statutory requirements to pay other post-employment (health) benefit for State Health Benefit Local Education Retired Employees Plan. The State Health Benefit Local Education Retired Employees Plan is a multiple-employer defined benefit OPES plan that is administered on a pay-as-you-go basis. Accordingly, no assets are accumulated in a qualifying trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for the Postemployment Benefits Other Than Pensions. The State Health Benefit Local Education Retired Employees Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and their covered dependents of local education employers.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

The employer contributions for the participating local education employers are legally required to be funded by the State of New Jersey in accordance with N.J.S.A 52:14-17.32f. According to N.J.S.A 52:14-17.32f, the State provides employer-paid coverage to employees who retire from a board of education or county college with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen Retirement System (PFRS), or the Alternate Benefit Program (ABP). Pursuant to Chapter 78, P.L. 2011, future retirees eligible for postretirement medical coverage who have less than 20 years of creditable service on June 28, 2011 will be required to pay a percentage of the cost of their health care coverage in retirement provided they retire with 25 or more years of pension service credit. The percentage of the premium for which the retiree will be responsible will be determined based on the retiree's annual retirement benefit and level of coverage.

The total nonemployer OPEB liability does not include certain other postemployment benefit obligations that are provided by the local education employers. The reporting of these benefits are the responsibility of the individual local education employers.

Total OPEB Liability

The State, a nonemployer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. The LEA's proportionate share percentage determined under paragraphs 193 and 203 through 205 of GASBS No. 75 is zero percent. Accordingly, the LEA did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Accordingly, the following OPEB liability note information is reported at the State's level and is not specific to the board of education.

Actuarial assumptions and other imputes The June 30, 2020 GASB 75 reporting is based on a measurement date of June 30, 2019. The total nonemployer OPEB liability as of June 30, 2019 was determined by an actuarial valuation as of June 30, 2018, which was rolled forward to June 30, 2019. The total nonemployer OPEB liability as of June 30, 2018 was determined by an actuarial valuation as of June 30, 2018. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-3.05% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-3.05% TPAF 2.00-7.00% PERS Based on service years
Discount rate (2019)	3.50%
Discount rate (2018)	3.87%
Healthcare cost trend rates (PPO Plans)	5.7% decreasing to 4.5% after eight years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.8% decreasing to 5.0% after eight years
Healthcare cost trend rates (Prescription Drug Benefits)	7.5% decreasing to 4.5% after eight years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

The discount rate for June 30, 2019 and 2018 was 3.50% and 3.87%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Preretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Employee Male/Female mortality table with fully generational mortality improvement projections from the central year using the MP-2018 scale. Postretirement mortality rates were based on the RP-2006 Headcount-Weighted Healthy Annuitant Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale. Disability mortality was based on the RP-2006 Headcount-Weighted Disabled Male/Female mortality table with fully generational improvement projections from the central year using the MP-2018 scale.

Changes in the Total OPEB Liability reported by the State of New Jersey

	<u>Total OPEB Liability</u>
The State's Total OPEB Liability Balance at 6/30/2018	\$46,110,832,982
<u>Changes for the year:</u>	
Service Cost	1,734,404,850
Interest	1,827,787,206
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	(7,323,140,818)
Changes of Assumptions	622,184,027
Benefit Payments	(1,280,958,373)
Contributions from Members	37,971,171
Net changes	<u>(4,381,751,937)</u>
The State's Total OPEB Liability Balance at 6/30/2019	<u>\$41,729,081,045</u>
 The State's total OPEB liability attributable to the District:	 \$24,812,268

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019 and other changes.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the State for school board retirees, as well as what the State's total OPEB liability for school board would be if it were calculated using a discount rate that is 1-percentage -point lower or 1- percentage-point higher than the current discount rate:

	June 30, 2019		
	At 1% Decrease <u>2.50%</u>	At Discount Rate <u>3.50%</u>	At 1% Increase <u>4.50%</u>
Total OPEB Liability (School Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

	June 30, 2018		
	At 1% Decrease	At Discount Rate	At 1% Increase
	<u>2.87%</u>	<u>3.87%</u>	<u>4.87%</u>
Total OPEB Liability (School Retirees)	\$54,512,391,175	\$46,110,832,982	\$39,432,461,816

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the State, as well as what the State’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage- point higher than the current healthcare cost trend rates:

	June 30, 2019		
	At 1% Decrease	Health Care Cost	At 1% Increase
		<u>Trend Rate</u>	
Total OPEB Liability (School Retirees)	\$34,382,902,820	\$41,729,081,045	\$51,453,912,586

	June 30, 2018		
	At 1% Decrease	Health Care Cost	At 1% Increase
		<u>Trend Rate</u>	
Total OPEB Liability (School Retirees)	\$38,113,289,045	\$46,110,832,982	\$56,687,891,003

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

For the year ended June 30, 2019, the board of education recognized OPEB expense of \$386,531 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2019, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience		(\$10,484,965,300)
Changes of assumptions or other inputs	_____	(\$8,481,529,343)
Total	=====	<u>(\$18,966,494,643)</u>

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 8: POST-RETIREMENT BENEFITS-(Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school employee's OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	(\$2,546,527,182)
2021	(\$2,546,527,182)
2022	(\$2,546,527,182)
2023	(\$2,546,527,182)
2024	(\$2,546,527,182)
Thereafter	<u>(\$6,233,858,733)</u>
	<u>(\$18,966,494,643)</u>

NOTE 9: DEFERRED COMPENSATION

The Board offers its employees a choice of the following deferred compensation plans created in accordance with Internal Revenue Code Section 403(b). The plans, which are administered by the entities listed below, permits participants to defer a portion of their salary until future years. Amounts deferred under the plans are not available to employees until termination, retirement, death or unforeseeable emergency. The plan administrators are as follows:

Lincoln National Life
AXA Equitable
The Equitable Life Insurance Co.
Financial Resources & Retirement Advisory, Inc.
Lincoln Investment Planning

NOTE 10: COMPENSATED ABSENCES

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

District employees are granted sick leave in varying amounts under the District's personnel contractual agreed policies. Sick leave benefits provide for ordinary sick pay begin vesting with the employee after twenty years of service and payable at set limits upon retirement in the state pension system.

In the district-wide *Statement of Assets*, the liabilities whose average maturities are greater than one year should be reported in two components--the amount due within one year and the amount due in more than one year.

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2020, no liability existed for compensated absences in the proprietary fund types.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 11: RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

Property and Liability Insurance - The District maintains commercial insurance coverage for property, liability, student accident and surety bonds. A complete schedule of insurance coverage can be found in the Statistical Section of this Comprehensive Annual Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its New Jersey Unemployment Compensation Insurance under the *Benefit Reimbursement Method*. Under this plan, the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's expendable trust fund for the current and previous two years:

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Balance</u>
2019-2020	\$1,485	\$12,178	\$246	\$179,749
2018-2019	\$2,044	\$12,468	\$5,003	\$161,332
2017-2018	\$1,629	\$12,310	\$1,819	\$151,823

NOTE 12: CONTINGENT LIABILITIES

GRANT PROGRAMS

The Board participates in state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Board is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.

LITIGATION

The Board is not involved in any disputes incidental to its operations.

NOTE 13: FUND BALANCE APPROPRIATED

General Fund (Exhibit B-1)- Of the \$5,348,600 General Fund fund balance at June 30, 2020, \$353,616 is reserved for encumbrances; \$542,211 is reserved as maintenance reserve in accordance with P.L. 2007 c.62; \$2,454,697 is reserved for Capital Reserve; \$250,000 is reserved for emergency reserve; \$1,641,833 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$820,937 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2021); and \$106,243 is unreserved and undesignated.

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 14: CAPITAL RESERVE ACCOUNT

A capital reserve account was established by the Lebanon Township School District Board of Education for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve account are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts, or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6A:23-2.13(g), the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 1,979,087
Interest Earnings	16,930
Withdrawal: Board Resolution 6/9/2020	(148,320)
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/9/2020	607,000
Ending Balance, June 30, 2020	<u><u>\$ 2,454,697</u></u>

NOTE 15: MAINTENANCE RESERVE ACCOUNT

A maintenance reserve account is used to accumulate funds for the required maintenance of a facility in accordance with the EFCFA (*N.J.S.A.* 18A:7G-9). EFCFA requires that upon district completion of a school facilities project, the district must submit a plan for the maintenance of that facility. All such plans must include a provision for a maintenance reserve fund.

A maintenance reserve account was established by the Lebanon Township School District Board for the accumulation of funds for use as maintenance reserve expenditures in subsequent fiscal years. The maintenance reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the maintenance reserve for the July 1, 2019 to June 30, 2020 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 542,211
Ending Balance, June 30, 2020	<u><u>\$ 542,211</u></u>

NOTE 16: EMERGENCY RESERVE ACCOUNT

An emergency reserve account was established by the School District Board of Education June 12, 2020, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

The activity of the emergency reserve for the July 1, 2018 to June 30, 2019 fiscal year is as follows:

Beginning Balance, July 1, 2019	\$ 225,000
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/9/2020	<u>25,000</u>
Ending balance June 30, 2020	<u><u>\$ 250,000</u></u>

LEBANON TOWNSHIP
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

NOTE 17: INTERFUND RECEIVABLES AND PAYABLES

An general fund interfund receivable of \$2,445 is due from the special revenue fund. The amount represents spending on grants in advance of reimbursements and will be liquidated in the subsequent period. The general fund owes the enterprise fund \$2,948 for federal and state lunch subsidies not yet paid over to the food service fund.

NOTE 18: CALCULATION OF EXCESS SURPLUS

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2020 is \$820,896.

NOTE 19: TAX ABATEMENTS

As defined by the Governmental Accounting Standards Board (GASB), a tax abatement is an agreement between a government and an individual or entity in which the government promises to forgo tax revenues and the individual or entity promises to subsequently take a specific action that contributes to economic development or otherwise benefits the government or its citizens. School districts are not authorized by New Jersey statute to enter into tax abatement agreements. However, the county or municipality in which the school district is situated may have entered into tax abatement agreements, and that potential must be disclosed in these financial statements. If the county or municipality entered into tax abatement agreements, those agreements will not directly affect the school district's local tax revenue because N.J.S.A. 54:4-75 and N.J.S.A. 54:4-76 require that amounts so forgiven must effectively be recouped from other taxpayers and remitted to the school district.

NOTE 20: SUBSEQUENT EVENTS

The District's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19) which was declared a pandemic by the World Health Organization in March 2020 and continues subsequent to June 30, 2020. Additionally, New Jersey Governor Murphy has declared a state of emergency via Executive Order in response to the coronavirus outbreak. The ultimate disruption which may be caused by the outbreak is uncertain; however, it may result in a material adverse impact on the District's financial position, operations and cash flows. Possible effects may include, but are not limited to, disruption to the District's tax base revenue, absenteeism in the District's labor workforce, unavailability of supplies used in operations, and a decline in value of assets held by the District.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources:					
Local Tax Levy	\$ 10,327,000		\$ 10,327,000	\$ 10,327,000	
Tuition - Individuals	20,000		20,000	26,620	\$ 6,620
Tuition - from LEA's	480,000		480,000	544,306	64,306
Transportation	15,000		15,000	21,985	6,985
Interest Earned on Capital Reserve	500		500	16,929	16,429
Miscellaneous	70,000		70,000	131,560	61,560
Total - Local Sources	10,912,500		10,912,500	11,068,400	155,900
State Sources:					
Equalization Aid	927,691		927,691	927,691	
School Choice Aid	328,698		328,698	328,698	
Transportation Aid	320,578		320,578	320,578	
Special Education Aid	448,913		448,913	448,913	
Security Aid	54,166		54,166	54,166	
Other State Aid			-	61,625	61,625
TPAF Social Security (Reimbursed - Non-Budgeted)				415,762	415,762
TPAF Pension (On-Behalf - Non-Budgeted)				1,146,973	1,146,973
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				425,506	425,506
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,271	1,271
Total State Sources	2,080,046	-	2,080,046	4,131,183	2,051,137
TOTAL REVENUES	12,992,546	-	12,992,546	15,199,583	2,207,037

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
EXPENDITURES:					
Current Expense:					
Regular Programs - Instruction:					
Preschool - Salaries of Teachers	65,300	-	65,300	64,150	1,150
Kindergarten - Salaries of Teachers	219,125	-	219,125	216,625	2,500
Grades 1-5 - Salaries of Teachers	1,505,964	(36,150)	1,469,814	1,417,383	52,431
Grades 6-8 - Salaries of Teachers	1,411,351	(3,925)	1,407,426	1,407,277	149
Regular Programs - Home Instruction:					
Salaries of Teachers	3,500	5,575	9,075	7,946	1,129
Purchased Professional - Educational Services		3,000	3,000	2,863	137
Other Purchased Services (400-500 series)	500	(500)			
Regular Programs - Undistributed Instruction:					
Other Salaries for Instruction	64,456	(21,000)	43,456	40,260	3,196
Purchased Professional - Educational Services	10,000	102,181	112,181	88,736	23,445
Purchased Technical Services	60,000	57,075	117,075	81,663	35,412
Other Purchased Services (400-500 series)	28,000	(3,632)	24,368	21,873	2,495
General Supplies	242,725	33,017	275,742	187,134	88,608
Other Objects	1,474	-	1,474	65	1,409
TOTAL REGULAR PROGRAMS - INSTRUCTION	3,612,395	135,641	3,748,036	3,535,975	212,061
SPECIAL EDUCATION - INSTRUCTION					
Learning and/or Language Disabilities:					
Salaries of Teachers	145,700	(11,976)	133,724	132,460	1,264
Other Salaries for Instruction	93,445	15,484	108,929	104,287	4,642
Purchased Professional - Educational Services	-	42,153	42,153	27,655	14,498
General Supplies	5,500	110	5,610	2,703	2,907
Total Learning and/or Language Disabilities	244,645	45,771	290,416	267,105	23,311

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Resource Room/Resource Center:					
Salaries of Teachers	936,063	32,183	968,246	962,112	6,134
Other Salaries for Instruction	110,118	26,762	136,880	135,677	1,203
Purchased Professional - Educational Services	364,500	(170,439)	194,061	165,368	28,693
Other Purchased Services (400-500 series)	7,500	(6,000)	1,500	-	1,500
General Supplies	18,000	(547)	17,453	12,334	5,119
Total Resource Room/Resource Center	1,436,181	(118,041)	1,318,140	1,275,491	42,649
Autism:					
Salaries of Teachers	140,050	2,606	142,656	133,429	9,227
Other Salaries for Instruction	73,094	(37,666)	35,428	34,043	1,385
General Supplies	2,500	1,200	3,700	3,475	225
Total Autism	215,644	(33,860)	181,784	170,947	10,837
Preschool Disabilities - Part-Time:					
Salaries of Teachers	31,713	3,992	35,705	34,205	1,500
Other Salaries for Instruction	27,784	(16,654)	11,130	10,080	1,050
Purchased Professional and Technical Services		35,778	35,778	35,776	2
General Supplies	2,300	-	2,300	297	2,003
Total Preschool Disabilities - Part-Time	61,797	23,116	84,913	80,358	4,555
TOTAL SPECIAL EDUCATION - INSTRUCTION	1,958,267	(83,014)	1,875,253	1,793,901	81,352
Home Instruction :					
Purchased Professional-Educational Services	-	15,825	15,825	5,722	10,103
Total Home Instruction	-	15,825	15,825	5,722	10,103
Basic Skills/Remedial - Instruction					
Salaries of Teachers	148,225	-	148,225	140,525	7,700
General Supplies	5,000	(681)	4,319	3,169	1,150
Total Basic Skills/Remedial - Instruction	153,225	(681)	152,544	143,694	8,850

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Bilingual Education - Instruction:					
Salaries of Teachers	1,200	1,800	3,000	3,000	
General Supplies	350	-	350	-	350
Total Bilingual Education - Instruction	1,550	1,800	3,350	3,000	350
<hr/>					
TOTAL INSTRUCTION	5,725,437	69,571	5,795,008	5,482,292	312,716
<hr/>					
UNDISTRIBUTED EXPENDITURES					
School-Sponsored Co/Extra Curricular Activities - Instruction:					
Salaries	95,000	(10,814)	84,186	61,837	22,349
Purchased Services (300-500 series)	6,000	-	6,000	3,928	2,072
Supplies and Materials	3,981	814	4,795	2,935	1,860
Other Objects	1,145	-	1,145	902	243
Total School-Spon.Co/Extra Curric. Activities - Instruc.	106,126	(10,000)	96,126	69,602	26,524
<hr/>					
Instruction:					
Tuition to Other LEAs within the State-Special	110,000	(9,825)	100,175	57,062	43,113
Tuition - Other	70,000	-	70,000		70,000
Total Instruction	180,000	(9,825)	170,175	57,062	113,113
<hr/>					
Attendance & Social Work:					
Salaries	166,896	7,398	174,294	170,524	3,770
Purchased Professional and Technical Services	15,000	-	15,000	14,908	92
Total Attendance & Social Work	181,896	7,398	189,294	185,432	3,862
<hr/>					
Health Services:					
Salaries	162,900	-	162,900	156,486	6,414
Purchased Professional and Technical Services	2,500	-	2,500	2,000	500
Supplies and Materials	5,000	-	5,000	2,278	2,722
Total Health Services	170,400	-	170,400	160,764	9,636

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Supp. Services Students-Speech/OT/PT Related Services:					
Salaries	203,002	-	203,002	197,389	5,613
Purchased Professional - Educational Services	177,000	(1,300)	175,700	157,984	17,716
Supplies and Materials	7,000	47	7,047	2,935	4,112
Total Other Supp. Svcs Students-Spech/OT/PT Rel. Services	387,002	(1,253)	385,749	358,308	27,441
Other Supp. Services Students-Extra Serv:					
Salaries	35,820	(35,820)	-	-	
Other Salaries for Instruction	19,340	28,098	47,438	35,020	12,418
Purchased Professional - Educational Services	-	54,814	54,814	899	53,915
Supplies and Materials	9,000	(5,921)	3,079	-	3,079
Total Other Supp. Services Students-Extra Serv	64,160	41,171	105,331	35,919	69,412
Other Supp. Services Students-Regular:					
Salaries of Other Professional Staff	140,850	-	140,850	140,850	
Other Purchased Prof. and Tech. Services	500	-	500	-	500
Supplies and Materials	1,000	-	1,000	649	351
Total Other Supp. Services Students-Regular	142,350	-	142,350	141,499	851
Other Supp. Services Students-Child Study Teams:					
Salaries of Other Professional Staff	304,612	4,805	309,417	309,387	30
Salaries of Secretarial and Clerical Assistants	47,431		47,431	47,430	1
Other Purchased Prof. and Tech. Services	10,000	7,045	17,045	13,115	3,930
Other Purchased Services (400-500 series)	13,925	(4,550)	9,375	8,435	940
Supplies and Materials	4,000	3,171	7,171	3,397	3,774
Total Other Supp. Services Students-Child Study Teams	379,968	10,471	390,439	381,764	8,675
Improvement of Instruction Services :					
Salaries of Other Professional Staff	45,054	-	45,054	45,053	1
Salaries of Secretarial and Clerical Assistants	16,328	200	16,528	16,478	50
Other Purchased Services (400-500 series)	8,500	(200)	8,300	315	7,985
Supplies and Materials	500	-	500	-	500
Total Improvement of Instruction Services	70,382	-	70,382	61,846	8,536

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Educational Media Services/School Library:					
Salaries	152,975	45	153,020	153,020	
Salaries of Technology Coordinators	102,570	-	102,570	102,569	1
Other Purchased Services (400-500 series)	2,000	(2,000)	-	-	
Supplies and Materials	20,500	3,616	24,116	17,104	7,012
Total Educational Media Services/School Library	278,045	1,661	279,706	272,693	7,013
Instructional Staff Training Services:					
Purchased Professional - Educational Services	4,500	7,853	12,353	9,824	2,529
Other Purchased Services (400-500 series)	29,300	(9,400)	19,900	5,850	14,050
Supplies and Materials	300	-	300	127	173
Other Objects	200	-	200	-	200
Total Instructional Staff Training Services	34,300	(1,547)	32,753	15,801	16,952
Supp. Services - General Administration:					
Salaries	138,296	-	138,296	138,290	6
Legal Services	16,000	38,568	54,568	54,170	398
Audit Fees	17,100	(1,717)	15,383	15,383	
Purchased Technical Services	7,800	2,898	10,698	10,667	31
Communications/Telephone	28,900	(1,416)	27,484	27,142	342
BOE Other Purchased Services	2,000	(1,600)	400	316	84
Other Purchased Services (400-500 series)	33,720	(8,736)	24,984	23,813	1,171
General Supplies	3,000	(2,233)	767	766	1
BOE In-house Training/Meeting Supplies	300	(200)	100	78	22
Miscellaneous Expenditures	3,300	(854)	2,446	2,446	
BOE Membership Dues & Fees	7,057	(146)	6,911	6,787	124
Total Supp. Services - General Administration	257,473	24,564	282,037	279,858	2,179

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Support Services - School Administration:					
Salaries of Principals/Assistant Principals	304,490	3,200	307,690	304,343	3,347
Salaries of Secretarial and Clerical Assistants	107,069	4,500	111,569	105,575	5,994
Purchased Professional and Technical Services	5,500	(5,500)	-	-	
Other Purchased Services (400-500 series)	4,500	(2,583)	1,917	-	1,917
Supplies and Materials	14,370	9,122	23,492	4,826	18,666
Other Objects	1,790	-	1,790	845	945
Total Support Services - School Administration	437,719	8,739	446,458	415,589	30,869
Central Services:					
Salaries	159,931	500	160,431	159,930	501
Purchased Technical Services	25,000	(1,305)	23,695	20,753	2,942
Misc. Purchased Services (400-500 series)	3,000	2,500	5,500	1,172	4,328
Supplies and Materials	2,000	110	2,110	973	1,137
Other Objects	2,000	-	2,000	1,835	165
Total Central Services	191,931	1,805	193,736	184,663	9,073
Required Maintenance for School Facilities:					
Salaries	73,995	1	73,996	73,995	1
Cleaning, Repair and Maintenance Services	74,000	334,867	408,867	288,055	120,812
General Supplies	4,000	2,080	6,080	4,062	2,018
Other Objects	1,906	(1,428)	478	478	-
Total Required Maintenance for School Facilities	153,901	335,520	489,421	366,590	122,831

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Operations and Maintenance of Plant:					
Salaries	351,156	(38,000)	313,156	305,976	7,180
Purchased Professional and Technical Services	7,000	23,453	30,453	30,453	
Cleaning, Repair and Maintenance Services	13,800	4,446	18,246	11,200	7,046
Insurance	42,000	(6,672)	35,328	35,291	37
Misc. Purchased Services	725	(250)	475	68	407
General Supplies	40,000	115,685	155,685	60,114	95,571
Energy (Natural Gas)	40,000	(5,155)	34,845	34,844	1
Energy (Electricity)	95,000	(25,890)	69,110	68,017	1,093
Energy (Oil)	100,000	(50,355)	49,645	49,645	
Other Objects	100	-	100	-	100
Total Other Operations and Maintenance of Plant	689,781	17,262	707,043	595,608	111,435
Care and Upkeep of Grounds:					
Salaries	20,253	(20,000)	253	-	253
Cleaning, Repair and Maintenance Services	23,000	22,825	45,825	45,208	617
General Supplies	1,200	3,500	4,700	4,555	145
Total Care and Upkeep of Grounds	44,453	6,325	50,778	49,763	1,015
Security:					
Purchased Professional and Technical Services	-	820	820	820	
Cleaning, Repair and Maintenance Services	110,000	47,530	157,530	108,313	49,217
General Supplies	3,000	1,480	4,480	4,006	474
Total Security	113,000	49,830	162,830	113,139	49,691

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Student Transportation Services:					
Sal. For Pupil Trans (Bet Home & Sc) - Reg.	35,010	-	35,010	35,010	
Management Fee - ESC & CTSA Trans. Program	18,000	(250)	17,750	3,327	14,423
Other Purchased Prof. and Tech. Services	13,000	250	13,250	12,500	750
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	22,000	(910)	21,090	13,418	7,672
Contracted Services - Aid in Lieu of Payments-Choice Sch.	6,500	-	6,500	3,335	3,165
Contract Services (Between Home & School)-Vendors		90	90	90	
Contract Services (Other than Between Home & School)-Vendors	16,500	(90)	16,410	10,324	6,086
Contract Services (Other than Between Home & School)-Joint Agrmt	320,000	24,910	344,910	329,700	15,210
Contr Serv (Spl. Ed. Students) - Vendors	21,000	(10,000)	11,000	5,450	5,550
Contr Serv (Spl. Ed. Students) - Joint Agreements		15,081	15,081	10,557	4,524
Contr Serv (Regular Students) - ESCs & CTSA	7,500	(1,360)	6,140	-	6,140
Contracted Services (Special Education Students)-ESCs & CTSA	135,000	(51,081)	83,919	68,495	15,424
Total Student Transportation Services	594,510	(23,360)	571,150	492,206	78,944
UNALLOCATED BENEFITS:					
Social Security Contributions	198,000	(14,000)	184,000	131,680	52,320
Other Retirement Contributions - PERS	196,000	(15,625)	180,375	151,136	29,239
Other Retirement Contributions - Regular	10,000	-	10,000	4,388	5,612
Unemployment Compensation	-	5,000	5,000	5,000	
Workman's Compensation	52,000	7,125	59,125	59,125	
Health Benefits	3,060,163	(238,439)	2,821,724	2,337,982	483,742
Tuition Reimbursement	49,000	3,775	52,775	26,707	26,068
Other Employee Benefits	7,950	8,400	16,350	14,839	1,511
Unused Sick Payment to Terminated/Retired Staff	34,000	(8,280)	25,720	8,802	16,918
TOTAL UNALLOCATED BENEFITS	3,607,113	(252,044)	3,355,069	2,739,659	615,410

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Reimbursed TPAF Social Security Contrib. (non-budgeted)				415,762	(415,762)
On-behalf TPAF pension Contrib. (non-budgeted)				1,146,973	(1,146,973)
On-behalf TPAF PRM Contrib. (non-budgeted)				425,506	(425,506)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,271	(1,271)
TOTAL ON-BEHALF CONTRIBUTIONS				1,989,512	(1,989,512)
TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS	3,607,113	(252,044)	3,355,069	4,729,171	(1,374,102)
TOTAL UNDISTRIBUTED EXPENDITURES	8,084,510	206,717	8,291,227	8,967,277	(676,050)
TOTAL GENERAL CURRENT EXPENSE	13,809,947	276,288	14,086,235	14,449,569	(363,334)
CAPITAL OUTLAY					
Equipment:					
Undistributed Expenditures - School Admin.		13,633	13,633	-	13,633
Undistributed Expenditures - Admin Info Tech.		6,305	6,305	-	6,305
Undistributed Expenditures - Required for Sch. Maintenance		9,815	9,815	9,815	
Undistributed Expenditures - Custodial Services		9,086	9,086	-	9,086
Total Equipment	-	38,839	38,839	9,815	29,024
Facilities Acquisition and Construction Services					
Assessment for Debt Service on SDA Funding	2,165	-	2,165	2,165	
Total Facilities Acquisition and Construction Services	2,165	-	2,165	2,165	-
TOTAL CAPITAL OUTLAY	2,165	38,839	41,004	11,980	29,024
TOTAL EXPENDITURES	13,812,112	315,127	14,127,239	14,461,549	(334,310)
Excess (Deficiency) of Revenues Over (Under) Expenditures	(819,566)	(315,127)	(1,134,693)	738,034	1,872,727

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

Fiscal Year Ended June 30, 2020

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	Variance Final to Actual Favorable/ (Unfavorable)
Other Financing Sources (Uses):					
Operating Transfer In/(Out):					
Transfer to Capital Projects Fund from Capital Reserve		(148,320)	(148,320)	(148,320)	
Transfer to Capital Projects Fund from Capital Outlay		-			
Total Transfer In/(Out)		<u>(148,320)</u>	<u>(148,320)</u>	<u>(148,320)</u>	
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)					
	(819,566)	(463,447)	(1,283,013)	589,714	1,872,727
Fund Balance, July 1	4,966,675		4,966,675	4,966,675	
Fund Balance, June 30	<u>\$ 4,147,109</u>	<u>\$ (463,447)</u>	<u>\$ 3,683,662</u>	<u>\$ 5,556,389</u>	<u>\$ 1,872,727</u>
Recapitulation:					
Restricted for:					
Capital Reserve				\$ 2,454,697	
Maintenance Reserve				542,211	
Emergency Reserve				250,000	
Excess Surplus				820,896	
Excess Surplus - Designated for Subsequent Year's Expenditures				820,937	
Assigned to:					
Year-End Encumbrances				353,616	
Unassigned:					
Unrestricted Fund Balance				<u>314,032</u>	
Fund Balance, June 30				<u>\$ 5,556,389</u>	
Fund Balance per Governmental Funds(Budgetary Basis)				\$ 5,556,389	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis				<u>(207,789)</u>	
Fund Balance per Governmental Funds(GAAP Basis)				<u>\$ 5,348,600</u>	

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2020

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final to Actual Favorable/ (Unfavorable)
REVENUES:					
Local Sources		\$ 11,293	\$ 11,293	\$ 5,598	(5,695)
Federal Sources	\$ 144,600	87,235	231,835	222,739	(9,096)
Total Revenues	144,600	98,528	243,128	228,337	(14,791)
EXPENDITURES:					
Instruction					
Other Salaries		1,000	1,000	1,000	
Other Purchased Services		398	398	398	
Tuition	115,000	26,397	141,397	141,397	
General Supplies	8,000	56,666	64,666	63,666	1,000
Total Instruction	123,000	84,461	207,461	206,461	1,000
Support Services					
Salaries		1,000	1,000	1,000	
Purchased Prof. & Tech. Services	21,600	6,542	28,142	19,046	9,096
Supplies and Materials		6,525	6,525	1,830	4,695
Total Support Services	21,600	14,067	35,667	21,876	13,791
Total Expenditures	144,600	98,528	243,128	228,337	14,791
Total Outflows	\$ 144,600	\$ 98,528	\$ 243,128	\$ 228,337	14,791
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)					
Fund Balance per Governmental Funds(Budgetary Basis)				None	
Reconciliation to Governmental Funds Statement(GAAP Basis):					
Last State Aid Payment not recognized on GAAP basis					
Fund Balance per Governmental Funds(GAAP Basis)	75			None	

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE**

For the Fiscal Year Ended June 30, 2020

**Explanation of Differences between Budgetary Inflows and Outflows and
GAAP Revenues and Expenditures**

	General Fund	Special Revenue Fund
	<hr/>	<hr/>
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 15,199,583	\$ 228,337
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	-
Current Year Encumbrances	N/A	(14,229)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	229,273	-
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	<u>(207,789)</u>	<u>-</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	<u>\$ 15,221,067</u>	<u>\$ 214,108</u>
Uses/outflows of resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 14,461,549	\$ 228,337
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	
Current Year Encumbrances	N/A	(14,229)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	<hr/>	<hr/>
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	<u>\$ 14,461,549</u>	<u>\$ 214,108</u>

Lebanon Township School District
 Required Supplementary Information - Part III
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Last Ten Fiscal Years *

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
State's proportionate share of the net pension liability (asset) associated with the District	\$ 31,363,517	\$ 31,518,525	\$ 36,500,875	\$ 42,482,641	\$ 33,834,792	\$ 29,777,099	\$ 28,627,267			
Total	\$ 31,363,517	\$ 31,518,525	\$ 36,500,875	\$ 42,482,641	\$ 33,834,792	\$ 29,777,099	\$ 28,627,267			
District's covered employee payroll	\$ 5,801,613	\$ 5,489,765	\$ 5,394,928	\$ 5,292,535	\$ 5,454,550	\$ 5,349,284	\$ 5,362,213			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A			
Plan fiduciary net position as a percentage of the total pension liability	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%			

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. Since the district (employer) does not contribute directly to the plan there is no net pension liability to report in the financial statements of the district.

Exhibit L-1

Public Employees' Retirement System (PERS)

	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.015494825%	0.016432770%	0.018448214%	0.017988470%	0.018268023%	0.0182999320%	0.0177895997%			
District's proportionate share of the net pension liability (asset)	\$ 2,791,932	\$ 3,235,531	\$ 4,294,449	\$ 5,327,669	\$ 4,100,805	\$ 3,426,248	\$ 3,399,946			
District's covered employee payroll	\$ 1,194,998	\$ 1,136,165	\$ 1,091,178	\$ 1,164,431	\$ 1,283,165	\$ 1,220,679	\$ 1,256,197			
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	233.63%	284.78%	393.56%	457.53%	319.59%	280.68%	270.65%			
Plan fiduciary net position as a percentage of the total pension liability (Local)	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%			

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

**Lebanon Township School District
Required Supplementary Information - Part III
Schedule of District Contributions
Last Ten Fiscal Years**

Exhibit L-2

Teachers' Pension and Annuity Fund (TPAF)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution **	\$ 1,148,244	\$ 1,027,437	\$ 748,420	\$ 609,917	\$ 432,373	\$ 289,416	\$ 235,691	\$ 355,672	\$ 190,689	\$ 18,311
Contributions in relation to the contractually required contribution **	(1,148,244)	(1,027,437)	(748,420)	(609,917)	(432,373)	(289,416)	(235,691)	(355,672)	(190,689)	(18,311)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 5,801,613	\$ 5,489,765	\$ 5,394,928	\$ 5,292,535	\$ 5,091,375	\$ 5,454,550	\$ 5,349,284	\$ 5,362,213	\$ 5,468,705	\$ 5,562,089
Contributions as a percentage of covered-employee payroll	19.79%	18.72%	13.87%	11.52%	8.49%	5.31%	4.41%	6.63%	3.49%	0.33%

** Note: TPAF is a special funding situation as defined by GASB Statement No. 68 in which the State of New Jersey is 100% responsible for contributions to the plan. The district (employer) does not contribute to the plan.

Public Employees' Retirement System (PERS)

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
Contractually required contribution	\$ 151,136	\$ 164,218	\$ 160,430	\$ 157,056	150,862	134,041	142,960	147,742	139,542	106,262
Contributions in relation to the contractually required contribution	<u>(151,136)</u>	<u>(164,218)</u>	<u>(160,430)</u>	<u>(157,056)</u>	<u>(150,862)</u>	<u>(134,041)</u>	<u>(142,960)</u>	<u>(147,742)</u>	<u>(139,542)</u>	<u>(106,262)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 1,194,998	\$ 1,136,165	\$ 1,164,431	\$ 1,250,681	\$ 1,283,165	\$ 1,220,679	\$ 1,256,197	\$ 1,206,157	\$ 1,260,352	\$ 1,289,596
Contributions as a percentage of covered-employee payroll	12.65%	14.45%	13.78%	12.56%	11.76%	10.98%	11.38%	12.25%	11.07%	8.24%

Lebanon Township School District
 Required Supplementary Information - Part III
 Schedule of Changes in the State's Total OPEB Liability and Related Ratios
 Last Ten Fiscal Years *

Exhibit M-1

State Health Benefit Local Education Retired Employees Plan (TPAF and PERS)

The State of New Jersey's Total OPEB Liability	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Service Cost	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319						
Interest	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792						
Change in Benefit Terms										
Differences Between Expected and Actual Experience	(7,323,140,818)	(5,002,065,740)								
Benefit Payments	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)						
Contributions from Members	37,971,171	42,614,005	45,748,749	46,273,747						
Changes of Assumptions or other inputs	<u>622,184,027</u>	<u>\$(5,291,448,855)</u>	<u>\$(7,086,599,129)</u>	<u>8,611,513,521</u>						
Net change in total OPEB liability	(4,381,751,937)	(7,529,008,876)	(4,191,942,326)	10,982,132,360						
Total OPEB Liability - Beginning	<u>\$ 46,110,832,982</u>	<u>\$53,639,841,858</u>	<u>\$57,831,784,184</u>	<u>\$ 46,849,651,824</u>						
Total OPEB Liability - Ending	<u>\$ 41,729,081,045</u>	<u>\$46,110,832,982</u>	<u>\$53,639,841,858</u>	<u>\$ 57,831,784,184</u>						
The State of New Jersey's total OPEB liability **	\$ 41,729,081,045	\$46,110,832,982	\$53,639,841,858	\$ 57,831,784,184						
The State of New Jersey's OPEB liability attributable to the District **	\$ 24,812,268	\$ 27,497,436	\$ 32,425,640	\$ 34,928,926						
The District's proportionate share of the total OPEB liability	<i>Zero</i>	<i>Zero</i>	<i>Zero</i>	<i>Zero</i>						
District's covered employee payroll	\$ 6,996,611	\$ 6,625,930	\$ 6,486,106	\$ 6,543,216						
Total District's OPEB liability as a percentage of its covered-employee payroll	0.00%	0.00%	0.00%	0.00%						
District's contribution	<i>None</i>	<i>None</i>	<i>None</i>	<i>None</i>						
State's covered employee payroll ***	\$ 13,929,083,479	\$13,640,275,833	\$13,493,400,208	\$ 13,493,400,208						
Total State's OPEB liability as a percentage of its covered-employee payroll	299.58%	338.05%	397.53%	428.59%						

** Note: Other Post Employment Benefits (OPEB) for employees of the Teachers' Pension and Annuity Fund (TPAF) and the Public Employees' Retirement System (PERS) is considered a special funding situation as defined by GASB Statement No. 75 in which the State of New Jersey is 100% responsible for contributions to the health insurance plan. The district (employer) does not contribute to the plan and the district's OPEB liability is zero.

*** Covered payroll for the Measurement Period ending June 30, 2018 and June 30, 2019 is based on the payroll on the June 30, 2017 and June 30, 2018 census data, respectively

* - Until a full ten year trend is compiled, information will be presented for those years for which information is available.

LEBANON TOWNSHIP SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION-PART III
Pension and OPEB Schedules

For the Fiscal Year Ended June 30, 2020

Teachers' Pension and Annuity Fund (TPAF)

Pension Schedules

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 18A:66. TPAF provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of TPAF. Members are always fully vested for their own contributions and, after three years of service credit, become vested for 2% of related interest earned on the contributions. In the case of death before retirement, members' beneficiaries are entitled to full interest credited to the members' accounts.

Changes of assumptions. Mortality rates were based on the RP-2000 Health Annuitant Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA. Pre-retirement mortality improvements for active members are projected using Scale AA from the base year of 2000 until the valuation date plus 15 years to account for future mortality improvement. Post-retirement mortality improvements for non-disabled annuitants are projected using Scale AA from the base year of 2000 for males and 2003 for females until the valuation date plus 7 years to account for future mortality improvement.

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

Public Employees' Retirement System (PERS)

Pension Schedules

Changes of benefit terms. The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except for medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

Changes of assumptions. Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2019

OPEB Schedules

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASBS No. 75.

Changes of benefit terms. There were no changes of benefit terms.

Changes of assumptions. Changes of assumptions and other inputs reflects a change in the discount rate from 3.87 percent in 2018 to 3.50 percent in 2019.

OTHER SUPPLEMENTARY INFORMATION

**SPECIAL REVENUE FUND
DETAIL STATEMENTS**

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditures for specific purposes.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

SPECIAL REVENUE FUND
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS

For the Fiscal Year Ended June 30, 2020

	Title I	Title II Part A	Title III	Title IV	IDEA Basic	IDEA Pre-School	REAP	CARES	Local	Totals
REVENUES										
Local Sources									\$ 5,598	\$ 5,598
Federal Sources	\$ 10,800	\$ 3,600	\$ 734	\$ 10,000	\$ 141,397	\$ 4,646	\$ 39,062	\$ 12,500		222,739
TOTAL REVENUES	10,800	3,600	734	10,000	141,397	4,646	39,062	12,500	5,598	228,337
EXPENDITURES:										
Instruction:										
Other Salaries									1,000	1,000
Other Purchased Services									398	398
Tuition					141,397					141,397
General Supplies			734	10,000			39,062	12,500	1,370	63,666
Total Instruction	-	-	734	10,000	141,397	-	39,062	12,500	2,768	206,461
Support Services:										
Salaries									1,000	1,000
Purchased Professional & Tech. Serv.	10,800	3,600				4,646				19,046
Supplies and Materials									1,830	1,830
Total Support Services	10,800	3,600	-	-	-	4,646	-	-	2,830	21,876
TOTAL EXPENDITURES	10,800	3,600	734	10,000	141,397	4,646	39,062	12,500	5,598	228,337
Total Outflows	10,800	3,600	734	10,000	141,397	4,646	39,062	12,500	5,598	228,337
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)										

**CAPITAL PROJECTS FUND
DETAIL STATEMENTS**

The Capital Projects Fund is used to account for the acquisition and construction of major capital facilities and equipment purchases other than those financed by proprietary funds.

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

**CAPITAL PROJECTS FUND
SUMMARY STATEMENT OF PROJECT EXPENDITURES**

For the Fiscal Year Ended June 30, 2020

	<u>Original</u>		<u>Revised</u>		<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2020</u>
	<u>Date</u>	<u>Appropriations</u>	<u>Date</u>	<u>Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	
Security Project							
Board of Education - Woodglen Middle School and Valley View Elementary School	2/19/19	\$ 586,780	6/9/20	\$ 735,100	\$ 46,000	-	\$ 689,100
		586,780		735,100	46,000	-	689,100
Totals		<u>\$ 586,780</u>		<u>\$ 735,100</u>	<u>46,000</u>	<u>-</u>	689,100
						Fund Balance, June 30, 2020	\$ <u>689,100</u>
						Recapitulation:	
						Assigned to:	
						Year-End Encumbrances	\$ <u>689,100</u>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

**CAPITAL PROJECTS FUND
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE-BUDGETARY BASIS**

For the Fiscal Year Ended June 30, 2020

**Revenues and Other Financing
Sources**

Transfer from capital reserve	\$ 148,320
Total Revenues	<u>148,320</u>

**Expenditures and Other Financing
Uses**

Construction Services	-
Purchased Professional Services	-
Total Expenditures	<u>-</u>

Excess(deficiency) of revenues over(under) expenditures	148,320
--	---------

Fund Balance - Beginning	<u>540,780</u>
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Fund Balance - Ending	<u><u>\$ 689,100</u></u>
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LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

CAPITAL PROJECTS FUND
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCE,
AND PROJECT STATUS-BUDGETARY BASIS
WOODGLEN MIDDLE SCHOOL AND VALLEY VIEW ELEMENTARY SCHOOL SECURITY PROJECT

From Inception and for the Fiscal Year Ended June 30, 2020

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
Revenues and Other Financing Sources				
Transfer from capital reserve	586,780	\$ 148,320	\$ 735,100	\$ 735,100
Total Revenues	586,780	148,320	735,100	735,100
Expenditures and Other Financing Sources				
Construction Services			-	651,900
Purchased Professional Services	46,000		46,000	83,200
Total Expenditures	46,000	-	46,000	735,100
Excess(deficiency) of revenues over(under) expenditures	540,780	\$ 148,320	\$ 689,100	

Project Fund Balance, 6/30/20 \$ 689,100

Additional project information:

DOE Project Number	<u>2600-050-18-1000</u> ; <u>2600-060-18-1000</u>	
SDA Project Number	N/A	
Grant Date	N/A	
Bond Authorization Date	N/A	
Bonds Authorized	N/A	
Bonds Issued	N/A	
Original Authorized Cost	\$586,780	
Additional Authorized Cost	148,320	
Revised Authorized Cost	\$735,100	
Percentage Increase over Original Authorized Cost	N/A	
Percentage Completion	100%	
Original Target Completion Date	2019	
Revised Target Completion Date	2020	

**PROPRIETARY FUND
DETAIL STATEMENTS**

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the district's board is that the costs of providing goods or services be financed through user charges.

Food Services Fund - This fund provides for the operation of food services in all schools within the school district.

THIS SECTION HAS ALREADY BEEN INCLUDED IN STATEMENTS B-4, B-5 AND B-6.

<p style="text-align: center;">FIDUCIARY FUND DETAIL STATEMENTS</p>
--

Fiduciary Funds are used to account for funds received by the school district for a specific purpose.

Agency Funds are used to account for assets held by the school district as an agent for individuals, private organizations, other governments and/or other funds.

Student Activity Fund - This agency fund is used to account for student funds held at the schools.

Payroll Fund - This agency fund is used to account for the payroll transactions of the school

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit H-1

COMBINING STATEMENT OF FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 JUNE 30, 2020

	UNEMPLOYMENT COMPENSATION		AGENCY FUNDS		TOTALS
	INSURANCE TRUST	STUDENT ACTIVITY	PAYROLL AGENCY		
ASSETS:					
Cash and Cash Equivalents	\$ 179,749	\$ 25,646	\$ 4,445	\$	209,840
TOTAL ASSETS	<u>\$ 179,749</u>	<u>\$ 25,646</u>	<u>\$ 4,445</u>	<u>\$</u>	<u>209,840</u>
LIABILITIES:					
Liabilities:					
Payroll Deductions and Withholdings			\$ 4,445	\$	4,445
Payable to Student Groups		\$ 25,646			25,646
Total Liabilities		<u>25,646</u>	<u>4,445</u>		<u>30,091</u>
NET POSITION					
Held in Trust for Unemployment					
Claims and Other Purposes	\$ 179,749				179,749
TOTAL LIABILITIES AND NET POSITION	<u>\$ 179,749</u>	<u>\$ 25,646</u>	<u>\$ 4,445</u>	<u>\$</u>	<u>209,840</u>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit H-2

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 FIDUCIARY FUNDS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2020

	UNEMPLOYMENT COMPENSATION INSURANCE	
	<u>TRUST</u>	<u>TOTALS</u>
ADDITIONS		
Contributions:		
Plan Member	\$ 12,178	\$ 12,178
Employer	5,000	5,000
Total Contributions	<u>17,178</u>	<u>17,178</u>
Investment Earnings:		
Interest	<u>1,485</u>	<u>1,485</u>
Net Investment Earnings	<u>1,485</u>	<u>1,485</u>
Total Additions	<u>18,663</u>	<u>18,663</u>
DEDUCTIONS		
Unemployment Claims	<u>246</u>	<u>246</u>
Total Deductions	<u>246</u>	<u>246</u>
Change in Net Position	18,417	18,417
Net Position—Beginning of the Year	<u>161,332</u>	<u>161,332</u>
Net Position—End of the Year	<u>\$ 179,749</u>	<u>\$ 179,749</u>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit H-3

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
STUDENT ACTIVITY AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>TRANSFERS</u>	<u>CASH</u> <u>RECEIPTS</u>	<u>CASH</u> <u>DISBURSEMENTS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
LEBANON TOWNSHIP FUNDS	\$ 25,439		\$ 80,412	\$ 80,205	\$ 25,646
Totals	<u>\$ 25,439</u>	<u>\$ -</u>	<u>\$ 80,412</u>	<u>\$ 80,205</u>	<u>\$ 25,646</u>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit H-4

**SCHEDULE OF RECEIPTS AND DISBURSEMENTS
PAYROLL AGENCY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2020**

	<u>BALANCE</u> <u>JULY 1, 2019</u>	<u>ADDITIONS</u>	<u>DELETIONS</u>	<u>BALANCE</u> <u>JUNE 30, 2020</u>
ASSETS:				
Cash and Cash Equivalents	\$ 5,363	\$ 8,254,504	\$ 8,255,422	\$ 4,445
Total Assets	<u>\$ 5,363</u>	<u>\$ 8,254,504</u>	<u>\$ 8,255,422</u>	<u>\$ 4,445</u>
LIABILITIES:				
Payroll Deductions and Withholdings	\$ 2,876	\$ 3,514,931	\$ 3,514,487	\$ 3,320
Salaries and Wages	<u>2,487</u>	<u>4,739,573</u>	<u>4,740,935</u>	<u>1,125</u>
Total Liabilities	<u>\$ 5,363</u>	<u>\$ 8,254,504</u>	<u>\$ 8,255,422</u>	<u>\$ 4,445</u>

LONG-TERM DEBT SCHEDULES

The Long-Term Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the school district. This includes serial bonds outstanding and obligations under capital leases.

N/A

Lebanon Township School District
Statistical Section

<u>Contents</u>	<u>Page</u>
Financial Trends (J-1 thru J-5) These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	96-101
Revenue Capacity (J-6 thru J-9) These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	102-105
Debt Capacity (J-10 thru J-13) These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	106-109
Demographic and Economic Information (J-14 and J-15) These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	110-111
Operating Information (J-16 thru J-20) These schedules contain service and infrastructure data to help the reader understand how the information in the district's financial report relates to the services the district provides and the activities it performs.	112-116

Sources:

Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports (CAFR) for the relevant year.

**Lebanon Township School District
Net Position by Component,
Last Ten Fiscal Years**

Exhibit J-1

(accrual basis of accounting)

	Fiscal Year Ending June 30,									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Invested in capital assets, net of related debt	\$ 4,477,929	\$ 4,551,241	\$ 4,940,904	\$ 4,940,663	\$ 4,930,901	\$ 4,906,266	\$ 4,676,844	\$ 4,861,051	\$ 4,629,560	\$ 4,401,432
Restricted	1,155,470	1,659,534	1,117,960	1,762,133	1,701,163	1,884,059	3,616,418	4,194,911	4,387,301	4,888,741
Unrestricted	1,964,510	2,390,445	2,960,197	(1,514,378)	(1,682,319)	(1,599,598)	(3,115,678)	(3,569,171)	(3,325,021)	(2,765,855)
Total governmental activities net position	<u>\$ 7,597,909</u>	<u>\$ 8,601,220</u>	<u>\$ 9,019,061</u>	<u>\$ 5,188,418</u>	<u>\$ 4,949,745</u>	<u>\$ 5,190,727</u>	<u>\$ 5,177,584</u>	<u>\$ 5,486,791</u>	<u>\$ 5,691,840</u>	<u>\$ 6,524,318</u>
Business-type activities										
Invested in capital assets, net of related debt	\$ 11,016	\$ 12,574	\$ 32,680	\$ 55,869	\$ 50,185	\$ 44,502	\$ 38,818	\$ 33,135	\$ 27,452	\$ 21,768
Restricted							-	-	-	-
Unrestricted	60,310	60,814	53,485	18,605	11,145	13,271	12,581	8,577	7,750	12,070
Total business-type activities net position	<u>\$ 71,326</u>	<u>\$ 73,388</u>	<u>\$ 86,165</u>	<u>\$ 74,474</u>	<u>\$ 61,330</u>	<u>\$ 57,773</u>	<u>\$ 51,399</u>	<u>\$ 41,712</u>	<u>\$ 35,202</u>	<u>\$ 33,838</u>
District-wide										
Invested in capital assets, net of related debt	\$ 4,488,945	\$ 4,563,815	\$ 4,973,584	\$ 4,996,532	\$ 4,981,086	\$ 4,950,768	\$ 4,715,662	\$ 4,894,186	\$ 4,657,012	\$ 4,423,200
Restricted	1,155,470	1,659,534	1,117,960	1,762,133	1,701,163	1,884,059	3,616,418	4,194,911	4,387,301	4,888,741
Unrestricted	2,024,820	2,451,259	3,013,682	(1,495,773)	(1,671,174)	(1,586,327)	(3,103,097)	(3,560,594)	(3,317,271)	(2,753,785)
Total district net position	<u>\$ 7,669,235</u>	<u>\$ 8,674,608</u>	<u>\$ 9,105,226</u>	<u>\$ 5,262,892</u>	<u>\$ 5,011,075</u>	<u>\$ 5,248,500</u>	<u>\$ 5,228,983</u>	<u>\$ 5,528,503</u>	<u>\$ 5,727,042</u>	<u>\$ 6,558,156</u>

Source: CAFR Schedule A-1

Lebanon Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Expenses										
Governmental activities										
Instruction										
Regular	\$ 5,363,751	\$ 5,518,904	\$ 5,887,139	\$ 5,885,932	\$ 6,533,194	\$ 6,526,788	\$ 6,578,228	\$ 6,683,269	\$ 6,256,202	\$ 5,750,794
Special education	2,115,683	2,121,094	2,272,114	2,273,426	2,490,425	2,795,503	2,992,046	3,142,568	3,001,326	2,766,922
Other special education	132,108	132,959	119,278	124,697	89,518	138,946	229,805	221,962	227,443	235,087
School sponsored cocurricular	141,299	106,561	103,361	126,630	120,121	143,696	177,040	170,689	161,274	107,354
Support Services:										
Tuition	109,139	55,167	129,655	288,322	376,397	379,272	149,320	99,596	40,675	57,062
Student & instruction related services	2,125,452	2,081,507	2,035,380	2,029,359	2,648,636	2,755,646	2,490,155	2,919,336	2,811,162	2,523,481
School administrative services	625,411	683,479	724,079	760,430	815,851	817,775	913,303	740,616	677,707	641,105
General and business administrative services	708,959	746,309	715,354	709,186	740,540	840,737	786,807	1,056,481	878,467	716,737
Plant operations and maintenance	1,077,859	1,033,704	1,025,581	1,101,846	1,009,734	1,008,798	1,660,550	1,537,887	1,665,023	1,738,448
Pupil transportation	670,448	641,285	548,118	518,280	595,215	566,871	551,316	545,247	545,197	492,206
Transfer to charter schools	12,361									
Interest on long-term debt	758	441	1,404	2,165	2,165	2,165	2,165	2,165	2,165	2,165
Unallocated depreciation							263,163	267,284	253,312	235,292
Total governmental activities expenses	<u>13,083,228</u>	<u>13,121,410</u>	<u>13,561,463</u>	<u>13,820,273</u>	<u>15,421,796</u>	<u>15,976,197</u>	<u>16,793,898</u>	<u>17,387,100</u>	<u>16,519,953</u>	<u>15,266,653</u>
Business-type activities:										
Food service	188,398	194,480	186,324	194,925	186,003	191,856	198,178	184,470	173,955	128,042
							0	-	-	-
Total business-type activities expense	<u>188,398</u>	<u>194,480</u>	<u>186,324</u>	<u>194,925</u>	<u>186,003</u>	<u>191,856</u>	<u>198,178</u>	<u>184,470</u>	<u>173,955</u>	<u>128,042</u>
Total district expenses	<u>\$ 13,271,626</u>	<u>\$ 13,315,890</u>	<u>\$ 13,747,787</u>	<u>\$ 14,015,198</u>	<u>\$ 15,607,799</u>	<u>\$ 16,168,053</u>	<u>\$ 16,992,076</u>	<u>\$ 17,571,570</u>	<u>\$ 16,693,908</u>	<u>\$ 15,394,695</u>
Program Revenues										
Governmental activities:										
Charges for services:										
Instruction-regular	\$ 77,958	\$ 170,573	\$ 255,681	\$ 226,335	252,878	358,428	242,462	\$ 255,547	\$ 535,977	\$ 592,911
Tuition										
Operating grants and contributions	3,173,737	3,573,462	3,679,662	3,725,649	5,513,787	6,152,112	6,691,052	7,278,457	5,851,605	5,025,299
Capital grants and contributions	82,284						0	-	-	-
Total governmental activities program revenues	<u>3,333,979</u>	<u>3,744,035</u>	<u>3,935,343</u>	<u>3,951,984</u>	<u>5,766,665</u>	<u>6,510,540</u>	<u>6,933,514</u>	<u>7,534,004</u>	<u>6,387,582</u>	<u>5,618,210</u>
Business-type activities:										
Charges for services										
Food service	155,834	154,637	139,159	144,884	135,070	142,698	136,950	125,338	125,510	92,691
Operating grants and contributions	41,025	41,859	34,942	38,350	37,789	45,601	51,943	42,627	41,935	33,987
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>196,859</u>	<u>196,496</u>	<u>174,101</u>	<u>183,234</u>	<u>172,859</u>	<u>188,299</u>	<u>188,893</u>	<u>167,965</u>	<u>167,445</u>	<u>126,678</u>
Total district program revenues	<u>\$ 3,530,838</u>	<u>\$ 3,940,531</u>	<u>\$ 4,109,444</u>	<u>\$ 4,135,218</u>	<u>\$ 5,939,524</u>	<u>\$ 6,698,839</u>	<u>\$ 7,122,407</u>	<u>\$ 7,701,969</u>	<u>\$ 6,555,027</u>	<u>\$ 5,744,888</u>
Net (Expense)/Revenue										
Governmental activities	\$ (9,749,249)	\$ (9,377,375)	\$ (9,626,120)	\$ (9,868,289)	\$ (9,655,131)	\$ (9,465,657)	\$ (9,860,384)	\$ (9,853,096)	\$ (10,132,371)	\$ (9,648,443)
Business-type activities	8,461	2,016	(12,223)	(11,691)	(13,144)	(3,557)	(9,285)	(16,505)	(6,510)	(1,364)
Total district-wide net expense	<u>\$ (9,740,788)</u>	<u>\$ (9,375,359)</u>	<u>\$ (9,638,343)</u>	<u>\$ (9,879,980)</u>	<u>\$ (9,668,275)</u>	<u>\$ (9,469,214)</u>	<u>\$ (9,869,669)</u>	<u>\$ (9,869,601)</u>	<u>\$ (10,138,881)</u>	<u>\$ (9,649,807)</u>

Continued

Lebanon Township School District
Changes in Net Position, Last Ten Fiscal Years
(accrual basis of accounting)

Exhibit J-2

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General Revenues and Other Changes in Net Position										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,606,595	\$ 10,356,595	\$ 10,037,176	\$ 9,284,388	9,400,000	9,541,000	9,731,820	\$ 9,926,000	\$ 10,124,520	\$ 10,327,000
Investment earnings	17,062	23,643	12,714	16,521	15,209	14,833	24,367	64,277	82,721	60,734
Miscellaneous income	15,735	448	19,071	2,642	1,249	150,806	91,054	172,026	130,179	93,187
Transfers			(25,000)							
Total governmental activities	<u>10,639,392</u>	<u>10,380,686</u>	<u>10,043,961</u>	<u>9,303,551</u>	<u>9,416,458</u>	<u>9,706,639</u>	<u>9,847,241</u>	<u>10,162,303</u>	<u>10,337,420</u>	<u>10,480,921</u>
Business-type activities:										
Miscellaneous Income	261	46					2,911	6,818	-	-
Transfers			25,000							
Total business-type activities	<u>261</u>	<u>46</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,911</u>	<u>6,818</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 10,639,653</u>	<u>\$ 10,380,732</u>	<u>\$ 10,068,961</u>	<u>\$ 9,303,551</u>	<u>\$ 9,416,458</u>	<u>\$ 9,706,639</u>	<u>\$ 9,850,152</u>	<u>\$ 10,169,121</u>	<u>\$ 10,337,420</u>	<u>\$ 10,480,921</u>
Change in Net Position										
Governmental activities	\$ 890,143	\$ 1,003,311	\$ 417,841	\$ (564,738)	\$ (238,673)	\$ 240,982	\$ (13,143)	\$ 309,207	\$ 205,049	\$ 832,478
Business-type activities	8,722	2,062	12,777	(11,691)	(13,144)	(3,557)	(6,374)	(9,687)	(6,510)	(1,364)
Total district	<u>\$ 898,865</u>	<u>\$ 1,005,373</u>	<u>\$ 430,618</u>	<u>\$ (576,429)</u>	<u>\$ (251,817)</u>	<u>\$ 237,425</u>	<u>\$ (19,517)</u>	<u>\$ 299,520</u>	<u>\$ 198,539</u>	<u>\$ 831,114</u>

Source: CAFR Schedule A-2

**Lebanon Township School District
Fund Balances, Governmental Funds,
Last Ten Fiscal Years**
(modified accrual basis of accounting)

Exhibit J-3

	2011		2012		2013		2014		Fiscal Year Ending June 30,		2015		2016		2017		2018		2019		2020			
General Fund																								
Reserved	\$	3,072,700	\$	3,948,816	\$	4,098,094	\$	3,546,915	\$	3,298,118	\$	3,644,997	\$	4,338,809	\$	4,659,958	\$	4,641,974	\$	5,242,357				
Unreserved		385,114		382,176		280,728		249,267		261,089		245,624		103,046		73,949		95,428		106,243				
Total general fund	\$	<u>3,457,814</u>	\$	<u>4,330,992</u>	\$	<u>4,378,822</u>	\$	<u>3,796,182</u>	\$	<u>3,559,207</u>	\$	<u>3,890,621</u>	\$	<u>4,441,855</u>	\$	<u>4,733,907</u>	\$	<u>4,737,402</u>	\$	<u>5,348,600</u>				
All Other Governmental Funds																								
Reserved																								
Unreserved, reported in:																								
Special revenue fund																								
Capital projects fund																				\$	540,780	\$	689,100	
Debt service fund																								
Total all other governmental funds	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>540,780</u>	\$	<u>689,100</u>		

Source: CAFR Schedule B-1

**Lebanon Township School District
Changes in Fund Balances, Governmental Funds,
Last Ten Fiscal Years**

Exhibit J-4

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Tax levy	\$ 10,606,595	\$ 10,356,595	\$ 10,037,176	\$ 9,284,388	\$ 9,400,000	\$ 9,541,000	\$ 9,731,820	\$ 9,926,000	\$ 10,124,520	\$ 10,327,000
Tuition charges	49,300	103,100	127,367	111,100	131,710	297,748	242,462	255,547	512,220	570,926
Miscellaneous	69,070	61,171	64,107	100,899	86,450	176,140	115,421	236,303	236,657	175,906
State sources	2,963,212	3,259,742	3,463,915	3,534,880	3,722,394	3,888,967	3,930,218	4,004,041	4,243,256	4,152,667
Federal sources	262,912	278,115	184,958	170,663	182,059	186,725	178,772	178,431	213,165	208,676
Total revenue	13,951,089	14,058,723	13,877,523	13,201,930	13,522,613	14,090,580	14,198,693	14,600,322	15,329,818	15,435,175
Expenditures										
Instruction										
Regular Instruction	3,600,814	3,607,286	3,813,094	4,034,402	3,851,074	3,467,183	3,625,749	3,612,519	3,809,330	3,728,207
Special education instruction	1,239,095	1,348,439	1,438,200	1,501,049	1,458,580	1,520,152	1,650,527	1,700,093	1,828,260	1,793,901
Other special instruction	106,924	85,713	76,051	75,615	44,870	62,666	126,769	120,079	138,547	152,416
Other instruction	58,174	58,294	57,570	73,455	71,414	82,197	97,662	92,341	98,240	69,602
Support Services:										
Tuition	109,139	25,403	33,105	146,046	223,742	227,752	149,320	99,596	40,675	57,062
Student & instruction related services	1,343,897	1,249,400	1,237,957	1,391,350	1,589,078	1,529,618	1,373,252	1,578,914	1,712,132	1,635,902
School administrative services	309,418	315,754	281,078	297,086	276,638	320,862	503,607	400,459	412,681	415,589
Other administrative services	424,033	439,953	460,049	517,832	501,258	467,849	405,937	409,978	433,228	464,521
Plant operations and maintenance	1,114,043	1,026,254	1,039,681	1,121,332	1,007,351	984,523	914,511	830,467	1,012,738	1,125,100
Pupil transportation	670,448	641,285	548,118	496,555	573,254	558,435	551,316	545,247	545,197	492,206
Unallocated employee benefits	3,607,971	3,881,166	3,989,686	3,693,167	3,725,713	4,100,647	4,179,623	4,298,171	4,625,049	4,729,171
Special Revenue	292,809	232,700	215,747	190,769	188,806	197,226	-	-	-	-
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital Outlay	224,901	273,457	612,953	243,747	245,645	237,891	69,186	620,406	129,466	11,980
Debt service:										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	758	441	1,404	2,165	2,165	2,165	-	-	-	-
Transfer of funds to charter schools	12,361	-	-	-	-	-	-	-	-	-
Total expenditures	13,114,785	13,185,545	13,804,693	13,784,570	13,759,588	13,759,166	13,647,459	14,308,270	14,785,543	14,675,657
Excess (Deficiency) of revenues over (under) expenditures	836,304	873,178	72,830	(582,640)	(236,975)	331,414	551,234	292,052	544,275	759,518
Other Financing Sources (uses)										
Capital leases (non-budgeted)										
Bond proceeds										
Proceeds of refunding debt										
Payment to refunded debt escrow agent										
Transfers in									586,780	148,320
Transfers out			(25,000)		-	-	-	-	(586,780)	(148,320)
Total other financing sources (uses)	-	-	(25,000)	-	-	-	-	-	-	-
Net change in fund balances	\$ 836,304	\$ 873,178	\$ 47,830	\$ (582,640)	\$ (236,975)	\$ 331,414	\$ 551,234	\$ 292,052	\$ 544,275	\$ 759,518
Debt service as a percentage of noncapital expenditures	0.01%	0.00%	0.01%	0.02%	0.02%	0.02%	0.00%	0.00%	0.00%	0.00%

Source: CAFR Schedule B-2

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit J-5

GENERAL FUND OTHER LOCAL REVENUE BY SOURCE
LAST TEN FISCAL YEARS
UNAUDITED

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Shared</u> <u>Services</u>	<u>Miscellaneous</u>	<u>Total</u>
2011	\$ 17,062		\$ 6,367	\$ 49,300			\$ 15,744	\$ 88,473
2012	23,643	\$ 447	1,475	103,100			1	128,666
2013	12,714	19,000	1,533	127,367			71	160,685
2014	16,521	2,470	1,630	111,100			60,172	191,893
2015	15,209	570	1,445	131,710			62,179	211,113
2016	14,833	590	1,240	297,748			148,978	463,389
2017	24,367			242,462		\$ 86,750	2,026	355,605
2018	64,277			255,547		125,545	25,665	471,034
2019	82,721			512,220	\$ 23,757		113,624	732,322
2020	60,734			570,926	21,985	86,842	913	741,400

SOURCE: District Records

**Lebanon Township School District
Assessed Value and Actual Value of Taxable Property,
Last Ten Fiscal Years**

Exhibit J-6

<u>Fiscal Year Ended June 30,</u>	<u>Vacant Land</u>	<u>Residential</u>	<u>Farm Reg.</u>	<u>Ofarm</u>	<u>Commercial</u>	<u>Industrial</u>	<u>Apartment</u>	<u>Total Assessed Value</u>	<u>Less: Tax-Exempt Property</u>	<u>Public Utilities a</u>	<u>Net Valuation Taxable</u>	<u>Total Direct School Tax Rate b</u>	<u>Estimated Actual (County Equalized Value)</u>
2011	\$11,189,700	\$630,542,400	\$74,457,119	\$1,977,653	\$33,797,200	\$3,410,900	\$1,935,700	\$960,628,454	\$202,237,200	\$1,080,582	\$758,391,254	\$1.400	\$1,033,089,843
2012	10,509,500	621,168,900	75,978,600	2,066,637	33,645,100	3,410,900	1,935,700	928,129,058	178,186,900	1,226,821	749,942,158	1.380	966,420,307
2013	10,576,000	613,879,400	78,536,600	2,049,179	33,568,500	3,340,100	1,935,700	923,448,624	178,236,200	1,326,945	745,212,424	1.350	932,914,902
2014	9,484,500	606,741,700	78,980,056	2,038,683	34,324,900	3,340,100	1,912,400	915,640,670	178,730,800	87,531	736,909,870	1.260	890,310,342
2015	9,672,500	609,183,900	76,537,900	2,007,849	34,186,300	3,340,100	1,912,400	914,493,129	177,582,700	69,480	736,910,429	1.270	857,870,116
2016	9,509,700	617,692,700	71,112,500	1,976,112	34,982,300	3,340,100	1,912,400	919,091,088	178,497,000	68,276	740,594,088	1.288	876,546,441
2017	9,361,300	619,632,200	71,448,900	2,199,467	35,886,800	3,213,500	1,912,400	923,590,830	179,870,200	66,063	743,720,630	1.309	910,392,090
2018	9,125,600	617,929,600	73,487,117	2,204,744	37,264,300	3,213,500	1,912,400	925,377,675	180,174,500	65,914	745,203,175	1.332	913,566,518
2019	8,719,400	622,250,100	71,759,400	2,259,506	37,264,300	3,213,500	1,912,400	928,026,520	180,582,000	65,914	747,444,520	1.355	921,414,776
2020	8,385,645	624,970,400	71,452,100	2,039,600	36,291,100	3,213,500	1,912,400	930,627,622	182,296,963	65,914	748,330,659	1.380	918,059,086

Source: District records Tax list summary & Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each county board of taxation.

Reassessment occurs when ordered by the County Board of Taxation

a Taxable Value of Machinery, Implements and Equipment of Telephone, Telegraph and Messenger System Companies

b Tax rates are per \$100

**Lebanon Township School District
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years**

Exhibit J-7

(rate per \$100 of assessed value)

Fiscal Year Ended June 30,	Lebanon Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate ^a	General Obligation Debt Service ^b	Total Direct	Regional School District	Lebanon Township	Hunterdon County	
2011	\$1.400	\$0.000	\$1.400	\$0.690	\$0.100	\$0.470	\$2.660
2012	\$1.380	\$0.000	\$1.380	\$0.720	\$0.100	\$0.440	\$2.640
2013	\$1.350	\$0.000	\$1.350	\$0.700	\$0.110	\$0.440	\$2.600
2014	\$1.260	\$0.000	\$1.260	\$0.720	\$0.160	\$0.430	\$2.570
2015	\$1.270	\$0.000	\$1.270	\$0.670	\$0.180	\$0.430	\$2.550
2016	\$1.288	\$0.000	\$1.288	\$0.675	\$0.244	\$0.439	\$2.646
2017	\$1.309	\$0.000	\$1.309	\$0.716	\$0.290	\$0.453	\$2.768
2018	\$1.332	\$0.000	\$1.332	\$0.742	\$0.332	\$0.453	\$2.859
2019	\$1.355	\$0.000	\$1.355	\$0.774	\$0.357	\$0.463	\$2.949
2020	\$1.380	\$0.000	\$1.380	\$0.740	\$0.364	\$0.461	\$2.945

Source: District Records and Municipal Tax Collector

Note: NJSA 18A:7F-5d limits the amount that the district can submit for a general fund tax levy . The levy when added to other components of the district's net budget may not exceed the prebudget year net budget by more than the spending growth limitation calculated as follows: the prebudget year net budget increased by the cost of living or 2.5 percent, whichever is greater, plus any spending growth adjustments.

a The district's basic tax rate is calculated from the A4F form which is submitted with the budget and the Net valuation taxable.

b Rates for debt service are based on each year's requirements.

**Lebanon Township School District
Principal Property Tax Payers,
Current Year and Nine Years Ago**

Exhibit J-8

Taxpayer	2019			2009		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Columbia Gas Transmission Corp	\$ 3,916,300	1	0.53%	\$ 3,916,300	1	0.52%
JJM Realty Enterprises LLC	3,161,400	2	0.42%	-		
Individual Taxpayer #1	2,908,453	3	0.39%	-		
Trimmer Road Co LLC	2,455,589	4	0.33%	2,303,100	2	0.31%
Davara Industrial Center LLC	2,020,700	5	0.27%	1,948,100	3	0.26%
Individual Taxpayer #2	2,000,100	6	0.27%	2,334,500	4	0.31%
Eastern Concrete Materials Inc	1,750,000	7	0.23%	1,750,000	5	0.23%
Individual Taxpayer #3	1,361,000	8	0.18%	-		
Genon Rema NJ	1,311,400	9	0.18%	-		
Individual Taxpayer #4	1,276,602	10	0.17%	-		
Individual Taxpayer #5				1,710,737	6	0.23%
Individual Taxpayer #6				1,670,815	7	0.22%
Individual Taxpayer #7				1,620,575	8	0.22%
High Bridge Quartet				1,255,800	9	0.17%
Individual Taxpayer #8				1,252,200	10	0.17%
Total	<u>\$ 22,161,544</u>		<u>2.97%</u>	<u>\$ 19,762,127</u>		<u>2.64%</u>

Source: District CAFR & Municipal Tax Assessor

**Lebanon Township School District
Property Tax Levies and Collections,
Last Ten Fiscal Years**

Exhibit J-9

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2011	\$10,606,595	\$10,606,595	100.00%	-
2012	\$10,356,595	\$10,356,595	100.00%	-
2013	\$10,037,176	\$10,037,176	100.00%	-
2014	\$9,284,388	\$9,284,388	100.00%	-
2015	\$9,400,000	\$9,400,000	100.00%	-
2016	\$9,541,000	\$9,541,000	100.00%	-
2017	\$9,731,820	\$9,731,820	100.00%	-
2018	\$9,926,000	\$9,926,000	100.00%	-
2019	\$10,124,520	\$10,124,520	100.00%	-
2020	\$10,327,000	\$10,327,000	100.00%	-

Source: District records including the Certificate and Report of School Taxes (A4F form)

Note: School taxes are collected by the Municipal Tax Collector. Under New Jersey State Statute, a municipality is required to remit to the school district the entire property tax balance, in is the amount voted upon or certified prior to the end of the school year.

**Lebanon Township School District
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years**

Exhibit J-10

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Total District	Percentage of Personal Income ^a	Per Capita ^a
	General Obligation Bonds ^b	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases				
2011		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2012		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2013		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2014		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2015		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2016		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2017		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2018		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2019		-0-	-0-	-0-	-0-		0.00%	\$0.00	
2020		-0-	-0-	-0-	-0-		0.00%	\$0.00	

Source: District CAFR Schedules I-1, I-2

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

- a** See Exhibit NJ J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.
- b** Includes Early Retirement Incentive Plan (ERIP) refunding

Lebanon Township School District
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Exhibit J-11

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value ^a of Property	Per Capita ^b
2011		-0-	-	0.00%	-
2012		-0-	-	0.00%	-
2013		-0-	-	0.00%	-
2014		-0-	-	0.00%	-
2015		-0-	-	0.00%	-
2016		-0-	-	0.00%	-
2017		-0-	-	0.00%	-
2018		-0-	-	0.00%	-
2019		-0-	-	0.00%	-
2020		-0-	-	0.00%	-

Note: Details regarding the district's outstanding debt can be found in the notes to the financial statements.

a See Exhibit NJ J-6 for property tax data.

b Population data can be found in Exhibit NJ J-14.

R Revised

* Current data unavailable

**Lebanon Township School District
Ratios of Overlapping Governmental Activities Debt
As of June 30, 2020**

Exhibit J-12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable ^a</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Lebanon Township	\$ 2,425,218	100.00%	\$ 2,425,218
Other debt			
Hunterdon County	85,870,477	4.210%	<u>3,614,779</u>
Subtotal, overlapping debt			6,039,997
LEBANON TOWNSHIP School District Direct Debt			<u> </u>
Total direct and overlapping debt			<u><u>\$ 6,039,997</u></u>

Sources: Finance Officer, Hunterdon County Finance Office
and Utility Authorities

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the District. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the district. This process recognizes that, when considering the District's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping payment.

a For debt repaid with property taxes, the percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the district's boundaries and dividing it by each unit's total taxable value.

**Lebanon Township School District
Legal Debt Margin Information,
Last Ten Fiscal Years**

Exhibit J-13

Legal Debt Margin Calculation for Fiscal Year 2020

	Equalized valuation basis	
	2017	\$ 916,527,996
	2018	914,896,078
	2019	926,021,544
	[A]	<u>\$ 2,757,445,618</u>
Average equalized valuation of taxable property	[A/3]	\$ 919,148,539
Debt limit (3 % of average equalization value)	[B]	27,574,456
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	<u>\$ 27,574,456</u>

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Debt limit	\$ 30,900,772	\$ 29,397,436	\$ 28,119,540	\$ 26,938,057	\$ 26,286,099	\$ 26,341,652	\$ 26,859,556	\$ 27,303,793	\$ 27,409,820	\$ 27,574,456
Total net debt applicable to limit	<hr/>									
Legal debt margin	<u>\$ 30,900,772</u>	<u>\$ 29,397,436</u>	<u>\$ 28,119,540</u>	<u>\$ 26,938,057</u>	<u>\$ 26,286,099</u>	<u>\$ 26,341,652</u>	<u>\$ 26,859,556</u>	<u>\$ 27,303,793</u>	<u>\$ 27,409,820</u>	<u>\$ 27,574,456</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Abstract of Ratables and District Records CAFR Schedule J-7

a Limit set by NJSA 18A:24-19 for a K through 8 district; other % limits would be applicable for other districts

**Lebanon Township School District
Demographic and Economic Statistics
Last Ten Fiscal Years**

Exhibit J-14

<u>Year</u>	<u>Population^a</u>	<u>Personal Income (thousands of dollars)^b</u>	<u>Per Capita Personal Income^c</u>	<u>Unemployment Rate^d</u>
2011	6,324	\$ 454,486,221	\$71,945 R	12.4%
2012	6,291	\$ 472,436,902	\$75,238 R	12.4%
2013	6,248	\$ 467,875,400	\$75,067 R	6.3%
2014	6,210	\$ 486,949,312	\$78,652 R	4.8%
2015	6,187	\$ 499,995,822	\$81,057 R	4.4%
2016	6,163	\$ 512,311,779	\$83,645 R	4.1%
2017	6,127	\$ 529,924,680	\$84,958 R	3.7%
2018	6,118	\$ 528,712,434	\$89,610 R	3.8%
2019	6,105	\$ 527,240,421	\$89,610 *	3.0%
2020	6,081	\$ 544,918,410	\$89,610 *	*

Source:

^a Population information provided by the NJ Dept of Labor and Workforce Development

^b Personal Income provided by US Dept of Commerce

^c Per Capita provided by US Dept of Commerce

^d Unemployment data provided by the NJ Dept of Labor and Workforce Development

P =Projected

R =Revised

* Current data unavailable

Lebanon Township School District
Principal Employers,
Current Year and Nine Years Ago

Exhibit J-15

N/A

Employer	2020			2011		
	Employees	Rank (Optional)	Percentage of Total Employment	Employees	Rank (Optional)	Percentage of Total Employment
		1	0.00%			0.00%
		2	0.00%			0.00%
		3	0.00%			0.00%
		4	0.00%			0.00%
		5	0.00%			0.00%
		6	0.00%			0.00%
		7	0.00%			0.00%
		8	0.00%			0.00%
		9	0.00%			0.00%
		10	0.00%			0.00%
						0.00%
						0.00%
	-		0.00%	-		0.00%

Source:

No reliable information is available at the local or county level.

**Lebanon Township School District
Full-time Equivalent District Employees by Function/Program,
Last Ten Fiscal Years**

Exhibit J-16

<u>Function/Program</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Instruction										
Regular	54.5	56.2	53.8	53.8	52.5	50.7	48.0	49.0	44.6	43.6
Special Education	30.0	28.0	30.3	31.8	24.9	32.5	29.7	25.2	20.4	20.4
Other Special Education										
Other Instruction	1.8	1.0	1.1	1.1	0.6	0.5	0.0	0.0	0.0	0.0
Support Services:										
Student & Other Related Services	21.5	21.2	20.5	21.0	27.4	22.9	15.4	19.8	27.4	26.8
General administrative services	2.1	2.1	2.1	2.1	2.1	2.0	2.5	2.3	2.1	2.0
School administrative services	6.3	6.3	6.8	6.8	7.0	7.0	7.0	4.2	4.0	4.0
Business administrative services	1.8	1.8	1.8	1.8	2.0	2.0	1.5	1.4	1.4	2.4
Plant operations and maintenance	8.0	8.0	8.0	8.0	8.0	7.6	7.6	7.6	7.0	6.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.6
Total	126.0	124.6	124.4	126.4	124.5	125.2	111.7	110.1	107.5	105.8

Source: District Personnel Records

**Lebanon Township School District
Operating Statistics
Last Ten Fiscal Years**

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures ^a	Cost Per Pupil	Percentage Change	Teaching Staff ^b	Pupil/Teacher Ratio 1:		Average Daily Enrollment (ADE) ^c	Average Daily Attendance (ADA) ^c	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2011	767	\$12,889,126	16,805	-0.98%	70	10.93		763.8	731.2	-1.31%	95.73%
2012	734	\$12,911,647	17,591	4.68%	69	10.69		734.2	704.7	-3.88%	95.98%
2013	719	\$13,190,336	18,345	4.29%	67	10.78		709.9	677.0	-3.31%	95.37%
2014	729	\$13,538,658	18,572	1.23%	67	10.92		724.6	694.6	2.07%	95.86%
2015	698	\$13,511,778	19,358	4.23%	62	11.26		687.5	657.5	-5.12%	95.64%
2016	663	\$13,519,110	20,391	5.34%	62	10.66		659.5	631.1	-4.07%	95.69%
2017	630	\$13,578,273	21,553	5.70%	64	10.66		624.2	594.0	-5.35%	95.16%
2018	593	\$13,687,864	23,082	7.10%	62	9.56		590.5	565.0	-5.40%	95.68%
2019	638	\$14,656,077	22,972	-0.48%	62	10.29		626.5	597.6	6.10%	95.39%
2020	632	\$14,663,677	23,202	1.00%	64	9.875		623.8	604.2	-0.43%	96.86%

Sources: District records, ASSA and Schedules J-12, J-14

Note: Enrollment based on annual October district count.

- a Operating expenditures equal total expenditures less debt service and capital outlay; Schedule J-1
- b Teaching staff includes only full-time equivalents of certificated staff.
- c Average daily enrollment and average daily attendance are obtained from the School Register Summary (SRS).

**Lebanon Township School District
School Building Information
Last Ten Fiscal Years**

Exhibit J-18

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>District Building</u>										
<u>Valley View Elementary (1974)</u>										
Square Feet	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741
Capacity (students)	404	404	404	404	404	404	404	404	404	404
Enrollment	411	392	350	367	332	341	335	303	313	310
<u>Woodglen Middle School (1954)</u>										
Square Feet	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060
Capacity (students)	301	301	301	301	301	301	301	301	301	301
Enrollment	353	354	365	366	350	318	295	290	325	322

Number of Schools at June 30, 2020

Source: District records, ASSA

Elementary = 1
Middle School = 1

Note: Year of original construction is shown in parentheses. Increases in square footage and capacity are the result of renovations and additions. Enrollment is based on the annual October district count.

LEBANON TOWNSHIP SCHOOL DISTRICT
 GENERAL FUND
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES
 Last Ten Fiscal Years Ending June 30, 2020

Exhibit J-19

UNDISTRIBUTED EXPENDITURES - REQUIRED
 MAINTENANCE FOR SCHOOL FACILITIES
 11-000-261-xxx

<u>School Facilities</u>	<u>Project #</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>Total</u>
Valley View School	N/A	\$83,007	\$64,235	\$47,005	\$63,815	\$83,807	\$52,121	\$129,140	\$108,414	\$159,780	\$194,293	\$985,617
Woodglen School	N/A	53,069	47,973	46,010	55,174	71,328	154,311	114,521	96,141	141,692	172,297	952,516
Total School Facilities		136,076	112,208	93,015	118,989	155,135	206,432	243,661	204,555	301,472	366,590	1,938,133
Other Facilities		NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE
Grand Total		\$136,076	\$112,208	\$93,015	\$118,989	\$155,135	\$206,432	\$243,661	\$204,555	\$301,472	\$366,590	\$1,938,133

LEBANON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2020

UNAUDITED

Exhibit J-20

<u>POLICY TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>
SCHOOL PACKAGE POLICY - Educational Risk and Insurance Consortium:		
Property-Blanket Building and Contents	\$ 26,889,319	\$ 5,000
Comprehensive General Liability	11,000,000	
Comprehensive Automotive Liability	11,000,000	
Blanket Employee Dishonesty (per loss)	100,000	1,000
School Leaders Errors and Omissions Liability	11,000,000	5,000
PUBLIC EMPLOYEES' FAITHFUL PERFORMANCE		
BLANKET POSITION BOND - Selective Insurance Company		
Treasurer Position Bond	200,000	
Board Secretary/School Business Administrator Position	200,000	
WORKER'S COMPENSATION AND EMPLOYERS' LIABILITY -	Statutory	

SOURCE: District Records

Single Audit Section



ARDITO & COMPANY LLC

1110 Harrison Street, Suite C
 Frenchtown, New Jersey 08825-1192
 908-996-4711 Fax: 908-996-4688
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Independent Auditor's Report

The Honorable President and
 Members of the Board of Education
 Lebanon Township School District
 County of Hunterdon
 Califon, New Jersey 07830

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, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon Township School District Board of Education in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Lebanon Township School District Board of Education's basic financial statements, and have issued our report thereon dated December 9, 2020.

Internal Control Over Financial Reporting

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

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

-Continued-

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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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** or audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey.

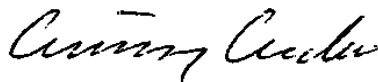
Purpose of this Report

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 for New Jersey Department of Education use, 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.



ARDITO & COMPANY LLC

December 9, 2020



Licensed Public School Accountant No.2369



ARDITO & COMPANY LLC

1110 Harrison Street, Suite C
 Frenchtown, New Jersey 08825-1192
 908-996-4711 Fax: 908-996-4688
 e-mail: anthony@arditoandcompany.com

Anthony Ardito, CPA, RMA, CMFO, PSA

Report on Compliance For Each Major Program and Report on Internal Control Over Compliance Required by New Jersey OMB circular 15-08

Independent Auditor's Report

The Honorable President and
 Members of the Board of Education
 Lebanon Township School District
 County of Hunterdon
 Califon, New Jersey 07830

Report on Compliance for Each Major State Program

We have audited the Lebanon Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2020. The Lebanon Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. 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; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

-Continued-

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major State Program

In our opinion, the Lebanon Township School District Board of Education 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 state programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Lebanon Township School District Board of Education is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with New Jersey OMB Circular 15-08, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Lebanon Township School District Board of Education's internal control over compliance.

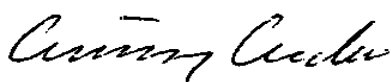
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state 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 state 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 state 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.



ARDITO & COMPANY LLC
December 9, 2020



Licensed Public School Accountant No.2369

LEBANON TOWNSHIP SCHOOL DISTRICT

K-3

Schedule of Expenditures of Federal Awards
for the Fiscal Year ended June 30, 2020

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2019	Carryover/ Walkover Amount	Cash Received	Budget Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2020			Cumulative Total Expenditures
					From	To							Accounts Receiv.	Deferred Revenue	Due to Grantor	
U.S. Dept. of Education Passed- Through State Dept. of Education: Special Revenue Fund:																
Title I	84.010	S010A190030	ESEA214019	\$ 15,528	7/1/19	6/30/20			\$ 10,800	\$ (10,800)			\$ (4,728)	\$ 4,728		\$ 10,800
Title I I Part A	84.367A	S367B190027	ESEA214019	7,968	7/1/19	6/30/20			3,600	(3,600)			(4,368)	4,368		3,600
Title I I I	84.365	S365A190030	ESEA214019	734	7/1/19	6/30/20				(734)			(734)			734
Title I V	84.358	S358B190030	ESEA214019	10,000	7/1/19	6/30/20			8,158	(10,000)			(1,842)			10,000
Total ESEA							-	-	22,558	(25,134)	-	-	(11,672)	9,096	-	25,134
Rural Education Achievement Program	84.358A	S358B190030	S358A191644	39,062	7/1/19	9/30/20			39,062	(39,062)						39,062
Total REAP							-	-	39,062	(39,062)	-	-	-	-	-	39,062
CARES Emergency Relief Grant	84.425D	S425B190030	COVID-19	12,500	3/13/20	9/30/22			-	(12,500)			(12,500)			12,500
Total CARES							-	-	-	(12,500)	-	-	(12,500)	-	-	12,500
I.D.E.A. Part B, Basic Regular	84.027	H027A190100	FT367519	141,397	7/1/19	6/30/20			141,397	(141,397)						141,397
I.D.E.A. Part B, Preschool	84.173A	H173A190114	FT367519	4,646	7/1/19	6/30/20			4,646	(4,646)						4,646
Special Education Cluster									146,043	(146,043)						146,043
Total Special Revenue Fund									207,663	(222,739)			(24,172)	9,096		222,739
U.S. Dept. of Agriculture Passed- Through State Dept. of Education: Enterprise Fund:																
Child Nutrition Cluster:																
National School Lunch Program (Food Distribution)	10.555	18NJ304N1099	N/A		7/1/14	6/30/19	\$ 1,180			(1,180)						1,180
National School Lunch Program (Food Distribution)	10.555	19NJ304N1099	N/A	6,768	7/1/15	6/30/20			6,768	(5,531)				1,237		5,531
National School Lunch Program	10.555	18NJ304N1099	N/A		7/1/14	6/30/19	(2,045)		2,045							
National School Lunch Program	10.555	19NJ304N1099	N/A	26,015	7/1/15	6/30/20			25,152	(26,015)			(863)			26,015
Total Enterprise Fund							(865)		33,965	(32,726)			(863)	1,237		32,726
TOTAL FEDERAL ASSISTANCE							\$ (865)		\$ 241,628	\$ (255,465)			\$ (25,035)	\$ 10,333		\$ 255,465

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.
Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

LEBANON TOWNSHIP SCHOOL DISTRICT

K-4

Schedule of Expenditures of State Financial Assistance
for the Fiscal Year ended June 30, 2020

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2019	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2020			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	TOTAL EXPEND.	
State Department of Education															
General Fund:															
Equalization Aid	20-495-034-5120-078	7/1/19-6/30/20	\$ 927,691			\$ 927,691	\$ (927,691)							* \$ 92,673	\$ 927,691
School Choice Aid	20-495-034-5120-068	7/1/19-6/30/20	328,698			328,698	(328,698)							* 32,836	328,698
Transportation Aid	20-495-034-5120-014	7/1/19-6/30/20	320,578			320,578	(320,578)							* 32,025	320,578
Special Education Aid	20-495-034-5120-089	7/1/19-6/30/20	448,913			448,913	(448,913)							* 44,845	448,913
Security Aid	20-495-034-5120-084	7/1/19-6/30/20	54,166			54,166	(54,166)							* 5,411	54,166
Non-Public Transportation Aid	20-100-034-5120-068	7/1/19-6/30/20	-			-	-							* -	-
Non-Public Transportation Aid	19-100-034-5120-068	7/1/18-6/30/19	4,640	\$ (4,640)		4,640								* -	4,640
Extraordinary Aid	19-495-034-5120-057	7/1/18-6/30/19	55,814	(55,814)		55,814								* -	55,814
Extraordinary Aid	20-495-034-5120-057	7/1/19-6/30/20	61,625				(61,625)			\$ (61,625)				* -	61,625
On-Behalf TPAF Pension	20-495-034-5094-002	7/1/19-6/30/20	1,146,973			1,146,973	(1,146,973)							* -	1,146,973
On-Behalf TPAF Pension PMR	20-495-034-5094-001	7/1/19-6/30/20	425,506			425,506	(425,506)							* -	425,506
On-Behalf TPAF Pension LTD Ins	20-495-034-5094-004	7/1/19-6/30/20	1,271			1,271	(1,271)							* -	1,271
Reimbursed TPAF Soc.Secur.Contrib.	20-495-034-5094-003	7/1/19-6/30/20	415,762	(19,654)		414,540	(415,762)			(20,876)				* -	415,762
Total General Fund				(80,108)	-	4,128,790	(4,131,183)	-	-	(82,501)	-	-	-	* 207,790	4,191,637
State Department of Agriculture:															
Enterprise Fund:															
Nat.School Lunch Prog.(State Share)	19-100-010-3350-023	7/1/18-6/30/19		(120)		120								* -	-
Nat.School Lunch Prog.(State Share)	20-100-010-3350-023	7/1/19-6/30/20	1,260			1,246	(1,260)			(14)				* -	1,260
Total Enterprise Fund				(120)		1,366	(1,260)			(14)				* -	1,260
Total State Financial Assistance				\$ (80,228)	-	\$ 4,130,156	\$ (4,132,443)	-	-	\$ (82,515)	-	-	-	* \$ 207,790	\$ 4,192,897

Less: On-behalf TPAF Pension Amounts
 On-Behalf TPAF Pension 1,146,973
 On-Behalf TPAF Pension PMR 425,506
 On-Behalf TPAF Pension LTD Ins 1,271

Total State Expenditures Subject to Major Program Determination \$ (2,558,693)

The accompanying Notes to Schedules of Expenditures of Awards and Financial Assistance are an integral part of this schedule.

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 1. GENERAL

The accompanying schedule of expenditures of state financial assistance includes state award activity of the Board of Education, Lebanon Township School District. The Board of Education is defined in Note 1 to the Board's basic financial statements. All state awards received directly from state agencies, as well as state financial assistance passed through other government agencies is included on the schedule of expenditure of state financial assistance.

NOTE 2. BASIS OF ACCOUNTING

The accompanying schedules of expenditures of awards and financial assistance are presented on the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Note 1 to the Board's basic financial statements. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on the modified accrual basis with the exception of the revenue recognition of the last state aid payment in the current budget year, which is mandated pursuant to *N.J.S.A. 18A:22-44.2*. For GAAP purposes, that payment is not recognized until the subsequent budget year due to the state deferral and recording of the last state aid payment in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. The special revenue fund also recognizes the last state aid payment in the current budget year, consistent with *N.J.S.A. 18A:22-4.2*.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$2,544 for the general fund and \$869 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:

LEBANON TOWNSHIP
SCHOOL DISTRICT

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NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE
JUNE 30, 2020

NOTE 3. (Continued)

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,152,667	\$ 4,152,667
Special Revenue Fund	\$ 208,676	-	208,676
Food Service Fund	<u>32,727</u>	<u>1,260</u>	<u>33,987</u>
Total Financial Assistance	<u>\$ 241,403</u>	<u>\$ 4,153,927</u>	<u>\$ 4,395,330</u>

NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS

Amounts reported in the accompanying schedules agree with the amounts reported in the related state financial reports.

NOTE 5. OTHER

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2020. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2020.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results

Financial Statement Section

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

1) Material weakness(es) identified? ___ Yes No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes None Reported

Noncompliance material to financial statements noted? ___ Yes No

Federal Awards

Not Applicable

Internal control over major programs:

1) Material weakness(es) identified? ___ Yes ___ No

2) Were significant deficiencies identified that were not considered to be material weaknesses? ___ Yes ___ None

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 section .516(a) of ? ___ Yes ___ No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>FEIN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
N/A		

Dollar threshold used to distinguish between Type A and Type B programs: N/A

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

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section I - Summary of Auditor's Results-(Continued)

State Financial Assistance Section

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

Auditee qualified as low-risk auditee? x yes no

Internal Control over major programs:
1) Material weakness(es) identified? yes x no

2) Were significant deficiencies identified that were not considered to be material weaknesses? yes x none

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

Any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular letter 15-08 as applicable? yes x no

Identification of major programs:

State Grant/Project Number(s)

Name of State Program

20-495-034-5120-078

State Aid Cluster

20-495-034-5094-003

TPAF Reimbursed Soc. Sec. Aid

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

Section II-Financial Statement Findings

None

There were no matters of noncompliance or reportable conditions noted, that are required to be reported in accordance with *Government Auditing Standards*.

Section III - State Financial Assistance Findings and Questioned Costs

None

This section identifies audit findings required to be reported by NJOMB Circular Letter 15-08, as applicable. There were no state financial assistance findings or questioned costs that are required to be reported in accordance with NJOMB Circular 15-08.

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

STATUS OF PRIOR YEAR FINDINGS

In accordance with *government auditing standards*, our procedures included a review of all prior year recommendations. There were no prior year financial statement or state financial assistance findings.