

LEBANON BOROUGH SCHOOL DISTRICT

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2021

**Responsibility of the Management of
Lebanon Borough School District
Hunterdon County, New Jersey**



LEBANON BOROUGH SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
Introduction Section	
Letter of Transmittal	1 - 4
Organizational Chart	5
Roster of Officials	6
Consultants and Advisors	7
Financial Section	
Independent Auditors' Report	8 - 10
Required Supplementary Information - Part I	
Management's Discussion and Analysis	11 - 18
Basic Financial Statements	
A. District-Wide Financial Statements	
A-1 Statement of Net Position	19
A-2 Statement of Activities	20
B. Fund Financial Statements	
Governmental Funds	
B-1 Balance Sheet	21 - 22
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	23 - 24
B-3 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	25
Proprietary Funds	
B-4 Combining Statement of Net Position	26
B-5 Combining Statement of Revenues, Expenses, and Changes in Net Position	27
B-6 Combining Statement of Cash Flows	28
Fiduciary Funds	
B-7 Statement of Net Position	N/A
B-8 Statement of Changes in Net Position	N/A
Notes to the Financial Statements	29 - 64

LEBANON BOROUGH SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (continued)

	<u>Page</u>
Required Supplementary Information - Part II	
C. Budgetary Comparison Schedules	
C-1 General Fund - Budgetary Comparison Schedule	65 - 70
C-1a Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	N/A
C-1b Community Development Block Grant - Budget and Actual	N/A
C-2 Special Revenue Fund - Budgetary Comparison Schedule	71
Notes to the Required Supplementary Information - Part II	
C-3 Budget-to-GAAP Reconciliation	72
Required Supplementary Information - Part III	
L. Schedules Related to Accounting and Reporting for Pensions (GASB 68)	
L-1 Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System	73
L-2 Schedule of District's Contribution - Public Employees Retirement System	74
L-3 Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund	75
L-4 Schedule of District's Contribution - Teacher's Pension and Annuity Fund	76
M. Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits (GASB 75)	
M-1 Schedule of the District's Proportionate Share of the Net Other Postemployment Employee Benefits Liability	77
Notes to the Required Supplementary Information - Part III	78

LEBANON BOROUGH SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (continued)

	<u>Page</u>
Other Supplementary Information	
D. School Based Budget Schedules	N/A
Combining and Individual Non-Major Fund Financial Statements	
E. Special Revenue Fund	
E-1 Combining Schedule of Revenues and Expenditures - Budgetary Basis	79
E-2 Schedule of Preschool Education Aid Expenditure	N/A
F. Capital Projects Fund	
F-1 Summary Schedule of Project Expenditures	N/A
F-2 Summary Schedule of Revenues, Expenditures and Changes in Fund Balance - Budgetary Basis	N/A
F-2a Schedule of Project Revenues, Expenditures, Project Balance and Project Status - Budgetary Basis	N/A
G. Proprietary Funds	
G-1 Statement of Net Position	N/A
G-2 Statement of Revenues, Expenses and Changes in Fund Net Position	N/A
G-3 Statement of Cash Flows	N/A
H. Fiduciary Funds	N/A
I. Long-Term Debt	
I-1 Schedule of Serial Bonds	N/A
I-2 Schedule of Obligations under Capital Leases	N/A
I-3 Debt Service Fund - Budgetary Comparison Schedule	N/A
J. Statistical Section	
J-1 Net Position by Component	80
J-2 Changes in Net Position	81 - 83
J-3 Fund Balances - Governmental Funds	84
J-4 Changes in Fund Balances - Governmental Funds	85 - 86
J-5 General Fund - Other Local Revenues by Source	87
J-6 Assessed Value and Actual Value of Taxable Property	88
J-7 Direct and Overlapping Property Tax Rates	89
J-8 Principal Property Taxpayers	90
J-9 Property Tax Levies and Collections	91

LEBANON BOROUGH SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2021

TABLE OF CONTENTS (continued)

Statistical Section	<u>Page</u>
J. Statistical Section	
J-10 Ratios of Outstanding Debt by Type	92
J-11 Ratios of General Bonded Debt Outstanding	93
J-12 Direct and Overlapping Governmental Activities Debt	94
J-13 Legal Debt Margin Information	95
J-14 Demographic and Economic Statistics	96
J-15 Principal Employers	97
J-16 Full Time Equivalent District Employees by Function/Program	98
J-17 Operating Statistics	99
J-18 School Building Information	100
J-19 Schedule of Required Maintenance Expenditures by School Facility	101
J-20 Insurance Schedule	102
 Single Audit Section	
K. Single Audit Section	
K-1 Independent Auditors' 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	103 - 104
K-2 Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance of New Jersey OMB Circular Letter 15-08	N/A
K-3 Schedule of Expenditures of Federal Awards - Schedule A	105
K-4 Schedule of Expenditures State Financial Assistance - Schedule B	106
K-5 Notes to the Schedules of Awards and Financial Assistance	107 - 108
K-6 Schedule of Findings and Questioned Costs - Section I	109 - 111
K-7 Summary Schedule of Prior Audit Findings	112

Lebanon Borough School District

6 Maple Street
Lebanon, New Jersey 08833

Bruce Arcurio
Chief School Administrator

Patricia Duell
School Business Administrator

February 23, 2022

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Lebanon Borough School District for the fiscal year ended June 30, 2021 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 Annual Comprehensive 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 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 Guidelines) and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. 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:

Lebanon Borough School District is an independent reporting entity within the criteria adopted by the GASB as established by Statement No. 14. All funds of the District are included in this report. The Lebanon Borough Board of Education and its school constitute the District's reporting entity.

The District provides a full range of educational services appropriate to grade levels Pre-K through six. Students in grade levels seven and eight attend Clinton Township Middle School on a tuition basis. These include regular, as well as special education for handicapped youngsters. The District completed the 2020/21 fiscal year with an enrollment of 95 students, which is fewer than the prior year finish. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	<u>Average Daily Enrollment</u> Student Enrollment	Percent Change
2020-21	96.8	(7.9%)
2019-20	105.2	(1.1%)
2018-19	106.4	(3.1%)
2017-18	109.8	6.9%
2016-17	102.7	5.0%
2015-16	97.8	5.8%
2014-15	92.4	1.6%
2013-14	91.0	19.7%
2012-13	76.0	(7.4%)
2011-12	82.1	9.6%

2) ECONOMIC CONDITION AND OUTLOOK:

Lebanon Borough is an established community and has a fairly stable population and a small transient population due to the availability of attractive rentals in the town. The prosperity of the town will continue.

3) MAJOR INITIATIVES:

- Continued focus on safety and security improvements has been a hallmark of the LBS School community.
- Implementation of the New Jersey Learning Standards and their inclusion in the curriculum has yielded gains in standardized testing in ELA, Mathematics, and Science.
- All students receive instruction in the following areas by teacher specialists: Art, Gifted and Talented/Enrichment, Music, Technology, and World Languages.
- Small class size allows staff to individualize classroom instruction.
- Basic skills instruction is provided with a certified teacher trained in addressing struggling readers and math students.
- Special education services are provided by certified teachers both in pull-out and push-in settings. Additionally, paraprofessionals support students in both settings.
- Staff development is provided for all professional staff to address academic, technology, and social/emotional issues.
- Our staff focuses on character development through our work with the Positive Behavioral Supports in Schools (PBSIS) model that originated at Rutgers University.
- The district has a 1 to 1 Chromebook environment that is supported through Instruction using Promethean Boards. Technology is continually reviewed and hardware, software, and subscription services are updated regularly.

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 cost 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 also is 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 budget 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 in the capital projects fund. 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 are reported as reservations of fund balance on June 30, 2021.

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) FINANCIAL INFORMATION AT FISCAL YEAR-END:

As demonstrated by the various statements and schedules included in the financial section of this report, the District continues to meet its responsibility for sound financial management.

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, Notes 1 and 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, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. The accounting firm of BKC, CPAs, PC was selected by the Board of Education. In addition to meeting the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's 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) ACKNOWLEDGMENTS:

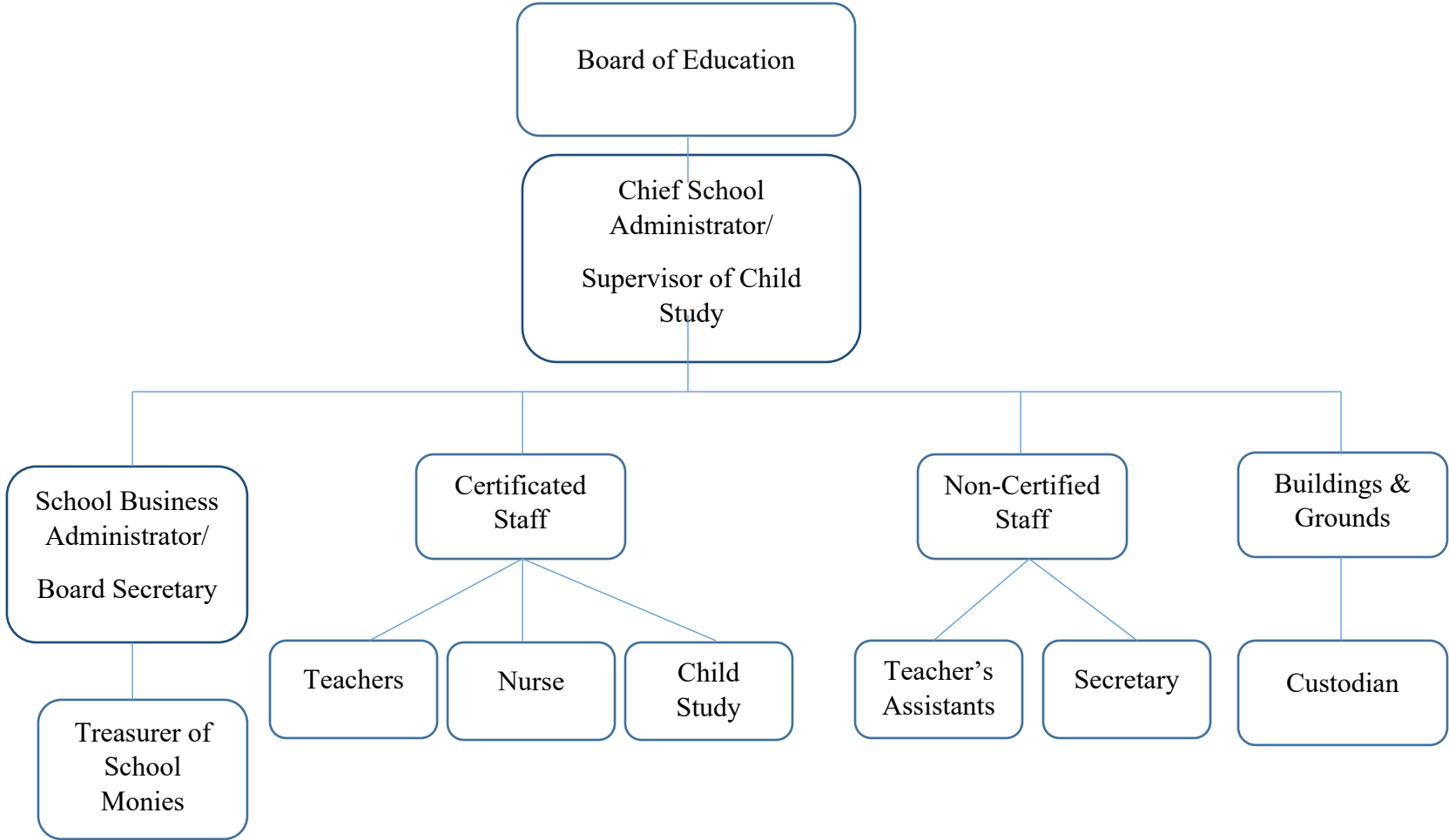
We would like to express our appreciation to the members of the Lebanon Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial 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,



Patricia Duell
School Business Administrator/Board Secretary

Lebanon Borough School District
Organizational Chart



LEBANON BOROUGH BOARD OF EDUCATION
Roster of Officials
June 30, 2021

<u>Name</u>	<u>Term Expires</u>
Daniel Elwell, President	2021
Jacklyn Carruthers, Vice President	2021
David Abeles	2022
Danielle Nugent	2022
Vacant	

Other District Officials

Mr. Bruce Arcurio, Chief School Administrator
Mrs. Patricia Duell, School Business Administrator/Board Secretary
Mrs. Cheryl Zarra, Treasurer of School Monies
Comegno Law Group, Board Attorney

LEBANON BOROUGH BOARD OF EDUCATION
Consultants and Advisors
June 30, 2021

Audit Firm

BKC, CPAs, PC
39 State Route 12, Ste 2
Flemington, NJ 08822

Architect

Gianforcaro Architects, Engineers & Planners
55 East Main St., Suite 1
Chester, NJ 07930

Attorney

Comegno Law Group
521 Pleasant Valley Ave.
Moorestown, NJ 08057

Official Depository

Investor's Savings Bank
55 Old Highway 22 #4
Clinton, NJ 08809



Certified Public Accountants, PC
www.bkc-cpa.com

Independent Auditors' Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon Borough School District (the District) in the County of Hunterdon, as of and for the fiscal year ended June 30, 2021, 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.

Auditors' Responsibility

Our responsibility is to express an opinion 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 from 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. In making those risk assessments, the auditor considers internal control relevant to the District'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 District'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 the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon Borough School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

The District adopted new accounting guidance as promulgated by GASB Statement No. 84, *Fiduciary Activities*. 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 Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's basic financial statements. The introduction section, combining and individual fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, Single Audit Policy for Recipients of Federal Grants, State

Grants and State Aid are also not a required part of the basic financial statements. The combining and individual non-major fund financial statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance 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 statements, Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The Introduction and Statistical sections have not been subject 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 it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated, February 23, 2022, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

February 23, 2022
Flemington, New Jersey

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The discussion and analysis of Lebanon Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2021. 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 statement and financial statement to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2021 are as follows:

- In total, net position increased \$31,817 which represents a 1.56% increase from fiscal year 2020.
- General revenues accounted for \$4,396,346 in revenue or 98.51% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$66,496 or 1.49% to total revenues of \$4,462,842.
- Total assets of governmental activities increased by \$12,814 as cash and cash equivalents increased by \$53,091, receivables increased by \$19,583 and capital assets decreased by \$59,860.
- The School District had \$4,431,025 in expenses; only \$66,496 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were \$4,396,346.
- Among major funds, the general fund had \$3,638,088 in revenues and \$3,545,589 in expenditures and other financing uses. The general fund's balance increased \$92,499 over 2020.

Using this Annual Comprehensive Financial Report (ACFR)

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 Borough 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 Borough School District, the general fund is by far the most significant fund.

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
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 fiscal year 2021?" 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 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 net position. 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. Non-financial 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 reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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.

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 measure and report the operating results by measuring cash on hand and other assets that can be easily 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

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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

Table 1 provides a summary of the District's net position at June 30, 2021 with comparisons to June 30, 2020.

Table 1
Net Position

	Fiscal Year Ended		Variance	
	06/30/21	06/30/20	Dollars	%
Assets				
Current and other assets	\$ 982,307	\$ 909,633	\$ 72,674	7.99%
Capital assets	1,730,047	1,790,167	(60,120)	-3.36%
Total assets	<u>2,712,354</u>	<u>2,699,800</u>	<u>12,554</u>	0.46%
Deferred outflows of resources				
Deferred amount on pension activity	200,524	233,473	(32,949)	-14.11%
Liabilities				
Long-term liabilities	533,755	539,362	(5,607)	-1.04%
Other liabilities	53,394	73,355	(19,961)	-27.21%
Total liabilities	<u>587,149</u>	<u>612,717</u>	<u>(25,568)</u>	-4.17%
Deferred outflows of resources				
Deferred amount on pension activity	253,796	280,440	(26,644)	-9.50%
Net position				
Net investment in capital assets	1,730,047	1,790,167	(60,120)	-3.36%
Restricted	637,629	573,808	63,821	11.12%
Unrestricted	(295,743)	(323,859)	28,116	8.68%
Total net position	<u>\$ 2,071,933</u>	<u>\$ 2,040,116</u>	<u>\$ 31,817</u>	1.56%

Total assets increased \$12,554. Cash and cash equivalents increased by \$53,091, receivables increased by \$19,583 and capital assets decreased by \$60,120. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School District, increased by \$28,116.

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

The negative balance in unrestricted net position is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68 *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 provides a summary of the District's changes in net position in the fiscal year 2021 with comparisons to fiscal year 2020.

Table 2
Changes in Net Position

	Fiscal Year Ended		Variance	
	06/30/21	06/30/20	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 16,131	\$ 16,755	\$ (624)	-3.72%
Operating grants	50,365	54,687	(4,322)	-7.90%
General revenues				
Property taxes	2,885,521	2,828,942	56,579	2.00%
Unrestricted grants	1,503,260	984,396	518,864	52.71%
Other	7,565	8,973	(1,408)	-15.69%
Total revenues	<u>4,462,842</u>	<u>3,893,753</u>	<u>569,089</u>	14.62%
Program expenses				
Instruction				
Regular	1,762,571	1,402,236	360,335	25.70%
Special	396,063	378,123	17,940	4.74%
Other	171,311	161,084	10,227	6.35%
Support services				
Tuition	655,487	594,490	60,997	10.26%
Student and instructional staff	699,628	631,302	68,326	10.82%
General and business administration	351,806	363,637	(11,831)	-3.25%
School administration	3,555	4,814	(1,259)	-26.15%
Maintenance	265,744	229,716	36,028	15.68%
Transportation	124,600	161,831	(37,231)	-23.01%
Milk service	260	358	(98)	-27.37%
Childcare	-	1,555	(1,555)	-100.00%
Total expenses	<u>4,431,025</u>	<u>3,929,146</u>	<u>501,879</u>	12.77%
Increase (decrease) in net position	<u>\$ 31,817</u>	<u>\$ (35,393)</u>	<u>\$ 67,210</u>	189.90%

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Governmental Activities

Property taxes made up 64.66% of revenues for governmental activities for the Lebanon Borough School District for fiscal year 2021. The Board of Education and School Administrators work diligently to provide a through and efficient education to the students of Lebanon Borough School District within the constraints of laws governing school district operations.

Instruction and student support services comprise 83.16 percent of District expenses. Administration, Buildings and Grounds maintenance and other employer related expenses account for the remaining 16.84 percent.

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. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to fiscal year 2020 have been made.

Table 3 provides a summary of the School District's cost of governmental and business type services in 2020 and 2021.

Table 3
Cost of Governmental and Business Type Services

	Total Cost of Services		Net Cost of Services	
	06/30/21	06/30/20	06/30/21	06/30/20
Instruction	\$2,329,945	\$1,941,443	\$2,269,804	\$1,894,670
Support services				
Tuition	655,487	594,490	653,606	594,490
Student and instructional staff	699,628	631,302	695,274	607,063
General and business administration	351,806	363,637	351,806	363,637
School administration	3,555	4,814	3,555	4,814
Plant operations and maintenance	265,744	229,716	265,624	229,596
Pupil transportation	124,600	161,831	124,600	161,831
Business type services				
Milk service	260	358	260	48
Childcare	-	1,555	-	1,555
Total expenses	<u>\$4,431,025</u>	<u>\$3,929,146</u>	<u>\$4,364,529</u>	<u>\$3,857,704</u>

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.

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

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.

Extracurricular activities include expenses related to student activities provided by the School District which are designed to provide opportunities for students to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

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

The dependence upon tax revenues is apparent. For all activities local tax revenue support is 72.65%. The community, as a whole, is the primary support of the Lebanon Borough School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$3,688,589; expenditures of \$3,595,954. The net positive change in fund balance for all major funds was \$92,635.

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 year 2021, 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 was \$3,141,388 or \$30,604 above original budgeted estimates of \$3,110,784. This difference was due primarily to an increase extraordinary special education costs state aid and miscellaneous income offset by a decrease in tuition income.

The general fund revenues and other financing sources of the School District was higher than expenditures and other financing uses by approximately \$92,632.

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Capital Assets

At the end of the fiscal year 2021, the School District had \$1,730,047 invested in land, buildings, furniture and equipment.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2021 with comparisons to June 30, 2020.

Table 4
Capital Assets at Year-end
(Net of Depreciation)

	Fiscal Year Ended		Variance	
	06/30/21	06/30/20	Dollars	%
Land	\$ 10,503	\$ 10,503	\$ -	-
Construction in progress	7,501	8,395	(894)	-10.65%
Buildings and improvements	1,626,692	1,710,458	(83,766)	-4.90%
Furniture and equipment	85,351	60,811	24,540	40.35%
Total	<u>\$ 1,730,047</u>	<u>\$ 1,790,167</u>	<u>\$ (60,120)</u>	-3.36%

Overall, capital assets decreased \$60,120 from fiscal year 2020 to fiscal year 2021. Increases in capital acquisitions were offset by depreciation expenses during the fiscal year.

Debt Administration

At June 30, 2021, the School District had \$533,755 of long-term liabilities consisting of compensated absences and PERS net pension liability.

At June 30, 2021, the School District's overall legal debt margin was \$8,596,884 and the unvoted debt margin was \$8,596,884.

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2021
Unaudited

Table 5 provides a summary of the District's long-term liabilities at June 30, 2021 with comparisons to June 30, 2020.

Table 5
Long-term Liabilities at Year-End

	Year Ended		Variance	
	6/30/21	6/30/20	Dollars	%
PERS net pension liability	\$ 446,700	\$ 460,972	\$ (14,272)	-3.10%
Compensated absences	87,055	78,390	8,665	11.05%
Total	<u>\$ 533,755</u>	<u>\$ 539,362</u>	<u>\$ (5,607)</u>	-1.04%

For the Future

The Lebanon Borough School District is in good financial condition presently. A major concern is the increased reliance on local property taxes. Future finances are not without challenges as expenses continue to grow and state funding is stagnant.

Lebanon Borough School District is primarily a residential community, with very few ratables; thus, the tax burden is focused on homeowners. During the budget process in the Spring, it was a concern to the Administration and Board of Education how future budgets would be financed; therefore, Board and Administration continually review all costs centers in the District.

In conclusion, the Lebanon Borough 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 any questions about this report or need additional information contact Patricia Duell, School Business Administrator at tduell@lebanonschool.org.

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 BOROUGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2021

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 447,538	\$ 1,672	\$ 449,210
Receivables, net	42,068	-	42,068
Restricted assets			
Capital reserve account - cash	220,207	-	220,207
Emergency reserve account - cash	129,227	-	129,227
Maintenance reserve account - cash	140,229	-	140,229
Student activities account - cash	1,366	-	1,366
Capital assets, net			
Land	10,503	-	10,503
Construction in progress	7,501	-	7,501
Other capital assets, net of depreciation	1,710,615	1,428	1,712,043
Total assets	<u>2,709,254</u>	<u>3,100</u>	<u>2,712,354</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>200,524</u>	<u>-</u>	<u>200,524</u>
Liabilities			
Accounts payable	52,610	-	52,610
Payroll deductions and withholdings payable	784	-	784
Long-term liabilities			
Due within one year	<u>533,755</u>	<u>-</u>	<u>533,755</u>
Total liabilities	<u>587,149</u>	<u>-</u>	<u>587,149</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>253,796</u>	<u>-</u>	<u>253,796</u>
Net position			
Net investment in capital assets	1,728,619	1,428	1,730,047
Restricted for			
Capital reserve	220,207	-	220,207
Emergency reserve	129,227	-	129,227
Maintenance reserve	140,229	-	140,229
Tuition reserve	146,600	-	146,600
Student activities	1,366	-	1,366
Unrestricted	<u>(297,415)</u>	<u>1,672</u>	<u>(295,743)</u>
Total net position	<u>\$ 2,068,833</u>	<u>\$ 3,100</u>	<u>\$ 2,071,933</u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2021

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 994,474	\$ 768,097	\$ 15,875	\$ 9,625	\$ -	\$ (1,737,071)	\$ -	\$ (1,737,071)
Special education	213,825	182,238	-	34,641	-	(361,422)	-	(361,422)
Other special education	95,660	74,188	-	-	-	(169,848)	-	(169,848)
Other instruction	1,400	63	-	-	-	(1,463)	-	(1,463)
Support services								
Tuition	655,487	-	-	1,881	-	(653,606)	-	(653,606)
Students & instruction related services	434,985	264,643	136	4,218	-	(695,274)	-	(695,274)
General & business administration services	198,914	152,892	-	-	-	(351,806)	-	(351,806)
School administration services	3,190	365	-	-	-	(3,555)	-	(3,555)
Plant operations & maintenance	223,452	42,292	120	-	-	(265,624)	-	(265,624)
Pupil transportation	124,600	-	-	-	-	(124,600)	-	(124,600)
Total governmental activities	<u>2,945,987</u>	<u>1,484,778</u>	<u>16,131</u>	<u>50,365</u>	<u>-</u>	<u>(4,364,269)</u>	<u>-</u>	<u>(4,364,269)</u>
Business-type activities								
Milk service	260	-	-	-	-	-	(260)	(260)
Total business-type activities	<u>260</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(260)</u>	<u>(260)</u>
Total primary government	<u>\$ 2,946,247</u>	<u>\$ 1,484,778</u>	<u>\$ 16,131</u>	<u>\$ 50,365</u>	<u>\$ -</u>	<u>(4,364,269)</u>	<u>(260)</u>	<u>(4,364,529)</u>
General revenues, special items and transfers								
Property taxes levied for general purposes						2,885,521	-	2,885,521
Federal and state aid not restricted						1,503,260	-	1,503,260
Investment earnings						241	-	241
Miscellaneous income						7,324	-	7,324
Total general revenues, special items and transfers						<u>4,396,346</u>	<u>-</u>	<u>4,396,346</u>
Change in net position						32,077	(260)	31,817
Net position - beginning (as restated)						2,036,756	3,360	2,040,116
Net position - ending						<u>\$ 2,068,833</u>	<u>\$ 3,100</u>	<u>\$ 2,071,933</u>

See accompanying notes to financial statements.

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 BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 447,538	\$ -	\$ -	\$ -	\$ 447,538
Due from other funds	10,641	-	-	-	10,641
Receivables from other governments					
Federal	-	10,641	-	-	10,641
State	31,427	-	-	-	31,427
Restricted cash and cash equivalents	489,663	1,366	-	-	491,029
Total assets	<u>\$ 979,269</u>	<u>\$ 12,007</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 991,276</u>
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 10,641	\$ -	\$ -	\$ 10,641
Accounts payable	52,610	-	-	-	52,610
Payroll deductions and withholdings payable	784	-	-	-	784
Total liabilities	<u>53,394</u>	<u>10,641</u>	<u>-</u>	<u>-</u>	<u>64,035</u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2021

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Capital reserve	\$ 220,207	\$ -	\$ -	\$ -	\$ 220,207
Emergency reserve	129,227	-	-	-	129,227
Maintenance reserve	140,229	-	-	-	140,229
Tuition reserve	146,600	-	-	-	146,600
Student activities	-	1,366	-	-	1,366
Committed fund balance					
Year-end encumbrances	32,998	-	-	-	32,998
Unassigned fund balance	256,614	-	-	-	256,614
Total fund balances	925,875	1,366	-	-	927,241
 Total liabilities and fund balances	 \$ 979,269	 \$ 12,007	 \$ -	 \$ -	

Amounts reported for governmental activities in the Statement of Net Position (A-1) are different because:

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,675,275 and the accumulated depreciation is \$1,946,656.	1,728,619
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(53,272)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(533,755)
Total net position of governmental activities	\$ 2,068,833

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 2,885,521	\$ -	\$ -	\$ -	\$ 2,885,521
Tuition charges	15,875	-	-	-	15,875
Interest earned on emergency expense reserve funds	32	-	-	-	32
Interest earned on capital reserve funds	54	-	-	-	54
Interest earned on investments	155	-	-	-	155
Miscellaneous	7,444	5,816	-	-	13,260
Total local sources	2,909,081	5,816	-	-	2,914,897
State sources	729,007	-	-	-	729,007
Federal sources	-	44,685	-	-	44,685
Total revenues	3,638,088	50,501	-	-	3,688,589
Expenditures					
Current					
Instructional					
Regular instruction	992,974	1,500	-	-	994,474
Special education instruction	179,184	34,641	-	-	213,825
Other special instruction	95,660	-	-	-	95,660
Other instruction	1,400	-	-	-	1,400
Support service & undistributed costs					
Tuition	653,606	1,881	-	-	655,487
Student & instruction related services	430,767	4,218	-	-	434,985
General & business administrative services	198,914	-	-	-	198,914
School administrative services	3,190	-	-	-	3,190
Plant operations & maintenance	223,452	-	-	-	223,452
Pupil transportation	124,600	-	-	-	124,600

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2021

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures					
Current (continued)					
Support service & undistributed costs (continued)					
Unallocated benefits	\$ 612,867	\$ -	\$ -	\$ -	\$ 612,867
Capital outlay	28,975	8,125	-	-	37,100
Total expenditures	<u>3,545,589</u>	<u>50,365</u>	<u>-</u>	<u>-</u>	<u>3,595,954</u>
Excess (deficit) of revenues over (under) expenditures	92,499	136	-	-	92,635
Fund balances, July 1 (as restated)	<u>833,376</u>	<u>1,230</u>	<u>-</u>	<u>-</u>	<u>834,606</u>
Fund balances, June 30	<u>\$ 925,875</u>	<u>\$ 1,366</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 927,241</u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021

Total net changes in fund balances - governmental fund (from B-2)	\$	92,635
<p>Amounts reported for governmental activities in the Statement of Activities (A-2) are different because:</p> <p>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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:</p>		
Capital outlays	\$	37,100
Depreciation expense	<u>(96,960)</u>	<u>(59,860)</u>
<p>Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.</p>		
		7,967
<p>In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.</p>		
		<u>(8,665)</u>
Change in net position of governmental activities	\$	<u><u>32,077</u></u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2021

	Milk Service Fund	Childcare Program	Total
Assets			
Current assets			
Cash and cash equivalents	\$ 1,668	\$ 4	\$ 1,672
Noncurrent assets			
Capital assets	41,879	-	41,879
Less: accumulated depreciation	(40,451)	-	(40,451)
Total noncurrent assets	1,428	-	1,428
Total assets	3,096	4	3,100
Net position			
Invested in capital assets, net of related debt	1,428	-	1,428
Unrestricted	1,668	4	1,672
Total net position	\$ 3,096	\$ 4	\$ 3,100

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2021

	Milk Service Fund	Childcare Program	Total
Operating expenses			
Depreciation	\$ 260	\$ -	\$ 260
Operating income (loss)	(260)	-	(260)
Net position, beginning	3,356	4	3,360
Net position, ending	\$ 3,096	\$ 4	\$ 3,100

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flow
For the Fiscal Year Ended June 30, 2021

	Milk Service Fund	Childcare Program	Total
Cash and cash equivalents, July 1	\$ 1,668	\$ 4	\$ 1,672
Cash and cash equivalents, June 30	\$ 1,668	\$ 4	\$ 1,672
Reconciliation of operating loss to net cash provided by (used for) operating activities			
Operating income (loss)	\$ (260)	\$ -	\$ (260)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	260	-	260
Net cash provided by (used for) operating activities	\$ -	\$ -	\$ -

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

The financial statements of the Lebanon Borough School District (the District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to local 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 accounting policies of the District are described below.

The basic financial statements include:

A Management's Discussion and Analysis (MD&A) providing an analysis of the Districts overall financial position and results of operations.

Basic financial statements prepared using full-accrual accounting for all of the District's activities.

A. Reporting entity

The 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 five members elected to three-year terms. The purpose of the District is to educate students in Grades K-6. The District also has a sending/receiving relationship with Clinton Township School District for Grades 7-8. The District had an approximate enrollment at June 30, 2021 of 95 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:

1. The organization is legally separate (can sue or be sued in their own name).
2. The District holds the corporate powers of the organization.
3. The District appoints a voting majority of the organization's Board.
4. The District is able to impose its will on the organization.
5. The organization has the potential to impose a financial benefit/burden on the District.
6. There is a fiscal dependency by the organization on the District.

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given program are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific program. Program revenues include 1) charges to students or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function.

Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has elected to treat all of its governmental funds as major funds and they are reported as separate columns in the fund financial statements.

During the year ended June 30, 2021, the District implemented the provisions detailed in GASB Statement No. 84, *Fiduciary Activities*. Based on a review of the financial records, the District has no funds that meet the criteria of a fiduciary fund.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, early retirement, arbitrage rebates, and postemployment healthcare benefits, are recorded only when payment is due.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, 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 money under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

Amounts reported as program revenues include 1) charges to students for tuition, fees, rental, material, supplies, or service, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, and unrestricted state aids.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

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

The District reports the following major governmental funds:

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund. Included are certain expenditures for vehicles and movable instructional or non-instructional equipment, which are classified in the capital outlay sub-fund.

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.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

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.

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for payroll withholdings for employee salary deductions are included in the general fund.

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources 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 in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

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.

Additionally, the District reports the following fund types:

Proprietary Fund types

Proprietary Fund - The focus of proprietary fund measurement is upon determination of net income, financial position and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the District.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

C. Measurement focus, basis of accounting, and financial statement presentation (continued)

Enterprise Fund - The enterprise 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 cost (i.e., expenses including depreciation and indirect costs) of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges; or, where the District has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

The District's enterprise funds are comprised of the milk service fund and childcare program.

All proprietary funds are accounted for on a current financial resource's measurement focus. This means that all assets and liabilities, whether current or noncurrent, associated with their activity are included on their balance sheets. Their reported fund equity (total net position) segregated into contributed capital and unreserved retained earnings, if applicable. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in total net position.

Depreciation of all exhaustive fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Equipment	12 Years
-----------	----------

Fiduciary fund types

As stated in Note 1 (B), the district does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No 84, *Fiduciary Activities*.

D. 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 and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. 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. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

Formal budgetary integration into the accounting system is employed as a management control device during the 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.

E. Encumbrances

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 unearned 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.

F. Tuition receivable

Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs have been determined.

G. Tuition payable

Tuition charges for the fiscal year 2020-2021 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

H. Short-term interfund receivable and payables

Short-term interfund receivables and payables represent amounts that are owed, other than charges for goods or services rendered to/from a particular fund in the District and that are due within one year.

I. Inventories and prepaid items

Inventories and prepaid items, which benefit future periods, other than those recorded in the enterprise fund are recorded as expenditures during the year of purchase.

J. Capital assets

Capital assets, which include land, land improvements, buildings and improvements, vehicles and furniture and equipment, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

Assets	Years
Buildings	50
Building improvements & portable classroom	50
Land improvements	20
Furniture	20
Communication & security systems equipment	20
Maintenance equipment	15
Musical instruments	10
Athletic equipment	10
Audio visual equipment	10
Office equipment	5 - 10
Computer equipment	5 - 10

K. Compensated absences

The District accounts for compensated absences (i.e., unused vacation and sick leave) as directed by GASB Statement No. 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.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

District employees are granted varying amounts of vacation and sick leave in accordance with the District's personnel policy. The District's policy permits employees to accumulate unused sick leave and carry forward the full amount to subsequent years. Upon retirement employees shall be paid by the District for the unused sick leave in accordance with the Districts' agreements with the various employee unions.

The liability for compensated absences was accrued using the vesting method, whereby the liability is calculated by vesting balances as of the balance sheet date for which a payment is probable. Salary related payments for the employer's share of Social Security and Medicare taxes are included.

For the government-wide statements, the current portion is the amount estimated to be used in the following year. In accordance with GAAP, in the fund financial statements, all of the compensated absences are considered long-term and therefore are not a fund liability. This represents a reconciling item between the fund and government-wide presentations.

L. Unearned revenue

Unearned revenue in the general fund and special revenue fund represents cash, which has been received but not yet earned. See Note 1 (E) regarding the special revenue fund.

M. Long-term obligations

In the government-wide financial statements and in internal service fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

Net position represents the difference between the sum of assets and deferred outflows of resources, and the sum of liabilities and deferred inflows of resources. Net position is classified into the following three components:

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is 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 credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

The school district applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

O. Fund balances - governmental funds

In the fund financial statements, governmental funds report the following classifications of fund balance:

- Non-Spendable - includes amounts that cannot be spent because they are either not spendable in form or are legally or contractually required to be maintained intact.
- Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation.
- Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Education, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Education.
- Assigned - includes amounts that the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's policy, amounts may be assigned by the Business Administrator.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

- Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the general fund. The District reports all amounts that meet the unrestricted General Fund Balance Policy described below as unassigned.

When expenditure is incurred for purposes which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. When expenditure is incurred for which committed, assigned, or unassigned fund balance are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed.

P. Use of estimates

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

Q. Allocation of indirect expenses

Certain expenses, which have not been charged to a specific function in the District's fund financial statements, have been allocated to the functions for the government-wide statements. Employee benefits, on-behalf TPAF Pension Contributions, reimbursed TPAF Social Security Contributions and compensated absences accruals have been allocated based on salaries by function. Depreciation expense which was not specifically identified by function has been allocated based on the current year expenses by function.

R. Deferred outflows/inflows of resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Currently, the District has one item that qualifies for reporting in this category, deferred amount on pension activity. In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category, deferred amount on pension activity.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the results of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners.

Upon the filing of certified adopted budgets by the municipality, the municipality's local school districts, and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, levying of taxes and the collection thereof are set forth in NJSA 54:4 et. seq. Special taxing districts are permitted in New Jersey for various special services rendered to the properties located within the special districts.

Tax bills are mailed annually in June. The taxes are due August 1 and November 1 respectively, and are adjusted to reflect the current fiscal year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding fiscal year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of eight percent per annum on the first \$1,500 of the delinquency and eighteen percent per annum on any amount in excess of \$1,500. Pursuant to Chapter 75, PL 1991, the governing body may also fix a penalty to be charged to a taxpayer with a delinquency in excess of \$10,000 who fails to pay that delinquency prior to the end of the calendar year. The penalty so fixed shall not exceed six percent of the amount of the delinquency. These interest and penalties are the highest permitted under the New Jersey statutes. Delinquent taxes are annually included in a tax sale in accordance with New Jersey statutes.

School taxes are guaranteed, as to amount of collection, by the municipality (the collection agency) and are transmitted to the School District in accordance with the Schedule of Tax Installments as certified by the School District's Board of Education on an annual basis.

Note 3 - Deposits and investments

Cash equivalents and investments - Cash and cash equivalents include petty cash, change funds, and cash on deposit with public depositories. The District does not have any investments.

New Jersey Governmental Units are required by N.J.S.A. 40A:5-14 to deposit public funds in a bank or trust company having its place of business in the State of New Jersey and organized under the laws of the United States or of the State of New Jersey or in the New Jersey Cash Management Fund. N.J.S.A. 40A:5-15.1 provides a list of investments which may be purchased by New Jersey Governmental Units. In addition, other state statutes permit investments in obligations issued by local authorities and other state agencies. The State of New Jersey does not place any limit on the amount that the District may invest with any one issuer.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

New Jersey school districts are limited as to the types of investments and types of financial institutions they may invest in. New Jersey Statute 18A:20-37 provides a list of permissible investments that may be purchased by New Jersey school districts.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits might not be recovered. The District does not have a policy for custodial credit risk. New Jersey statutes require that cash be deposited only in New Jersey based banking institutions that participate in the New Jersey Governmental Unit Deposit Protection Act (GUDPA) or in qualified investments established in New Jersey Statutes 40A:5-15.1(a) that are treated as cash equivalents. Under the act, all demand deposits are covered by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the District in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings, bail funds or funds that may pass to the District relative to the happening of a future condition.

N.J.S.A. 17:9-41 et. seq. establishes the requirements for the security of deposits of Governmental Units. The statute requires that no Governmental Unit shall deposit public funds in a public depository unless such funds are secured in accordance with the Act. Public depositories include savings and loan institutions, banks (both state and national banks) and saving banks the deposits of which are federally insured.

As of June 30, 2021, the District's bank balances of \$1,029,697 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	<u>779,697</u>
Total	<u>\$ 1,029,697</u>

Deposits at June 30, 2021 appear in the financial statements as summarized below:

Cash		<u>\$ 940,239</u>
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 447,538
Enterprise funds, Statement of Net Position	B-4	1,672
Restricted cash		
Governmental activities, Balance Sheet	B-1	<u>491,029</u>
Total cash		<u>\$ 940,239</u>

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2021 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 10,503	\$ -	\$ -	\$ 10,503
Construction in progress	8,395	15,895	16,789	7,501
Total	<u>18,898</u>	<u>15,895</u>	<u>16,789</u>	<u>18,004</u>
Capital assets, being depreciated				
Land improvements	14,300	-	-	14,300
Building & improvements	3,432,112	-	-	3,432,112
Furniture & equipment	172,865	37,994	-	210,859
Total	<u>3,619,277</u>	<u>37,994</u>	<u>-</u>	<u>3,657,271</u>
Accumulated depreciation				
Land improvements	14,300	-	-	14,300
Building & improvements	1,721,654	83,766	-	1,805,420
Furniture & equipment	113,742	13,194	-	126,936
Total	<u>1,849,696</u>	<u>96,960</u>	<u>-</u>	<u>1,946,656</u>
Total capital assets being depreciated, net	<u>1,769,581</u>	<u>(58,966)</u>	<u>-</u>	<u>1,710,615</u>
Transfers	-	(16,789)	(16,789)	-
Governmental activities capital assets, net	<u>\$ 1,788,479</u>	<u>\$ (59,860)</u>	<u>\$ -</u>	<u>\$ 1,728,619</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 41,879	\$ -	\$ -	\$ 41,879
Less: accumulated depreciation	40,191	260	-	40,451
Business type activities capital assets, net	<u>\$ 1,688</u>	<u>\$ (260)</u>	<u>\$ -</u>	<u>\$ 1,428</u>

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

Depreciation expense was charged to governmental functions in the current year as follows:

Instruction			
Regular		\$	53,298
Special education			9,699
Other special instruction			4,292
Other instruction			63
Support services			
Student & instruction			19,726
General & business administration			8,924
School administration			365
Plant operation & maintenance			593
Total depreciation expense, governmental activities		<u>\$</u>	<u>96,960</u>

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2021 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
PERS net pension liability	\$ 460,972	\$ -	\$ 14,272	\$ 446,700	\$ -
Compensated absences payable	<u>78,390</u>	<u>16,577</u>	<u>7,912</u>	<u>87,055</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 539,362</u>	<u>\$ 16,577</u>	<u>\$ 22,184</u>	<u>\$ 533,755</u>	<u>\$ -</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2021 is \$8,596,884. The general obligation debt at June 30, 2021, is \$0 resulting in a legal debt margin of \$8,596,884.

Note 6 - Pension plans

Description of systems

Substantially all of the Board's employees participate in one of the following defined benefit public employee retirement systems which have been established by state statute: The Teachers' Pension and Annuity Fund (TPAF), Public Employees' Retirement System (PERS) and the Defined Contribution Retirement Program (DCRP). The PERS and TPAF systems are sponsored and administered by the State of New Jersey. The DCRP system is administered by Prudential Financial for the Division of Pensions and Benefits. The TPAF retirement system is considered a multiple-employer plan with a special funding situation, as under current statute, all employer contributions are made by the State of New Jersey on behalf of the Board and the system's other related non-contributing employers.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
A. Public employees' retirement systems (PERS)

Plan description

The State of New Jersey, Public Employees' Retirement System (PERS) is a cost-sharing multiple-employer defined benefit pension plan administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about PERS, please refer to the Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/financial-reports.shtml.

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 10 years of service.

The following represents the membership tiers for PERS:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to Tiers 1 and 2 members upon reaching age 60 and to Tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to Tier 4 members upon reaching age 62 and Tier 5 members upon reaching age 65. Early retirement benefits are available to Tiers 1 and 2 members before reaching age 60, Tiers 3 and 4 before age 62 with 25 or more years of service credit and Tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective Tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective Tier.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Allocation methodology and reconciliation to financial statements

Although the Division administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense excluding that attributable to employer-paid member contributions are determined separately for each individual employer of the state and local groups of the plan.

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2020 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2020 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2019 through June 30, 2020. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Contributions (continued)

The local employers' contribution amounts are based on an actuarially determined rate which includes the normal cost and unfunded accrued liability. Chapter 19, PL 2009 provided an option for local employers of PERS to contribute 50% of the normal and accrued liability contribution amounts certified for payments due in State fiscal year 2009. Such employers will be credited with the full payment and any such amounts will not be included in their unfunded liability. The Actuaries will determine the unfunded liability of those retirement systems, by employer, for the reduced normal and accrued liability contributions provided under this law. This unfunded liability will be paid by the employer in level annual payments over a period of 15 years beginning with the payments due in the fiscal year ended June 30, 2012 and will be adjusted by the rate of return on the actuarial value of assets.

The District's contractually required contribution rate for the year ended June 30, 2021 was 26.04% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date June 30, 2020 are as follows:

Net pension liability	\$	446,700
Proportionate share		0.0027392498%
Plan fiduciary net position as a percentage of the total pension liability		58.32%

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	2.00% - 6.00%
Thereafter	3.00% - 7.00%
Investment rate of return	7.00%

Preretirement mortality rates were based on the Pub-10 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 generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2020 measurement date) 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 PERS's target asset allocation as of June 30, 2020 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2020. 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 100% of actuarially determined contributions for the local employers.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

A. Public employees' retirement systems (PERS) (continued)

Discount rate (continued)

Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of Net Pension Liability

At current discount rate (7.00%)	\$ 446,700
At a 1% lower rate (6.00%)	566,743
At a 1% higher rate (8.00%)	351,334

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2020 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 8,134	\$ 1,580
Changes of assumptions	14,491	187,037
Net difference between projected and actual earnings on pension plan investments	15,269	-
Changes in proportion and differences between District contributions and proportionate share of contributions	132,664	65,179
District contributions subsequent to the measurement date	29,966	-
Total	<u>\$ 200,524</u>	<u>\$ 253,796</u>

The amount 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 ended June 30, 2021, the plan measurement date is June 30, 2020) of \$29,966 will be recognized as a reduction of the net pension liability in the year ended June 30, 2021.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective deferred outflows of resources and deferred inflows of resources (continued)

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2020 measurement date:

	<u>Beginning Balance</u>	<u>Net Change in Activity</u>	<u>Ending Balance</u>
Deferred outflows of resources			
Differences between expected and actual experience	\$ 8,274	\$ (140)	\$ 8,134
Changes of assumptions	46,030	(31,539)	14,491
Differences between expected and actual experience	-	15,269	15,269
Deferred inflows of resources			
Differences between expected and actual experience	(2,036)	456	(1,580)
Changes of assumptions	(160,002)	(27,035)	(187,037)
Differences between projected and actual earnings on pension plan investments	(7,277)	7,277	-
Net of deferred outflows (inflows)	<u>\$ (115,011)</u>	<u>\$ (35,712)</u>	<u>\$ (150,723)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions (excluding employer specific amounts, deferrals from District contributions subsequent to the measurement date, and deferrals from change on proportion) will be recognized in pension expense as follows:

Fiscal Year Ended June 30,

2021	\$ (56,052)
2022	(51,103)
2023	(29,204)
2024	(11,810)
2025	(2,554)
Total	<u>\$ (150,723)</u>

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (continued)

Collective net pension liability and actuarial information (continued)

Pension expense

For the fiscal year ended June 30, 2021, the District recognized net pension expense of \$22,000, which represents the District's proportionate share of allocable plan pension expense of \$10,674, plus the net amortization of deferred amounts from changes in proportion of \$16,407, less other adjustments to the net pension liability of \$5,081. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$	21,104
Interest on total pension liability		68,761
Benefit changes		(471)
Member contributions		(15,000)
Administrative expense		359
Expected investment return net of investment expense		(40,479)
Pension expense related to specific liabilities of individual employers		(188)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		(35,712)
Changes of assumptions		4,848
Difference between projected and actual investment earnings on pension plan investments		7,452
Pension expense	\$	10,674

B. Teachers' pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a multiple-employer defined benefit pension plan with a special-funding situation, by which the State of New Jersey (the State) is responsible to fund 100% of the employer contributions, excluding any local employer early retirement incentive (ERI) contributions. TPAF is administered by the State of New Jersey, Division of Pensions and Benefits (the Division). For additional information about TPAF, please refer to Division's annual financial statements which can be found at www.state.nj.us/treasury/pensions/annual-reports.shtml.

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. 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.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teachers' pension and annuity fund (TPAF) (continued)
Plan description (continued)

The following represents the membership tiers for TPAF:

Tier	Definition
1	Members enrolled prior to July 1, 2007
2	Members eligible to enroll on or after July 1, 2007 and prior to November 2, 2008
3	Members eligible to enroll on or after November 2, 2008 and prior to May 22, 2010
4	Members eligible to enroll on or after May 22, 2010 and prior to June 28, 2011
5	Members eligible to enroll on or after June 28, 2011

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 years or more of service credit before age 62, and tier 5 before age 65 with 30 years or more of service credit. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the retirement age for his/her respective tier. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for the respective tier.

Contributions

The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2020, the State's pension contribution was less than the actuarial determined amount.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do 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 local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

During the State fiscal year ended June 30, 2020, the State of New Jersey contributed \$235,505 to the TPAF for normal pension benefits on behalf of the District.

The contribution rate was 7.50% of base salary effective July 1, 2018.

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2020 measurement date is as follows:

Total pension liability	\$ 9,076,149
Plan fiduciary net position	2,232,588
Net pension liability	<u>\$ 6,843,561</u>
Plan fiduciary net position as a percentage of the total pension liability	24.60%

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Actuarial assumptions

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	
Price	2.75%
Wage	3.25%
Salary increases (based on years of service)	
Through 2026	1.55 - 4.45%
Thereafter	2.75 - 5.65%
Investment rate of return	7.00%

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% 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 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020.

The actuarial assumptions used in the July 1, 2019 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 (7.00% at June 30, 2020 measurement date) 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, 2020 measurement date are summarized in the following table:

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)
B. Teachers' pension and annuity fund (TPAF) (continued)
Long-term expected rate of return (continued)

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	7.71%
Non-U.S. developed markets equity	13.50%	8.57%
Emerging markets equity	5.50%	10.23%
Private equity	13.00%	11.42%
Real assets	3.00%	9.73%
Real estate	8.00%	9.56%
High yield	2.00%	5.95%
Private credit	8.00%	7.59%
Investment grade credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	1.94%
Risk mitigation strategies	3.00%	3.40%

Discount rate

The discount rate used to measure the total pension liability was 5.40% as of June 30, 2020. 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 2.21% as of June 30, 2020 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 78% 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 2062. Therefore, the long-term expected rate of return on plan investments was applied to projected benefit payments through 2062 and the municipal bond rate was applied to projected benefit payments after that date in determining the total pension liability.

Sensitivity of the collective net pension liability to changes in the discount rate

The following presents the collective net pension liability of the District as of June 30, 2020 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (5.40%)	\$ 6,843,561
At a 1% lower rate (4.40%)	8,038,564
At a 1% higher rate (6.40%)	5,851,312

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

B. Teachers' pension and annuity fund (TPAF) (continued)

Pension expense

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District fiscal year ended June 30, 2020 measurement date are as follows:

Service cost	\$	170,474
Interest on total pension liability		485,416
Benefit changes		(1,736)
Member contributions		(89,912)
Administrative expense		1,401
Expected investment return net of investment expense		(158,182)
Pension expense related to specific liabilities of individual employers		493
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		18,371
Changes of assumptions		(40,940)
Difference between projected and actual investment earnings on pension plan investments		40,177
Pension expense	\$	425,562

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2021) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2021 was \$1,426.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

D. Contribution requirements

During the fiscal year ended June 30, 2021, the State of New Jersey contributed \$98,782 to the TPAF for postretirement medical benefits, \$5,885 for non-contributory insurance premiums, \$316 for long-term disability insurance and \$309,324 for pension costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$82,526 during the fiscal year ended June 30, 2021 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 - Postretirement benefits

The State of New Jersey provides post-retirement (PRM) benefits for certain State and other retired employees meeting the service credit eligibility requirements. In fiscal year 2020, the State paid PRM benefits for 143,053 State and local retirees.

The State funds postretirement medical benefits on a pay-as-you-go basis, which means that the State does not pre-fund, or otherwise establish a reserve or other pool of assets against the PRM expenses that the State may incur in future years. For fiscal year 2020, the State contributed \$1.578 billion to pay for pay-as-you-go PRM benefit costs incurred by covered retirees. The State's pay-as-you-go contributions have decreased from fiscal year 2019 amounts. Reductions are attributable to various cost savings initiatives implemented by the State including Medicare Advantage contracts. The State has appropriated \$1.775 billion in fiscal year 2021 as the State's contribution to fund pay-as-you-go PRM costs.

In accordance with the provisions of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, the State is required to quantify and disclose its obligations to pay Other Postemployment Benefits (OPEB) to retired plan members. This new standard supersedes the previously issued guidance, GASB Statement No. 45, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, effective for fiscal year 2018. The State is now required to accrue a liability in all instances where statutory language names the State as the legal obligor for benefit payments. The fiscal year 2020 total State OPEB liability to provide these benefits is \$65.5 billion, a decrease of \$10.5 billion or 13.8 percent from the \$76 billion liability recorded in fiscal year 2019.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability

The State, a non-employer 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 District's proportionate share percentage determined under Paragraphs 193 and 203 through 205 of GASB Statement No. 75 is zero percent. Accordingly, the District 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 District. Note that actual numbers will be published in the NJ State ACFR at <https://www.nj.gov/treasury/omb/fr.shtml>.

Under a special funding situation, the State, a non-employer contributing entity, is the only entity that has a legal obligation to make employer contributions to OPEB for qualified retired PERS and TPAF participants. Accordingly, the District did not recognize any portion of the collective net OPEB liability on the Statement of Net Position. Therefore, the following OPEB liability note information is reported at the State's level and is not accrued by the District.

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2020 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 67,809,962,608
District's proportionate share of the State's OPEB liability	6,480,051
Employer OPEB expense and related revenue	348,691
Allocable proportionate percentage	0.0095561931%

Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2019	\$ 3,808,033
Service cost	172,636
Interest cost	137,426
Change of benefit terms	-
Differences between expected and actual experience	1,287,666
Changes of assumptions	1,183,683
Member contributions	3,419
Gross benefit payments	(112,812)
Total OPEB liability at June 30, 2020	<u>\$ 6,480,051</u>

There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Changes in the total OPEB liability (continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50% as of the June 30, 2019 plan measurement date to 2.21% as of the June 30, 2020 plan measurement date.

The total non-employer OPEB liability as of June 30, 2020 was determined by an actuarial valuation as of June 30, 2019, which was rolled forward to June 30, 2020. 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%	
	TPAF	PERS
	(based on years of service)	(based on year of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	1.55% - 4.45%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy “Teachers” (TPAF/ABP) and “General” (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Postretirement mortality rates were based on the Pub-2010 “General” classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020. Disability mortality was based on the Pub-2010 “General” classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2020.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Discount rate

The discount rate for June 30, 2020 was 2.21%. 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. As the long-term rate of return is less than the municipal bond rate, it is not considered in the calculation of the discount rate, rather the discount rate is set at the municipal bond rate.

Sensitivity of the total OPEB liability to changes in the discount rates

The following presents the total non-employer OPEB liability as of June 30, 2020 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.21%)	\$ 6,480,051
At a 1% lower rate (1.21%)	7,812,036
At a 1% higher rate (3.21%)	5,438,567

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total non-employer OPEB liability, as well as what the total non-employer 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:

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 6,480,051
At a 1% lower rate (1% decrease)	5,230,916
At a 1% higher rate (1% increase)	7,967,494

OPEB expense and deferred outflows of resources and deferred inflows of resources related to OPEB

For the fiscal year ended June 30, 2020, the District recognized OPEB expense of \$348,691 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 GASB Statement No. 75 and in which there is a special funding situation.

In accordance with GASB Statement No. 75, the District's proportionate share of school retirees OPEB is zero, there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 8 - 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, permit 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:

- Equitable
- Midland National
- Lincoln Investments

Note 9 - Interfund receivable and payables

The composition of interfund balances as of June 30, 2021 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 10,641	\$ -
Special revenue fund	-	10,641
Total	\$ 10,641	\$ 10,641

The balance due from the special revenue fund to the general fund represents a loan from the general fund of \$10,641 due to cash flow issues relating to the delayed receipt of grant revenues.

Note 10 - Contingent liabilities

The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the school district.

Amounts received, or are receivables, from grantor agencies could be subject to audit and adjusted by grantor agencies. Any disallowed claims, including amounts already collected, may result in a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the District expects such amount, if any, to be immaterial.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

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, and student accident and surety bonds. There was no significant reduction in insurance coverage from coverage of the prior year. The District did not have any insurance settlements which exceeded insurance coverage for the past three years. A complete Schedule of Insurance Coverage can be found in the Statistical Section of the Annual Comprehensive Financial Report.

New Jersey Unemployment Compensation Insurance - The District has elected to fund its NJ Unemployment Compensation Insurance under the Contributory Method. Under this plan, the District is required to remit the entire employee deduction of unemployment compensation to the State. Any claims for unemployment are paid for by the state from those funds.

Note 12 - Reserve accounts

A capital reserve account was established by the District 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) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. 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 NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 12 - Reserve accounts (continued)

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$100,000 to their tuition reserve account and \$63,599 to maintenance reserve account by Board Resolution in June 2021 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 220,153	\$ -	\$ 54	\$ -	\$ -	\$ 220,207
Emergency	129,195	-	32	-	-	129,227
Maintenance	76,630	63,599	-	-	-	140,229
Tuition	146,600	100,000	-	-	(100,000)	146,600
Total	<u>\$ 572,578</u>	<u>\$ 163,599</u>	<u>\$ 86</u>	<u>\$ -</u>	<u>\$ (100,000)</u>	<u>\$ 636,263</u>

Note 13 - Fund balance

As described in Note 1 (O) - Fund Balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2021 is as follows:

Restricted

Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	\$ 220,207
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	129,227
Tuition reserve account - Represents funds accumulated to finance for a foreseeable future tuition adjustment pursuant to N.J.A.C. 6A:23A-17.1(f).	146,600
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9).	140,229

Committed

Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	32,998
---	--------

Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	276,702
Total fund balance - Budgetary basis (Exhibit C-1)	945,963
Last state aid payments not recognized on GAAP basis	(20,088)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 925,875</u>

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 14 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2021 of (\$297,415) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the state's net pension liability for PERS to each contributing entity throughout the state.

Note 15 - Operating leases

As of June 30, 2021, the District had an operating lease for a copier. The future minimum rental payments under the operating lease are as follows:

Fiscal Year Ended June 30,	Amount
2022	\$ 4,428
2023	4,428
2024	1,107
Total	\$ 9,963

Note 16 - Restatement of prior year net position

During the fiscal year ended June 30, 2021, the District restated net position for governmental activities as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Governmental Activities
Net position, June 30, 2020	\$ 2,035,526
Additions	
Reserved fund balance - student activity fund	1,230
Net position, June 30, 2020, as restated	\$ 2,036,756

Note 17 - Restatement of prior year fund balance

During the fiscal year ended June 30, 2021, the District restated fund balance for the special revenue fund as of June 30, 2020 as a result of the implementation of GASB Statement No. 84:

	Special Revenue Fund
Fund balance June 30, 2020	\$ -
Additions	
Reserved fund balance - student activity fund	1,230
Fund balance, June 30, 2020 as restated	\$ 1,230

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 18 - Recent accounting pronouncements not yet effective

The following is of recent accounting pronouncements which are not yet effective as of the year-end date of this report.

In June 2017, GASB issued Statement No. 87, *Leases*. This statement is effective for reporting periods beginning after June 15, 2021 as amended by GASB Statement No. 95. The District is evaluating the effect of the pronouncement on financial reporting.

In May 2020, GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This statement is effective for reporting periods beginning after June 15, 2022. The District is evaluating the effect of the pronouncement on financial reporting.

Note 19 - Risks and uncertainties

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (The “COVID-19 outbreak”) and the risks to the international community as a virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations.

Note 20 - Subsequent events

The District has evaluated subsequent events through February 23, 2022, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 2,885,521	\$ -	\$ 2,885,521	\$ 2,885,521	\$ -
Tuition from individuals	20,000	-	20,000	15,875	(4,125)
Unrestricted miscellaneous revenues	2,000	-	2,000	7,599	5,599
Interest earned on current expense emergency reserve	1,000	-	1,000	32	(968)
Interest earned on capital reserve funds	1,000	-	1,000	54	(946)
Total	2,909,521	-	2,909,521	2,909,081	(440)
State sources					
School choice aid	53,280	-	53,280	53,280	-
Categorical transportation aid	24,207	-	24,207	24,207	-
Extraordinary aid	-	-	-	25,542	25,542
Categorical special education aid	111,978	-	111,978	111,595	(383)
Categorical security aid	11,798	-	11,798	11,798	-
Other state aid	-	-	-	5,885	5,885
TPAF Pension (on-behalf)	-	-	-	315,209	315,209
TPAF Social Security (reimbursed)	-	-	-	82,526	82,526
TPAF Postretirement benefits	-	-	-	98,782	98,782
TPAF Long-term disability insurance	-	-	-	316	316
Total	201,263	-	201,263	729,140	527,877
Total revenues	\$ 3,110,784	\$ -	\$ 3,110,784	\$ 3,638,221	\$ 527,437
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 57,560	\$ 90	\$ 57,650	\$ 57,650	\$ -
Kindergarten	91,960	214	92,174	92,174	-
Grades 1-5	393,865	6,929	400,794	400,794	-
Grades 6-8	77,573	-	77,573	77,503	70
Home instruction					
Salaries of teacher	500	-	500	-	500
Purchased professional - educational services	20,000	(20,000)	-	-	-
Regular programs - undistributed instruction					
Other purchased services	5,000	25,955	30,955	28,985	1,970
General supplies	46,200	44,436	90,636	83,835	6,801
Textbooks	20,000	26,009	46,009	30,579	15,430
Other objects	1,000	(200)	800	800	-
Total	713,658	83,433	797,091	772,320	24,771
Special education					
Resource room/resource center					
Salaries of teachers	132,428	1,000	133,428	133,330	98
Purchased professional - educational services	750	(750)	-	-	-
General supplies	500	(268)	232	232	-
Textbooks	1,500	(1,500)	-	-	-
Total	135,178	(1,518)	133,660	133,562	98
Total special education	135,178	(1,518)	133,660	133,562	98

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Basic skills/remedial					
Salaries of teachers	\$ 48,528	\$ 12,132	\$ 60,660	\$ 60,660	\$ -
Purchased professional-education services	750	(60)	690	-	690
General supplies	1,000	2,067	3,067	3,067	-
Total	<u>50,278</u>	<u>14,139</u>	<u>64,417</u>	<u>63,727</u>	<u>690</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	3,800	-	3,800	1,400	2,400
Total	<u>3,800</u>	<u>-</u>	<u>3,800</u>	<u>1,400</u>	<u>2,400</u>
Total instruction regular	<u>\$ 902,914</u>	<u>\$ 96,054</u>	<u>\$ 998,968</u>	<u>\$ 971,009</u>	<u>\$ 27,959</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 379,437	\$ -	\$ 379,437	\$ 379,437	\$ -
Tuition to other LEAs within the state - special	225,195	(103,826)	121,369	121,369	-
Tuition to priv. school for the disabled within state	92,800	60,000	152,800	152,800	-
Total	<u>697,432</u>	<u>(43,826)</u>	<u>653,606</u>	<u>653,606</u>	<u>-</u>
Undistributed expenditures - health services					
Salaries	58,360	2,471	60,831	60,831	-
Purchased professional and technical services	2,000	(1,300)	700	700	-
Other purchased services	26,000	(2,181)	23,819	20,970	2,849
Supplies and materials	2,500	500	3,000	1,952	1,048
Total	<u>88,860</u>	<u>(510)</u>	<u>88,350</u>	<u>84,453</u>	<u>3,897</u>
Undistributed expenditures - speech/ot/pt and related services					
Purchased professional - educational services	60,000	(16,435)	43,565	18,420	25,145
Supplies and materials	2,000	-	2,000	-	2,000
Total	<u>62,000</u>	<u>(16,435)</u>	<u>45,565</u>	<u>18,420</u>	<u>27,145</u>
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	29,215	2,500	31,715	29,764	1,951
Purchased professional - educational services	120,276	(38,277)	81,999	40,195	41,804
Total	<u>149,491</u>	<u>(35,777)</u>	<u>113,714</u>	<u>69,959</u>	<u>43,755</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	104,797	-	104,797	102,431	2,366
Purchased professional - educational services	9,500	(785)	8,715	4,031	4,684
Other purchased services	15,000	1,785	16,785	16,785	-
Supplies and materials	2,000	1,000	3,000	2,703	297
Total	<u>131,297</u>	<u>2,000</u>	<u>133,297</u>	<u>125,950</u>	<u>7,347</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	55,989	-	55,989	55,422	567
Purchased professional - educational services	1,000	226	1,226	1,226	-
Other purchased services	15,000	4,025	19,025	19,024	1
Total	<u>71,989</u>	<u>4,251</u>	<u>76,240</u>	<u>75,672</u>	<u>568</u>

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - edu. media service/sch. library					
Salaries	\$ 10,402	\$ (5,081)	\$ 5,321	\$ -	\$ 5,321
Purchased professional and technical services	10,000	-	10,000	-	10,000
Supplies and materials	2,000	-	2,000	-	2,000
Total	<u>22,402</u>	<u>(5,081)</u>	<u>17,321</u>	<u>-</u>	<u>17,321</u>
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	-	720	720	713	7
Total	<u>-</u>	<u>720</u>	<u>720</u>	<u>713</u>	<u>7</u>
Undistributed expenditures - support service - general admin.					
Salaries	69,986	-	69,986	69,980	6
Legal services	5,000	1,949	6,949	6,090	859
Audit fees	11,700	300	12,000	12,000	-
Communications/telephone	3,500	(1,949)	1,551	1,531	20
Miscellaneous purchased services	4,000	635	4,635	4,635	-
General supplies	1,000	(635)	365	89	276
Miscellaneous expenditures	3,000	(300)	2,700	2,287	413
BOE membership dues and fees	2,000	-	2,000	1,891	109
Total	<u>100,186</u>	<u>-</u>	<u>100,186</u>	<u>98,503</u>	<u>1,683</u>
Undistributed expenditures - support service - school admin.					
Purchased professional and technical services	3,190	-	3,190	3,190	-
Other purchased services	500	-	500	-	500
Total	<u>3,690</u>	<u>-</u>	<u>3,690</u>	<u>3,190</u>	<u>500</u>
Undistributed expenditures - central services					
Salaries	88,697	-	88,697	88,697	-
Purchased professional services	4,000	1,300	5,300	5,294	6
Purchased technical services	3,700	(200)	3,500	3,425	75
Supplies and materials	500	64	564	564	-
Other objects	1,000	82	1,082	1,082	-
Total	<u>97,897</u>	<u>1,246</u>	<u>99,143</u>	<u>99,062</u>	<u>81</u>
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	20,000	7,757	27,757	18,980	8,777
Lead testing in water	500	(500)	-	-	-
General supplies	2,000	(1,565)	435	435	-
Total	<u>22,500</u>	<u>5,692</u>	<u>28,192</u>	<u>19,415</u>	<u>8,777</u>

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - custodial services					
Salaries	\$ 86,505	\$ -	\$ 86,505	\$ 86,071	\$ 434
Cleaning, repair, and maintenance service	5,000	(2,238)	2,762	2,762	-
Other purchased property services	6,000	6,512	12,512	8,152	4,360
Insurance	30,000	(10,334)	19,666	19,666	-
Miscellaneous purchased services	3,800	1,300	5,100	5,100	-
General supplies	12,900	3,497	16,397	16,397	-
Energy (natural gas)	18,000	-	18,000	17,435	565
Energy (electricity)	18,000	(782)	17,218	16,524	694
Energy (gasoline)	500	(500)	-	-	-
Other objects	1,300	(725)	575	328	247
Total	182,005	(3,270)	178,735	172,435	6,300
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	2,000	-	2,000	233	1,767
General supplies	2,000	-	2,000	-	2,000
Total	4,000	-	4,000	233	3,767
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	18,000	(2,858)	15,142	12,813	2,329
Management fee - esc and ctsa trans. program	8,000	-	8,000	4,757	3,243
Contract service - aid in lieu pymts - non-public schools	8,000	-	8,000	2,076	5,924
Contract service (oth. than between home & school) - vend.	1,000	-	1,000	-	1,000
Contract service (between home & school) - joint agreements	30,000	-	30,000	29,541	459
Contract service (spl. ed. students) - escs and ctsas	92,000	(11,142)	80,858	75,413	5,445
Total	157,000	(14,000)	143,000	124,600	18,400
Allocated benefits - employee benefits					
Regular programs - instruction					
Health benefits	243,975	(27,948)	216,027	213,340	2,687
Tuition reimbursement	10,000	(2,686)	7,314	7,314	-
Total	253,975	(30,634)	223,341	220,654	2,687
Special programs - instruction					
Health benefits	52,921	25,080	78,001	77,555	446
Total	52,921	25,080	78,001	77,555	446
Health services					
Health benefits	30,957	2,315	33,272	30,955	2,317
Tuition reimbursement	7,500	510	8,010	8,010	-
Total	38,457	2,825	41,282	38,965	2,317
Other supp services - child study teams					
Health benefits	9,000	7,883	16,883	16,635	248
Total	9,000	7,883	16,883	16,635	248

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited		Actual	Variance Final to Actual
	Original Budget	Budget Transfers		
Expenditures (cont'd)				
Support services - central services				
Health benefits	\$ 5,000	\$ (1,246)	\$ 3,754	\$ 1,349
Total	<u>5,000</u>	<u>(1,246)</u>	<u>3,754</u>	<u>1,349</u>
Custodial services				
Health benefits	30,712	704	31,416	31,369
Total	<u>30,712</u>	<u>704</u>	<u>31,416</u>	<u>31,369</u>
Total allocated benefits - employees	<u>\$ 390,065</u>	<u>\$ 4,612</u>	<u>\$ 394,677</u>	<u>\$ 386,527</u>
Unallocated benefits - employee benefits				
Social Security contributions	\$ 33,556	\$ (17,242)	\$ 16,314	\$ 16,285
Other retirement contributions - PERS	25,000	5,000	30,000	29,966
Other retirement contributions - regular	1,500	-	1,500	1,057
Unemployment compensation	10,000	(1,555)	8,445	4,770
Workmen's compensation	20,000	(1,025)	18,975	13,925
Health benefits	10,000	12,242	22,242	22,242
Tuition reimbursement	10,000	(9,309)	691	-
Other employee benefits	15,000	18,334	33,334	27,789
Total	<u>125,056</u>	<u>6,445</u>	<u>131,501</u>	<u>116,034</u>
On-behalf TPAF Pension contribution	-	-	-	315,209
On-behalf TPAF Postretirement medical benefits	-	-	-	98,782
On-behalf TPAF Long-term disability insurance	-	-	-	316
Reimbursed TPAF Social Security contribution	-	-	-	82,526
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>496,833</u>
Total undistributed expenditures	<u>\$ 2,305,870</u>	<u>\$ (93,933)</u>	<u>\$ 2,211,937</u>	<u>\$ 2,545,605</u>
Total current	<u>\$ 3,208,784</u>	<u>\$ 2,121</u>	<u>\$ 3,210,905</u>	<u>\$ 3,516,614</u>
Capital outlay				
Equipment				
Undistributed				
Undistributed expenditures - custodial services	\$ 17,695	\$ 6,555	\$ 24,250	\$ 24,250
Undistributed expenditures - security	-	4,725	4,725	4,725
Total equipment	<u>17,695</u>	<u>11,280</u>	<u>28,975</u>	<u>28,975</u>
Total capital outlay	<u>\$ 17,695</u>	<u>\$ 11,280</u>	<u>\$ 28,975</u>	<u>\$ 28,975</u>
Total expenditures	<u>\$ 3,226,479</u>	<u>\$ 13,401</u>	<u>\$ 3,239,880</u>	<u>\$ 3,545,589</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (115,695)</u>	<u>\$ (13,401)</u>	<u>\$ (129,096)</u>	<u>\$ 92,632</u>

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Fund balances, July 1 (as restated)	\$ 853,331	\$ -	\$ 853,331	\$ 853,331	\$ -
Fund balances, June 30	\$ 737,636	\$ (13,401)	\$ 724,235	\$ 945,963	\$ 221,728
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (17,695)	\$ -	\$ (17,695)	\$ (17,695)	\$ -
Interest deposit to capital reserve	1,000	-	1,000	54	(946)
Interest earned on emergency reserve	1,000	-	1,000	32	(968)
Increase in maintenance reserve	-	63,599	63,599	63,599	-
Increase in tuition reserve	-	100,000	100,000	100,000	-
Withdrawal from tuition reserve	(100,000)	-	(100,000)	(100,000)	-
Budgeted fund balance	-	(177,000)	(177,000)	46,642	223,642
Total	\$ (115,695)	\$ (13,401)	\$ (129,096)	\$ 92,632	\$ 221,728
Recapitulation of fund balance					
Restricted fund balance					
Capital reserve				\$ 220,207	
Emergency reserve				129,227	
Maintenance reserve				140,229	
Tuition reserve					
Year 2021-2022				100,000	
Year 2020-2021				46,600	
Committed fund balance					
Year-end encumbrances				32,998	
Unassigned fund balance				276,702	
Fund balance per budgetary basis				945,963	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				(20,088)	
Fund balance per governmental funds (GAAP)				\$ 925,875	

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2021

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 44,865	\$ -	\$ 44,865	\$ 44,685	\$ (180)
Local sources	5,500	136	5,636	5,816	180
Total revenues	<u>\$ 50,365</u>	<u>\$ 136</u>	<u>\$ 50,501</u>	<u>\$ 50,501</u>	<u>\$ -</u>
Expenditures					
Instruction					
Salaries	\$ 30,866	\$ (1,881)	\$ 28,985	\$ 28,985	\$ -
General supplies	13,218	(6,062)	7,156	7,156	-
Total	<u>44,084</u>	<u>(7,943)</u>	<u>36,141</u>	<u>36,141</u>	<u>-</u>
Support services					
Tuition	-	1,881	1,881	1,881	-
Purchased professional and technical services	-	2,202	2,202	2,202	-
Other purchased services	2,202	(2,202)	-	-	-
General supplies	4,079	(2,063)	2,016	2,016	-
Total	<u>6,281</u>	<u>(182)</u>	<u>6,099</u>	<u>6,099</u>	<u>-</u>
Capital outlay					
Non-instructional equipment	-	8,125	8,125	8,125	-
Total expenditures	<u>\$ 50,365</u>	<u>\$ -</u>	<u>\$ 50,365</u>	<u>\$ 50,365</u>	<u>\$ -</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ 136	\$ 136	\$ 136	\$ -
Fund balances, July 1 (as restated)	1,230	-	1,230	1,230	-
Fund balances, June 30	<u>\$ 1,230</u>	<u>\$ 136</u>	<u>\$ 1,366</u>	<u>\$ 1,366</u>	<u>\$ -</u>
Recapitulation of fund balance					
Restricted fund balance				\$ 1,366	
Student activities				<u>1,366</u>	
Fund balance per budgetary basis				<u>\$ 1,366</u>	

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2021

Explanation of differences between budgetary inflows and outflows and GAAP revenues and expenditures

<u>Sources/Inflows of Resources</u>	<u>General Fund</u>	<u>Special Revenue Fund</u>
Actual amounts (budgetary) "revenues" from the budgetary comparison schedules	\$ 3,638,221	\$ 50,501
Difference - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	19,955	-
State aid receivable current year	<u>(20,088)</u>	<u>-</u>
Total revenues (GAAP basis)	<u>\$ 3,638,088</u>	<u>\$ 50,501</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	<u>\$ 3,545,589</u>	<u>\$ 50,365</u>
Total expenditures (GAAP basis)	<u>\$ 3,545,589</u>	<u>\$ 50,365</u>

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING
AND REPORTING FOR PENSIONS (GASB 68) (UNAUDITED)**

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Public Employees Retirement System
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.0027392498%	0.0025583285%	0.001920020%	0.00193697%	0.00301356%	0.00248496%	0.00258544%	0.00198373%	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ 446,700	\$ 460,972	\$ 378,042	\$ 450,897	\$ 892,529	\$ 557,824	\$ 484,065	\$ 379,130	\$ -
District's covered employee payroll	115,065	110,890	193,945	147,237	136,334	133,654	203,156	159,982	142,170	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	402.83%	237.68%	256.76%	330.73%	667.79%	274.58%	302.57%	266.67%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	58.32%	56.27%	53.60%	48.10%	40.14%	47.93%	52.08%	48.72%	N/A

N/A = Information Not Available

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of District's Contributions - Public Employees Retirement System
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 29,966	\$ 24,885	\$ 19,080	\$ 17,944	\$ 27,174	\$ 21,364	\$ 21,314	\$ 14,947	\$ 14,882	\$ 17,708
Contributions in relation to the contractually required contribution	(29,966)	(24,885)	(19,080)	(17,944)	(27,174)	(21,364)	(21,314)	(14,947)	(14,882)	(17,708)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 115,065	\$ 110,890	\$ 193,945	\$ 147,237	\$ 136,334	\$ 133,654	\$ 203,156	\$ 159,982	\$ 142,170	\$ 121,026
Contributions as a percentage of covered employee payroll	26.04%	22.44%	9.84%	12.19%	19.93%	15.98%	10.49%	9.34%	10.47%	14.63%

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Pension Liability - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
District's proportion of the net pension liability (asset) - value	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability (asset) associated with the District	-	6,843,561	5,357,745	6,590,250	5,920,127	6,196,691	5,125,559	4,006,348	4,743,236	-
Total	\$ -	\$ 6,843,561	\$ 5,357,745	\$ 6,590,250	\$ 5,920,127	\$ 6,196,691	\$ 5,125,559	\$ 4,006,348	\$ 4,743,236	\$ -
District's covered employee payroll	\$ 1,099,334	\$ 1,147,820	\$ 1,169,573	\$ 1,014,499	\$ 948,699	\$ 970,105	\$ 886,676	\$ 764,613	\$ 669,552	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%	N/A

N/A = Information Not Available

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of District's Contributions - Teacher's Pension and Annuity Fund
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Contractually required contribution	\$ 235,505	\$ 175,531	\$ 175,294	\$ 156,255	\$ 98,763	\$ 63,068	\$ 43,843	\$ 31,711	\$ 60,643	\$ 28,773
Contributions in relation to the contractually required contribution	(235,505)	(175,531)	(175,294)	(156,255)	(98,763)	(63,068)	(43,843)	(31,711)	(60,643)	(28,773)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	\$ 1,099,334	\$ 1,147,820	\$ 1,169,573	\$ 1,014,499	\$ 948,699	\$ 970,105	\$ 886,676	\$ 764,613	\$ 669,552	\$ 867,393
Contributions as a percentage of covered employee payroll	21.42%	15.29%	14.99%	15.40%	10.41%	6.50%	4.94%	4.15%	9.06%	3.32%

See independent auditors' report.

**SCHEDULES RELATED TO ACCOUNTING AND REPORTING FOR
OTHER POST-EMPLOYMENT EMPLOYEE BENEFITS (GASB 75) (UNAUDITED)**

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of the District's Proportionate Share of the Net Other
Postemployment Employee Benefits Liability
Last Ten Fiscal Years

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportionate share of the other postemployment employee benefits liability (asset) - percentage	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the other postemployment employee benefits liability (asset) - value	N/A	\$ -	\$ -	\$ -	\$ -	N/A	N/A	N/A	N/A	N/A
State's proportionate share of the other postemployment employee benefits liability (asset) associated with the District	N/A	6,480,051	3,808,033	3,957,720	4,896,131	N/A	N/A	N/A	N/A	N/A
Total	\$ -	\$ 6,480,051	\$ 3,808,033	\$ 3,957,720	\$ 4,896,131	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered employee payroll	N/A	\$ 1,258,710	\$ 1,363,518	\$ 1,161,736	\$ 1,085,033	N/A	N/A	N/A	N/A	N/A
District's proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A
Plan fiduciary net position as a percentage of the total pension liability	N/A	0.00%	0.00%	0.00%	0.00%	N/A	N/A	N/A	N/A	N/A

N/A = Information Not Available

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2021

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 5.60% in State fiscal year 2019 and 5.40% in State fiscal year 2020. The inflation rate was 2.75% in State fiscal year 2019 and 2.75% in State fiscal year 2020.
- Note 3 - Changes in assumptions - PERS
The discount rate was 6.28% in State fiscal year 2019 and 7.00% in State fiscal year 2020. The inflation rate was 2.75% for State fiscal year 2019 and 2.75% for State fiscal year 2020.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 3.50% in State fiscal year 2019 to 2.21% in State fiscal year 2020. The inflation rate was 2.50% for State fiscal year 2019 and 2020.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For Pre-Medicare medical benefits, the trend rate is initially 5.6% and decreases to a 4.5% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates are reflected. The assumed post-65 medical trend is 4.5% for all future years. For prescription drug benefits, the initial trend rate is 7.0% and decreases to a 4.5% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.0%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There were no changes of the benefit terms from June 30, 2019 to June 30, 2020.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SPECIAL REVENUE FUND

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

LEBANON BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2021

	ESSA Title IIA	IDEA Basic	IDEA Preschool	CARES Emergency Relief	Coronavirus Relief Fund	Other Local	Student Activities	Total
Revenues								
Federal sources	\$ 2,202	\$ 28,985	\$ 1,881	\$ 7,718	\$ 3,899	\$ -	\$ -	\$ 44,685
Local sources	-	-	-	-	-	5,680	136	5,816
Total revenues	\$ 2,202	\$ 28,985	\$ 1,881	\$ 7,718	\$ 3,899	\$ 5,680	\$ 136	\$ 50,501
Expenditures								
Instruction								
Salaries	\$ -	\$ 28,985	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,985
Supplies and materials	-	-	-	5,656	-	1,500	-	7,156
Total	-	28,985	-	5,656	-	1,500	-	36,141
Support services								
Tuition	-	-	1,881	-	-	-	-	1,881
Purchased professional and technical services	2,202	-	-	-	-	-	-	2,202
Supplies and materials	-	-	-	-	1,836	180	-	2,016
Total	2,202	-	1,881	-	1,836	180	-	6,099
Capital Outlay								
Non-instructional equipment	-	-	-	2,062	2,063	4,000	-	8,125
Total expenditures	\$ 2,202	\$ 28,985	\$ 1,881	\$ 7,718	\$ 3,899	\$ 5,680	\$ -	\$ 50,365
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 136	\$ 136
Fund balances, July 1 (as restated)	-	-	-	-	-	-	1,230	1,230
Fund balances, June 30	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,366	\$ 1,366

See independent auditors' report.

CAPITAL PROJECTS FUND

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.

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

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.

See Statement B-4, B-5, and B-6.

FIDUCIARY FUNDS

Fiduciary Funds are used to account for funds received by the School District as an agent for individuals, private organizations, other government and/or other funds.

(NOT APPLICABLE TO THIS REPORT)

LONG-TERM DEBT SCHEDULES

The Long-Term Debt Schedules are used to reflect the outstanding principal balances of the general long-term liabilities of the School District. This includes serial bonds outstanding, obligations under capital leases, and early retirement program.

(NOT APPLICABLE TO THIS REPORT)

STATISTICAL SECTION

LEBANON BOROUGH SCHOOL DISTRICT
Statistical Section J Series

Contents	Page
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and well being have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue Sources, the Property Tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend 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.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
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.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

LEBANON BOROUGH SCHOOL DISTRICT
Net Position by Component
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities										
Net investment in capital assets	\$ 1,943,739	\$ 1,875,601	\$ 1,840,060	\$ 1,976,950	\$ 1,951,718	\$ 1,895,219	\$ 1,916,125	\$ 1,831,305	\$ 1,788,479	\$ 1,728,619
Restricted	353,164	597,951	599,825	445,130	469,860	609,275	562,016	570,709	573,808	637,629
Unrestricted	400,427	314,718	(145,116)	(184,173)	(226,499)	(273,276)	(306,479)	(331,127)	(325,531)	(297,415)
Total governmental activities	\$ 2,697,330	\$ 2,788,270	\$ 2,294,769	\$ 2,237,907	\$ 2,195,079	\$ 2,231,218	\$ 2,171,662	\$ 2,070,887	\$ 2,036,756	\$ 2,068,833
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ -	\$ 2,987	\$ 2,727	\$ 2,468	\$ 2,208	\$ 1,948	\$ 1,688	\$ 1,428
Unrestricted	7,407	7,756	5,323	1,569	1,234	1,179	1,220	1,444	1,672	1,672
Total business-type activities	\$ 7,407	\$ 7,756	\$ 5,323	\$ 4,556	\$ 3,961	\$ 3,647	\$ 3,428	\$ 3,392	\$ 3,360	\$ 3,100
District-wide										
Net investment in capital assets	\$ 1,943,739	\$ 1,875,601	\$ 1,840,060	\$ 1,979,937	\$ 1,954,445	\$ 1,897,687	\$ 1,918,333	\$ 1,833,253	\$ 1,790,167	\$ 1,730,047
Restricted	353,164	597,951	599,825	445,130	469,860	609,275	562,016	570,709	573,808	637,629
Unrestricted	407,834	322,474	(139,793)	(182,604)	(225,265)	(272,097)	(305,259)	(329,683)	(323,859)	(295,743)
Total district-wide	\$ 2,704,737	\$ 2,796,026	\$ 2,300,092	\$ 2,242,463	\$ 2,199,040	\$ 2,234,865	\$ 2,175,090	\$ 2,074,279	\$ 2,040,116	\$ 2,071,933

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

* as restated

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Changes in Net Position
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Expenses										
Governmental activities										
Instruction										
Regular	\$ 825,775	\$ 965,736	\$ 1,027,792	\$ 1,123,180	\$ 1,171,939	\$ 1,501,930	\$ 1,668,388	\$ 1,431,256	\$ 1,402,236	\$ 1,762,571
Special education	212,626	115,613	64,029	128,670	146,752	168,419	192,037	355,791	378,123	396,063
Other special education	42,184	31,277	36,665	87,030	97,009	114,841	135,713	131,899	158,477	169,848
Other instruction	4,578	2,681	3,395	2,761	6,134	7,431	27,383	2,400	2,607	1,463
Support services										
Tuition	438,574	377,117	330,470	394,890	490,732	633,971	660,986	671,384	594,490	655,487
Student and instruction related services	631,812	359,387	565,805	639,257	643,825	598,406	687,912	675,535	631,302	699,628
General and business administrative services	198,834	398,048	433,000	401,782	386,294	269,930	307,044	348,496	363,637	351,806
School administration	77,951	122,059	27,149	1,242	1,271	1,277	1,296	1,299	4,814	3,555
Plant operations and maintenance	167,672	188,054	199,797	203,325	220,065	241,928	234,232	224,892	229,716	265,744
Pupil transportation	44,141	51,416	47,439	55,140	58,341	69,933	98,789	118,529	161,831	124,600
Interest on long-term debt	1,648	-	-	-	-	-	-	-	-	-
Total governmental activities expenses	2,645,795	2,611,388	2,735,541	3,037,277	3,222,362	3,608,066	4,013,780	3,961,481	3,927,233	4,430,765
Business-type activities										
Milk service	769	670	3,534	1,684	980	731	855	608	358	260
Child care program	-	-	-	-	-	-	18,789	27,980	1,555	-
Total business-type activities	769	670	3,534	1,684	980	731	19,644	28,588	1,913	260
Total district expenses	\$ 2,646,564	\$ 2,612,058	\$ 2,739,075	\$ 3,038,961	\$ 3,223,342	\$ 3,608,797	\$ 4,033,424	\$ 3,990,069	\$ 3,929,146	\$ 4,431,025

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years (Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 9,202	\$ 10,600	\$ 18,800	\$ 14,490	\$ 15,595	\$ 56,204	\$ 35,569	\$ 35,750	\$ 16,325	\$ 15,875
Special education instruction	10,455	-	-	-	-	-	-	-	-	-
Student and instruction related services	-	-	-	20	17	22	-	-	-	136
General and business administrative services	-	-	-	1	1	-	-	-	-	-
Plant operations and maintenance	360	120	120	711	120	120	130	130	120	120
Operating grants and contributions	64,285	53,511	55,951	44,241	51,283	56,977	54,550	55,667	54,687	50,365
Capital grants and contributions	-	-	-	81,206	14,315	5,533	-	-	-	-
Total governmental activities	<u>84,302</u>	<u>64,231</u>	<u>74,871</u>	<u>140,669</u>	<u>81,331</u>	<u>118,856</u>	<u>90,249</u>	<u>91,547</u>	<u>71,132</u>	<u>66,496</u>
Business-type activities										
Charges for services										
Milk service	1,366	992	1,076	897	380	411	622	554	310	-
Childcare program	-	-	-	-	-	-	6,200	16,405	-	-
Total business-type activities	<u>1,366</u>	<u>992</u>	<u>1,076</u>	<u>897</u>	<u>380</u>	<u>411</u>	<u>6,822</u>	<u>16,959</u>	<u>310</u>	<u>-</u>
Total district-wide program revenues	<u>\$ 85,668</u>	<u>\$ 65,223</u>	<u>\$ 75,947</u>	<u>\$ 141,566</u>	<u>\$ 81,711</u>	<u>\$ 119,267</u>	<u>\$ 97,071</u>	<u>\$ 108,506</u>	<u>\$ 71,442</u>	<u>\$ 66,496</u>
Net (expense) revenues										
Governmental activities	\$ (2,561,493)	\$ (2,547,157)	\$ (2,660,670)	\$ (2,896,608)	\$ (3,141,031)	\$ (3,489,210)	\$ (3,923,531)	\$ (3,869,934)	\$ (3,856,101)	\$ (4,364,269)
Business-type activities	597	322	(2,458)	(787)	(600)	(320)	(12,822)	(11,629)	(1,603)	(260)
Total district-wide net expenses	<u>\$ (2,560,896)</u>	<u>\$ (2,546,835)</u>	<u>\$ (2,663,128)</u>	<u>\$ (2,897,395)</u>	<u>\$ (3,141,631)</u>	<u>\$ (3,489,530)</u>	<u>\$ (3,936,353)</u>	<u>\$ (3,881,563)</u>	<u>\$ (3,857,704)</u>	<u>\$ (4,364,529)</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Changes in Net Position (continued)
Last Ten Fiscal Years
(Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 2,224,117	\$ 2,268,599	\$ 2,172,561	\$ 2,237,738	\$ 2,381,237	\$ 2,602,777	\$ 2,654,833	\$ 2,707,930	\$ 2,828,942	\$ 2,885,521
Taxes levied for debt service	106,296	-	-	-	-	-	-	-	-	-
Unrestricted grants and contributions	261,390	364,796	354,521	593,769	711,997	917,479	1,205,207	1,060,063	984,396	1,503,260
Investment earnings	6,636	4,028	4,270	3,159	1,203	4,404	10,371	11,733	7,968	241
Miscellaneous income	3,458	674	-	4,780	3,766	689	6,086	905	989	7,324
Special item-proceeds on disposition of assets	-	-	-	300	-	-	-	-	-	-
Transfer	-	-	-	-	-	-	(12,522)	(11,472)	(1,555)	-
Total governmental activities	<u>2,601,897</u>	<u>2,638,097</u>	<u>2,531,352</u>	<u>2,839,746</u>	<u>3,098,203</u>	<u>3,525,349</u>	<u>3,863,975</u>	<u>3,769,159</u>	<u>3,820,740</u>	<u>4,396,346</u>
Business-type activities										
Investment earnings	49	27	25	8	5	6	51	121	16	-
Miscellaneous income	-	-	-	12	-	-	30	-	-	-
Transfer	-	-	-	-	-	-	12,522	11,472	1,555	-
Total business-type activities	<u>49</u>	<u>27</u>	<u>25</u>	<u>20</u>	<u>5</u>	<u>6</u>	<u>12,603</u>	<u>11,593</u>	<u>1,571</u>	<u>-</u>
Total district-wide	<u>\$ 2,601,946</u>	<u>\$ 2,638,124</u>	<u>\$ 2,531,377</u>	<u>\$ 2,839,766</u>	<u>\$ 3,098,208</u>	<u>\$ 3,525,355</u>	<u>\$ 3,876,578</u>	<u>\$ 3,780,752</u>	<u>\$ 3,822,311</u>	<u>\$ 4,396,346</u>
Change in net position										
Governmental activities	\$ 40,404	\$ 90,940	\$ (129,318)	\$ (56,862)	\$ (42,828)	\$ 36,139	\$ (59,556)	\$ (100,775)	\$ (35,361)	\$ 32,077
Business-type activities	646	349	(2,433)	(767)	(595)	(314)	(219)	(36)	(32)	(260)
Total district	<u>\$ 41,050</u>	<u>\$ 91,289</u>	<u>\$ (131,751)</u>	<u>\$ (57,629)</u>	<u>\$ (43,423)</u>	<u>\$ 35,825</u>	<u>\$ (59,775)</u>	<u>\$ (100,811)</u>	<u>\$ (35,393)</u>	<u>\$ 31,817</u>

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General fund										
Restricted	\$ 474,517	\$ 715,411	\$ 616,878	\$ 334,238	\$ 363,388	\$ 609,275	\$ 562,016	\$ 570,709	\$ 573,808	\$ 636,263
Committed	13,684	1,741	16,600	3,490	13,112	33,014	21,661	27,183	17,695	32,998
Assigned	99,864	-	1,600	-	-	-	23,263	-	-	-
Unassigned	237,094	234,231	234,587	231,514	229,553	240,607	230,813	229,835	243,103	256,614
Total general fund	<u>\$ 825,159</u>	<u>\$ 951,383</u>	<u>\$ 869,665</u>	<u>\$ 569,242</u>	<u>\$ 606,053</u>	<u>\$ 882,896</u>	<u>\$ 837,753</u>	<u>\$ 827,727</u>	<u>\$ 834,606</u>	<u>\$ 925,875</u>
									*	
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,230	\$ 1,366
Capital projects fund	-	-	-	127,945	106,472	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,945</u>	<u>\$ 106,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230</u>	<u>\$ 1,366</u>
									*	

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84

* as restated

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues										
Tax levy	\$ 2,330,413	\$ 2,268,599	\$ 2,172,561	\$ 2,237,738	\$ 2,381,237	\$ 2,602,777	\$ 2,654,833	\$ 2,707,930	\$ 2,828,942	\$ 2,885,521
Tuition charges	19,555	10,600	18,800	14,330	15,355	21,500	35,569	35,750	16,325	15,875
Interest earnings	6,636	4,028	4,270	3,159	1,203	4,404	10,371	11,733	7,968	241
Miscellaneous	5,556	794	8,216	5,791	4,886	8,190	8,784	2,635	1,109	13,260
State sources	257,198	364,796	354,521	378,190	399,035	451,884	536,708	555,131	614,868	729,007
State sources - capital projects	-	-	-	81,206	14,315	5,533	-	-	-	-
Federal sources	66,739	53,511	47,855	44,241	50,283	49,596	51,982	54,067	54,687	44,685
Total revenues	2,686,097	2,702,328	2,606,223	2,764,655	2,866,314	3,143,884	3,298,247	3,367,246	3,523,899	3,688,589
Expenditures										
Instruction										
Regular instruction	594,992	666,093	706,976	656,588	657,657	707,209	736,896	680,514	738,479	772,320
Special education instruction	116,730	58,446	31,270	48,981	50,210	52,933	53,700	151,501	145,406	133,562
Other special instruction	27,546	24,919	30,335	59,730	63,010	63,796	64,460	66,726	90,804	63,727
School sponsored/other instructional	3,675	2,150	2,675	2,100	4,500	4,700	2,200	2,300	2,500	1,400
Support services										
Tuition	436,674	375,224	330,470	394,890	490,732	633,971	660,986	669,481	594,490	653,606
Student and inst related services	444,062	242,715	395,480	382,248	351,775	317,664	366,467	373,525	388,276	375,167
General administration	133,530	309,412	284,790	191,434	179,310	84,854	87,350	136,770	145,343	97,153
School administration services	57,337	98,138	20,813	984	1,008	1,008	1,032	1,032	4,402	3,190
Central services	50,907	54,271	101,612	104,478	87,169	87,340	92,504	94,366	97,457	100,412
Plant operations and maintenance	137,968	153,800	162,341	158,844	169,115	170,433	173,711	175,650	173,757	192,083
Pupil transportation	44,141	51,416	47,439	55,140	58,341	69,933	98,789	118,529	161,831	124,600
Employee benefits	314,522	304,111	343,540	449,769	424,530	447,275	498,688	499,626	468,542	502,561
On-behalf TPAF Pension and Social Security contribution	152,132	181,898	145,199	182,193	212,698	249,526	334,789	338,583	401,703	496,833
Capital outlay	-	-	29,050	2,499	13,850	25,894	104,746	1,530	49,018	28,975
Special revenue funds	64,285	53,511	55,951	44,241	51,283	56,977	54,550	55,667	54,687	50,365
Capital projects	-	-	-	203,014	35,788	-	-	-	-	-
Debt service										
Principal	103,000	-	-	-	-	-	-	-	-	-
Interest and other charges	3,296	-	-	-	-	-	-	-	-	-
Total expenditures	2,684,797	2,576,104	2,687,941	2,937,133	2,850,976	2,973,513	3,330,868	3,365,800	3,516,695	3,595,954

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Changes in Fund Balances - Governmental Funds (continued)
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Excess (deficiency) of revenues over (under) expenditures	\$ 1,300	\$ 126,224	\$ (81,718)	\$ (172,478)	\$ 15,338	\$ 170,371	\$ (32,621)	\$ 1,446	\$ 7,204	\$ 92,635
Other financing uses										
Transfers out	-	-	-	-	-	-	(12,522)	(11,472)	(1,555)	-
Net change in fund balances	\$ 1,300	\$ 126,224	\$ (81,718)	\$ (172,478)	\$ 15,338	\$ 170,371	\$ (45,143)	\$ (10,026)	\$ 5,649	\$ 92,635
Debt service as a percentage of non-capital expenditures	4.12%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

Note: 1) Non-capital expenditures are total expenditures less capital outlay, capital projects and debt service.
2) During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund - Other Local Revenues by Source
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Interest income	\$ 6,636	\$ 4,028	\$ 4,028	\$ 3,159	\$ 1,203	\$ 4,404	\$ 10,371	\$ 11,733	\$ 7,968	\$ 241
Tuition	19,555	10,600	10,600	14,330	15,595	21,500	35,569	35,750	16,325	15,875
Refunds	236	-	-	-	-	-	-	-	-	-
Rental	-	-	-	591	120	120	120	120	120	120
Prior year										
Refunds	857	-	-	-	-	75	1,944	843	987	7,103
Outstanding checks canceled	-	-	-	-	-	20	-	-	-	-
Accounts payable canceled	-	-	-	3,632	-	-	-	-	-	-
Excess payroll balance canceled	-	-	-	1,000	-	-	-	-	-	-
I-Pad sales	-	-	-	-	-	-	3,520	50	-	-
E-Rate telephone reimbursements	2,275	674	-	-	-	-	-	-	-	-
Miscellaneous	450	120	120	568	4,526	594	632	22	2	221
Annual totals	\$ 30,009	\$ 15,422	\$ 14,748	\$ 23,280	\$ 21,444	\$ 26,713	\$ 52,156	\$ 48,518	\$ 25,402	\$ 23,560

Source: District Records

Note: During the year ended June 30, 2021, the District implemented GASB Statement No. 84.

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Assessed Value and Actual Value of Taxable Property
Last Ten Fiscal Years

	Fiscal Year Ended June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Vacant land	\$ 3,378,200	\$ 3,382,200	\$ 1,541,600	\$ 1,529,600	\$ 1,420,900	\$ 1,418,900	\$ 1,418,900	\$ 1,418,900	\$ 1,418,900	\$ 1,418,900
Residential	152,203,500	152,148,400	154,328,000	154,414,600	154,290,900	154,509,500	154,498,600	154,487,900	154,588,700	162,966,200
Farm regular	681,000	681,000	681,000	681,000	681,000	681,000	681,000	681,000	681,000	681,000
Q Farm	30,279	29,923	29,923	29,923	29,923	29,923	29,923	29,923	29,923	29,923
Commercial	89,249,100	88,706,900	88,137,700	88,252,700	80,913,300	80,837,600	80,581,700	85,648,200	84,265,800	76,765,800
Industrial	8,748,080	8,172,380	8,172,380	8,713,980	8,713,980	8,713,980	8,713,980	8,713,980	8,713,980	8,713,980
Apartment	17,275,800	19,915,800	21,079,800	26,106,800	26,106,800	28,141,000	28,141,000	29,141,000	29,141,000	29,637,000
Total assessed value	271,565,959	273,036,603	273,970,403	279,728,603	272,156,803	274,331,903	274,065,103	280,120,903	278,839,303	280,212,803
Public utilities (a)	780,720	659,123	-	-	-	-	-	-	-	-
Net valuation taxable	\$ 272,346,679	\$ 273,695,726	\$ 273,970,403	\$ 279,728,603	\$ 272,156,803	\$ 274,331,903	\$ 274,065,103	\$ 280,120,903	\$ 278,839,303	\$ 280,212,803
Estimated actual county equalized value	\$ 284,970,889	\$ 277,132,165	\$ 262,423,758	\$ 280,317,269	\$ 269,916,496	\$ 281,020,183	\$ 277,169,400	\$ 296,926,969	\$ 282,827,166	\$ 286,457,578
Percentage of net valuation to estimated actual equalized value	95.57%	98.76%	104.40%	99.79%	100.83%	97.62%	98.88%	94.34%	98.59%	97.82%
Total direct school tax rate (b)	\$ 0.83	\$ 0.79	\$ 0.82	\$ 0.85	\$ 0.96	\$ 0.97	\$ 0.99	\$ 1.01	\$ 1.04	\$ 1.03

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair to market value) established by each County Board of Taxation

- (a) Taxable value of machinery, implements and equipment's of telephone and messenger system companies;
- (b) Tax rates are per \$100.

See independent auditors' report.

**LEBANON BOROUGH SCHOOL DISTRICT
Direct and Overlapping Property Tax Rates
Last Ten Fiscal Years
(Rate Per \$100 of Assessed Value)**

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2012	\$ 0.83	\$ -	\$ 0.83	\$ 0.57	\$ 0.28	\$ 0.37	\$ 2.05
2013	0.79	-	0.79	0.61	0.30	0.36	2.06
2014	0.82	-	0.82	0.63	0.33	0.35	2.13
2015	0.85	-	0.85	0.59	0.36	0.37	2.17
2016	0.96	-	0.96	0.57	0.39	0.34	2.26
2017	0.97	-	0.97	0.50	0.40	0.38	2.25
2018	0.99	-	0.99	0.48	0.44	0.39	2.30
2019	1.01	-	1.01	0.55	0.45	0.41	2.42
2020	1.04	-	1.04	0.61	0.47	0.38	2.50
2021	1.03	-	1.03	0.58	0.47	0.39	2.47

Sources: Municipal Tax Collector

Note: N.J.S.A. 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 pre-budget by more than the spending growth limitation calculated as follows: the pre-budget 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.

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Principal Property Taxpayers
Current Year and Nine Years Ago

	2021			2012		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
Presidential Place at Lebanon LLC	\$ 27,000,000	1	9.64%	\$ 16,298,800	2	5.98%
Camelot Ridge, LLC	14,881,900	2	5.31%	-	-	-
IHP Lebanon	12,500,000	3	4.46%	-	-	-
600 Corporate Drive LLC	8,500,000	4	3.03%	-	-	-
Architectural Holdings LLC	5,700,000	5	2.03%	6,299,300	5	2.31%
Cokesbury Road Industrial Park LLC	5,500,000	6	1.96%	5,788,100	6	2.13%
Hunterdon Plaza Associates LLC	5,050,000	7	1.80%	5,050,000	7	1.85%
Hunterdon Executive Center	5,000,000	8	1.78%	-	-	-
Joseph P Moglia & Daughters LLC	4,990,500	9	1.78%	4,989,600	8	1.83%
111 Cokesbury LLC	3,885,380	10	1.39%	-	-	-
Wells Operating Part LP c/o Thomson	-	-	-	17,500,000	1	6.43%
JC 2002-C3 100-200 Corp C/O ING	-	-	-	12,000,000	3	4.41%
IA Orchard Hotels Lebanon LLC	-	-	-	7,500,000	4	2.75%
KBT NJ LLC Wrigtwood Capital Serve	-	-	-	3,878,880	9	1.42%
Stow Away Self Storage	-	-	-	3,408,800	10	1.25%
	<u>\$ 93,007,780</u>		<u>33.18%</u>	<u>\$ 82,713,480</u>		<u>30.36%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Property Tax Levies and Collections
Last Ten Fiscal Years

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2012	\$ 2,330,413	\$ 2,330,413	100.00%
2013	2,268,599	2,268,599	100.00%
2014	2,172,561	2,172,561	100.00%
2015	2,237,738	2,237,738	100.00%
2016	2,381,237	2,381,237	100.00%
2017	2,602,777	2,602,777	100.00%
2018	2,654,833	2,654,833	100.00%
2019	2,707,930	2,707,930	100.00%
2020	2,828,942	2,828,942	100.00%
2021	2,885,521	2,885,521	100.00%

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

- (a) 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 the amount voted upon or certified prior to the end of the school year.

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year Ended June 30,	Governmental Activities				Business-Type	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Activities Capital Leases			
2012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
2013	-	-	-	-	-	-	N/A	N/A
2014	-	-	-	-	-	-	N/A	N/A
2015	-	-	-	-	-	-	N/A	N/A
2016	-	-	-	-	-	-	N/A	N/A
2017	-	-	-	-	-	-	N/A	N/A
2018	-	-	-	-	-	-	N/A	N/A
2019	-	-	-	-	-	-	N/A	N/A
2020	-	-	-	-	-	-	N/A	N/A
2021	-	-	-	-	-	-	N/A	N/A

Notes: (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.
(2) The Lebanon Borough School District had no bonded debt as of June 30, 2021 and the previous nine fiscal years.

(a) See Exhibit J-14 for personal income and population data.
These ratios are calculated using personal income and population for the prior calendar year.

N/A - Not Applicable

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Ratios of Net General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2012	\$ -	\$ -	\$ -	N/A	N/A
2013	-	-	-	N/A	N/A
2014	-	-	-	N/A	N/A
2015	-	-	-	N/A	N/A
2016	-	-	-	N/A	N/A
2017	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A
2019	-	-	-	N/A	N/A
2020	-	-	-	N/A	N/A
2021	-	-	-	N/A	N/A

Notes: (1) Details regarding the District's outstanding debt can be found in the notes to the financial statements.

(2) The District had no bonded debt as of June 30, 2021 and the previous nine fiscal years.

(a) See Exhibit J-14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

N/A - Not Applicable

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2020

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 4,719,700	100.00%	\$ 4,719,700
Regional High School	8,110,000	3.44%	279,221
County general obligation debt	90,647,955	1.32%	<u>1,193,765</u>
Subtotal, overlapping debt			6,192,686
School district direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 6,192,686</u></u>

Sources: Assessed value data used to estimate applicable percentages provided by the County Board of Taxation. Debt outstanding data provided by each governmental unit.

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 municipality. 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.

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Legal Debt Margin Information
Last Ten Fiscal Years

Legal Debt Margin Calculation for Fiscal Year 2021

		Equalized Valuation Basis
	2020	\$ 285,053,469
	2019	284,127,095
	2018	290,507,847
		\$ 859,688,411
Average equalized valuation of taxable property		\$ 286,562,804
Debt limit (3.0% of average equalization value) (a)		\$ 8,596,884
Total net debt applicable to limit		-
Legal debt margin		\$ 8,596,884

	Fiscal Year				
	2017	2018	2019	2020	2021
Debt limit	\$ 8,306,449	\$ 8,335,372	\$ 8,466,191	\$ 8,520,742	\$ 8,596,884
Total net debt applicable	-	-	-	-	-
Legal debt margin	\$ 8,306,449	\$ 8,335,372	\$ 8,466,191	\$ 8,520,742	\$ 8,596,884
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2012	2013	2014	2015	2016
Debt limit	\$ 9,189,075	\$ 8,695,624	\$ 8,261,643	\$ 8,110,519	\$ 8,135,022
Total net debt applicable	-	-	-	-	-
Legal debt margin	\$ 9,189,075	\$ 8,695,624	\$ 8,261,643	\$ 8,110,519	\$ 8,135,022
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

Source: Equalized Valuation Bases were obtained from the Annual Report of the State of New Jersey Department of Treasury, Division of Taxation.

(a) Limit Set by N.J.S.A. 18A:24-19.

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Demographic and Economic Statistics
Last Ten Fiscal Years

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2012	1,698	\$ 122,147,328	\$ 71,936	12.3%
2013	1,693	127,379,627	75,239	6.3%
2014	1,686	126,542,730	75,055	5.3%
2015	1,672	131,377,400	78,575	4.6%
2016	1,666	134,982,652	81,022	3.8%
2017	1,668	139,679,988	83,741	3.5%
2018	1,659	141,068,088	85,032	3.7%
2019	1,648	145,955,120	88,565	3.3%
2020	1,638	151,172,658	92,291	9.2%
2021	N/A	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept. of Labor and Workforce.
- (b) Personal income has been estimated based upon the municipal population and per capita personal income presented.
- (c) Per capita personal income by county estimated based upon the 2010 census published by the U.S. Bureau of Economic Analysis.
- (d) Unemployment data provided by the NJ Dept of Labor and Workforce.

N/A Information is not available

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Principal Employers
Current Year and Nine Years Ago

2021

Employer	Employees	Rank	Percentage of Total Municipal Employment
----------	-----------	------	--

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2012

Employer	Employees	Rank	Percentage of Total Municipal Employment
----------	-----------	------	--

INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Full Time Equivalent District Employees by Function/Program
Last Ten Fiscal Years

Function/Program	<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>2021</u>
Instruction										
Regular	9.2	10.7	9.6	9.4	9.4	11.5	13.3	10.5	10.5	10.5
Special education	2.7	2.0	1.0	1.0	2.0	2.0	1.6	3.0	3.0	3.0
Support services										
Student and instruction related services	3.7	3.8	4.0	4.4	4.4	4.0	3.5	4.0	4.0	4.0
General administration	0.2	0.6	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0
School administration services	0.4	0.6	-	-	-	-	1.0	1.0	1.8	1.8
Plant operations and maintenance	1.0	1.0	1.0	1.0	1.5	1.5	1.5	1.0	1.5	1.5
Total	<u>17.2</u>	<u>18.7</u>	<u>18.6</u>	<u>18.8</u>	<u>20.3</u>	<u>22.0</u>	<u>22.9</u>	<u>21.5</u>	<u>22.8</u>	<u>22.8</u>

Source: District Personnel Records

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2012	89	\$ 2,578,501	\$ 28,972	-11.99%	12	1 to 7.42	82.1	79.4	9.47%	96.71%
2013	79	2,576,104	32,609	12.55%	13	1 to 6.08	76.0	74.1	-7.43%	97.50%
2014	91	2,658,891	29,219	-10.40%	14	1 to 6.50	91.0	87.2	19.74%	95.82%
2015	90	2,731,620	30,351	3.87%	14	1 to 6.43	92.4	88.7	1.56%	95.99%
2016	102	2,801,338	27,464	-9.51%	15	1 to 6.80	97.8	94.7	5.82%	96.87%
2017	102	2,947,619	28,898	5.22%	12	1 to 8.50	102.7	99.9	5.01%	97.27%
2018	109	3,226,122	29,597	2.42%	13	1 to 8.20	109.8	106.7	6.92%	97.13%
2019	105	3,364,270	32,041	8.26%	14	1 to 7.78	106.4	102.3	-3.11%	96.15%
2020	105	3,467,677	33,025	3.07%	14	1 to 7.78	105.2	101.9	-1.13%	96.88%
2021	95	3,566,979	37,547	13.69%	14	1 to 6.79	96.8	94.6	-7.98%	97.69%

Source: District Records

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

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

District Building	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Lebanon Borough School (1989)</u>										
Square feet	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369
Capacity (students)	143	143	143	143	143	143	143	143	143	143
Enrollment	89	79	91	90	102	99	104	105	105	95

Number of Schools at June 30, 2021

Elementary and Middle = 1

Source: District Facilities Office

N/A = Not Available

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

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Required Maintenance Expenditures by School Facility
Last Ten Fiscal Years

Undistributed expenditures - Required maintenance for school facilities

<u>Fiscal Year</u>	<u>Amount</u>
2012	\$ 16,645
2013	27,229
2014	13,374
2015	18,541
2016	17,050
2017	19,393
2018	14,631
2019	22,002
2020	21,461
2021	19,415
Total school facilities	<u>\$ 189,741</u>

Note: School Facilities as Defined Under EFCFA.
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

Source: District Records

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Insurance Schedule
June 30, 2021
(Unaudited)

	<u>Coverage</u>	<u>Deductible</u>
School Commercial Package Policy - NJ School Boards Assoc. Insurance Group (NJSBAIG)		
Property - Building Blanket and Contents (Fund Limit)	\$ 500,000	\$ 1,000
General Liability	6,000,000	-
Equipment Breakdown	100,000,000	1,000
Crime Public Employee Dishonesty	100,000	500
Auto Liability	6,000,000	-
Auto Physical Damage	Actual Cash Value	1,000
School Board Legal Liability - NJSBAIG		
Errors and Omissions	6,000,000	5,000
Workers Compensation - NJSBAIG		
Employers Liability	3,000,000	-
Disease Each Employee	3,000,000	-
Disease Policy Limit	3,000,000	-
Public Employees' Faithful Performance - NJSBAIG		
Treasurer of School Monies	145,000	1,000
School Board Secretary	50,000	500
Student Accident Insurance - BMI Benefits Through Berkeley		
Base Limit	1,000,000	-
Catastrophic Limit	1,000,000	-
Voluntary Limit	500,000	-
Pollution Policy - Ironshore through NJSIG		
Claim Limit	1,000,000	50,000
Aggregate Limit	11,000,000	-

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION



**Independent Auditors' 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***

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

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, and the aggregate remaining fund information of the Lebanon Borough School District, County of Hunterdon, the State of New Jersey, (the District), as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 23, 2022.

Internal Control over Financial Reporting

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

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

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

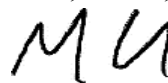
As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and 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 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* and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BKC, CPAs, PC



Michael A. Holk, CPA, PSA
NO. 20CS00265600

February 23, 2022
Flemington, New Jersey

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Federal		Project Number	Program or Award Amount	Grant Period		Balance 06/30/20	Carryover Amount	Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2021				
	CFDA Number	FAIN Number			From	To							Accounts Receivable	Deferred Revenue	Due to Grantor		
U.S. Department of Education passed through State Department of Education																	
Special revenue fund																	
Special education cluster (IDEA)																	
IDEA Basic	84.027	H027A190100	IDEA-2590-20	\$ 28,560	07/01/19	06/30/20	\$ (3,045)	\$ -	\$ 3,045	\$ 1	\$ -	\$ -	\$ (1)	\$ -	\$ -		
IDEA Basic	84.027	H027A200100	IDEA-2590-21	28,984	07/01/20	06/30/21	-	-	18,344	28,984	-	-	(10,640)	-	-		
IDEA Preschool	84.173	H173A200114	IDEA-2590-21	1,881	07/01/20	06/30/21	-	-	1,881	1,881	-	-	-	-	-		
Total special education cluster (IDEA)							<u>(3,045)</u>	<u>-</u>	<u>23,270</u>	<u>30,866</u>	<u>-</u>	<u>-</u>	<u>(10,641)</u>	<u>-</u>	<u>-</u>		
Title II A	84.367A	S367A190029	ESSA-2590-20	1,794	07/01/19	06/30/20	(1,766)	-	1,794	28	-	-	-	-	-		
Title II A	84.367A	S367A200029	ESSA-2590-21	2,174	07/01/20	06/30/21	-	-	2,174	2,174	-	-	-	-	-		
Coronavirus Aid Relief	84.425	S425D200027	CARES-2590-21	3,899	07/01/20	06/30/21	-	-	3,899	3,899	-	-	-	-	-		
CARES Emergency Relief	84.425D	S425D200027	CARES-2590-22	7,718	07/01/20	06/30/21	-	-	7,718	7,718	-	-	-	-	-		
Total special revenue fund							<u>(4,811)</u>	<u>-</u>	<u>38,855</u>	<u>44,685</u>	<u>-</u>	<u>-</u>	<u>(10,641)</u>	<u>-</u>	<u>-</u>		
Total Federal Awards							<u>\$ (4,811)</u>	<u>\$ -</u>	<u>\$ 38,855</u>	<u>\$ 44,685</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (10,641)</u>	<u>\$ -</u>	<u>\$ -</u>		

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2021

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2020		Cash Received	Budgetary Expenditure	Repayment of Prior Year	Balance June 30, 2021			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special Education Categorical Aid	21-495-034-5120-089	\$ 111,595	07/01/20	06/30/21	\$ -	\$ -	\$ 100,435	\$ 111,595	\$ -	\$ -	\$ -	\$ -	\$ 11,160	\$ 111,595
Security Aid	21-495-034-5120-084	11,798	07/01/20	06/30/21	-	-	10,618	11,798	-	-	-	-	1,180	11,798
Transportation Aid	21-495-034-5120-014	24,207	07/01/20	06/30/21	-	-	21,786	24,207	-	-	-	-	2,421	24,207
School Choice Aid	21-495-034-5120-068	53,280	07/01/20	06/30/21	-	-	47,953	53,280	-	-	-	-	5,327	53,280
Extraordinary Special Education Costs Aid	20-495-034-5120-044	13,401	07/01/19	06/30/20	(13,401)	-	13,401	-	-	-	-	-	-	13,401
Extraordinary Special Education Costs Aid	21-495-034-5120-044	25,542	07/01/20	06/30/21	-	-	-	25,542	-	(25,542)	-	-	-	25,542
Non-Public Transportation Aid	21-495-034-5120-014	1,160	07/01/20	06/30/21	-	-	-	1,160	-	(1,160)	-	-	-	1,160
Securing Our Children's Future Bond Act	S010A200030	5,885	07/01/20	06/30/22	-	-	-	4,725	-	(4,725)	-	-	-	4,725
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002	309,324	07/01/20	06/30/21	-	-	309,324	309,324	-	-	-	-	-	309,324
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004	5,885	07/01/20	06/30/21	-	-	5,885	5,885	-	-	-	-	-	5,885
On-Behalf TPAF Pension Contribution - Post Retirement Medical	21-495-034-5094-001	98,782	07/01/20	06/30/21	-	-	98,782	98,782	-	-	-	-	-	98,782
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004	316	07/01/20	06/30/21	-	-	316	316	-	-	-	-	-	316
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	82,526	07/01/20	06/30/21	-	-	82,526	82,526	-	-	-	-	-	82,526
Total general fund					(13,401)	-	691,026	729,140	-	(31,427)	-	-	20,088	742,541
Total State Financial Assistance					\$ (13,401)	\$ -	\$ 691,026	\$ 729,140	\$ -	\$ (31,427)	\$ -	\$ -	\$ 20,088	\$ 742,541
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	21-495-034-5094-002							309,324						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	21-495-034-5094-004							5,885						
On-Behalf TPAF Pension Contribution - Postretirement Medical	21-495-034-5094-001							98,782						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	21-495-034-5094-004							316						
Total for State Financial Assistance - Major Program Determination								\$ 314,833						

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

Note 1 - General

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance present the activity of all federal awards and state financial assistance programs of the Lebanon Borough School District. The District is defined in Note 1 (A) to the District's basic financial statements. All federal awards and state financial assistance received directly from federal and state agencies, as well as federal awards and state financial assistance passed through other government agencies, is included on the Schedules of Expenditures of Federal Awards and State Financial Assistance.

Note 2 - Basis of accounting

The accompanying Schedules of Expenditures of Federal Awards and State Financial Assistance are presented using the budgetary basis of accounting. This basis of accounting is described in Notes 1 (C) and 1 (D) to the District's basic financial statements.

Note 3 - Relationship of financial statements

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules 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 one or more deferred June state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2. For GAAP purposes payments are not recognized until the subsequent budget year due to the state deferral and recording of the one or more June state aid payments in the subsequent year. The special revenue fund is presented in the accompanying Schedules on the Budgetary Basis which recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(133) for the general 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.

Financial assistance revenues are reported in the District's basic financial statements on a GAAP basis as follows:

	Federal	State	Total
General fund	\$ -	\$ 729,007	\$ 729,007
Special revenue fund	44,685	-	44,685
Total awards and financial assistance	\$ 44,685	\$ 729,007	\$ 773,692

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2021

- Note 4 - Relationship to federal and state financial reports
Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.
- Note 5 - Other
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, 2021. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2021.
- Note 6 - Indirect costs
The District has elected not to utilize the 10% de minimis indirect cost rate.

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

1. Were material weakness(es) identified? Yes No
2. Were significant deficiencies identified? Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Were any audit findings disclosed that are required to be reported in accordance with 2 CFR 200 Section .516(a)?

Yes No

Identification of Major Programs:

CFDA Number(s)	FEIN Number(s)	Name of Federal Program or Cluster
<u>Not Applicable</u>	<u>Not Applicable</u>	<u>Not Applicable</u>

What was the dollar threshold used to distinguish between Type A and Type B programs?

Did the auditee qualify as a low-risk auditee?

Yes No

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs?

Not Applicable

Did the auditee qualify as a low-risk auditee?

Yes No

Internal Control Over Major Programs:

1. Were material weakness(es) identified?

Yes No

2. Were there significant deficiencies identified that are not considered to be material weaknesses?

Yes None reported

What was the type of auditor's report issued on compliance for major programs?

Unmodified

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable?

Yes No

Identification of Major Programs:

State Grant/Project Numbers

Name of State Program

Not applicable

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2021.

Section III - Federal Awards and State Financial Assistance Findings and Questioned Costs

There were no findings or questioned costs for the fiscal year ended June 30, 2021.

**LEBANON BOROUGH SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2021**

Status of Prior Year Findings

There were no prior year findings or questioned costs.