

**SCHOOL DISTRICT**  
**OF**  
**LEBANON TOWNSHIP**

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

**Annual Comprehensive Financial Report**  
**For The Fiscal Year Ended June 30, 2021**

**Annual Comprehensive**

**Financial Report**

**of the**

**Lebanon Township School District**

**Board of Education**

**Califon, New Jersey**

**For the Fiscal Year Ending June 30, 2021**

**Prepared by**

**Lebanon Township School District**

**Board of Education**

**Finance Department**

# OUTLINE OF ACFR

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## **Introductory Section**

# LEBANON TOWNSHIP SCHOOL DISTRICT

70 BUNNVALE ROAD CALIFON, NJ 07830-4199

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

**Jason Kornegay, Superintendent**

## Valley View School

400 Rt. 513

Califon, NJ 07830-4199

Phone: 832-2175

Fax: 832-6280

Patricia Bell, Principal

Abigail J. Postma, School Business Admin/Brd Sec

Colleen Andrade, Coordinator of Special Services

Phone: 832-2174

Fax: 832-5068

## Woodglen School

70 Bunnvale Rd.

Califon, NJ 07830-4199

Phone: 638-4111

Fax: 638-8418

Michael B. Rubright, Principal

January 26, 2022

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

Dear Board Members:

The comprehensive annual financial report of the Lebanon Township School District (District) for the fiscal year ended June 30, 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 comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the general purpose financial statements and schedules, as well as the auditor's report thereon. The financial section also includes the Management's Discussion and Analysis. The statistical section includes selected financial and demographic information, generally presented on a multi-year basis. The District is required to undergo an annual single audit in conformity with the provisions of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular 15-08, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

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

The District provides a full range of educational services appropriate to grade levels pre-K through 8. These include regular instruction, as well as special education for handicapped youngsters. The District completed the 2020-2021 fiscal year with an average daily enrollment of 574.7 students. The following details the changes in the student enrollment of the District over the past several years.

Average Daily Enrollment

<u>Fiscal</u> <u>Year</u>	<u>ADE</u> <u>Student</u> <u>Enrollment</u>	<u>Percent</u> <u>Change</u>
1996-97	826.7	6.42%
1997-98	819.9	( 0.82%)
1998-99	817.7	( 0.27%)
1999-00	810.0	( 0.94%)
2000-01	873.3	7.81%
2001-02	884.9	1.33%
2002-03	872.5	(1.40%)
2003-04	842.8	(3.40%)
2004-05	834.3	(1.01%)
2005-06	816.2	(2.17%)
2006-07	813.0	(0.39%)
2007-08	824.2	1.38%
2008-09	818.0	(0.75%)
2009-10	773.9	(5.39%)
2010-11	763.8	(1.3%)
2011-12	734.2	(3.9%)
2012-13	709.9	(3.3%)
2013-14	723.9	2.0%
2014-15	687.5	(5.6%)
2015-16	659.5	(4.08%)
2016-17	624.2	(5.6%)
2017-18	590.5	(5.6%)
2018-19	633.5	7.3%
2019-20	630.5	(.5%)
2020-21	574.7	(7.8%)

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

10) **OTHER INFORMATION:**

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

meet the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular 15-08. The auditor's report on the general purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

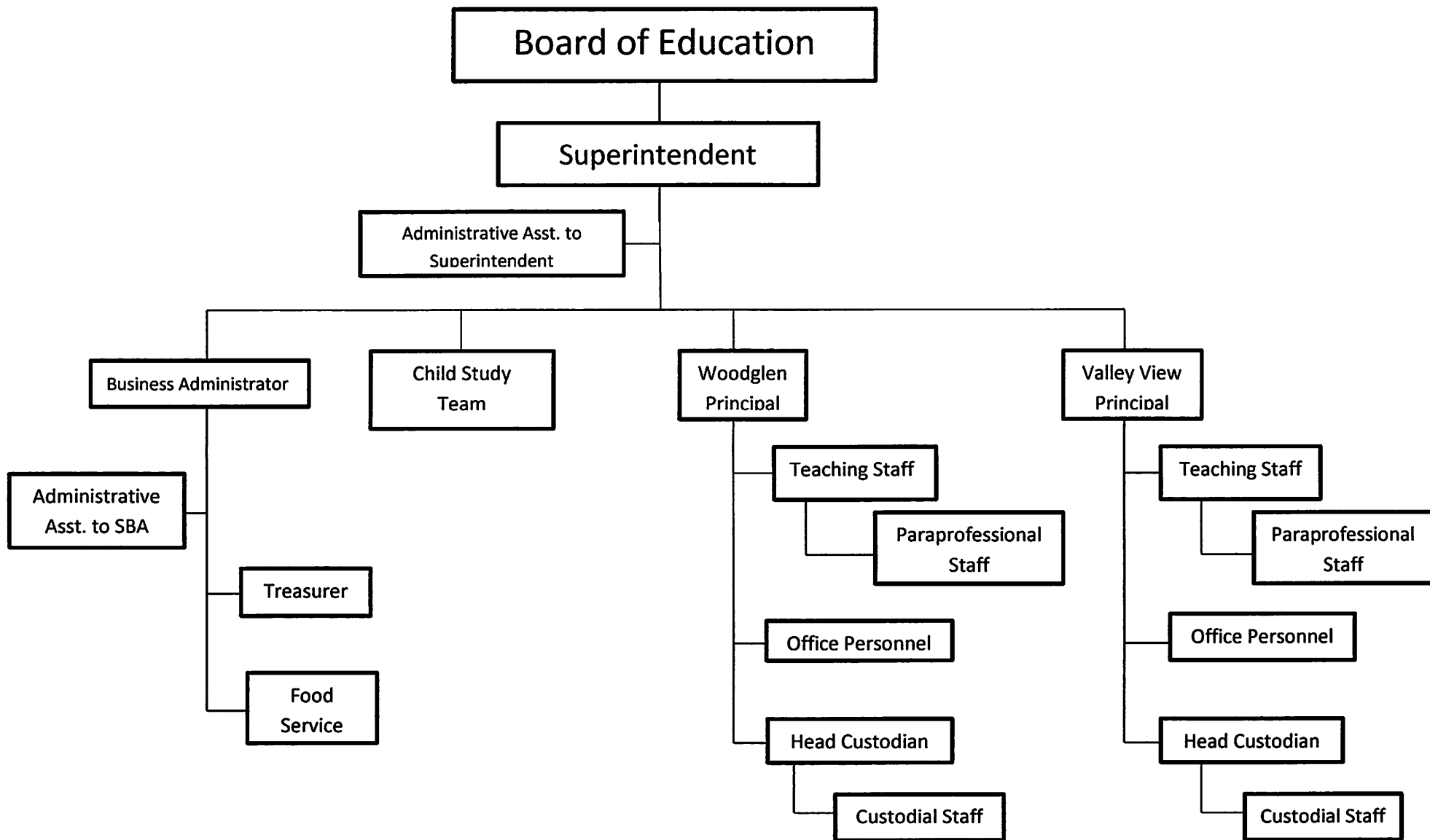
11) **ACKNOWLEDGEMENTS:** We would like to express our appreciation to the members of the Lebanon Township Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance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

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jason Kornegay". The signature is stylized and cursive.

Jason Kornegay,  
Superintendent

# Lebanon Township School District Organizational Chart



**LEBANON TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**ROSTER OF OFFICIALS**

**JUNE 30, 2021**

<b><u>Members of the Board of Education</u></b>	<b><u>Term Expires</u></b>
Stephanie Cahill, <i>President</i>	2022
Kiersten Robbins, <i>Vice-President</i>	2023
Darek Merkel	2023
Ronald Pojedinec	2023
Ben Damiano	2022
Michele Korfin	2021
Karen Williams	2021
Daniel Kerr	2022
Barton Lagomarsino	2021

**Other Officials**

Jason Kornegay, *Superintendent*

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

Gregory Della Pia, *Treasurer*

**LEBANON TOWNSHIP SCHOOL DISTRICT  
BOARD OF EDUCATION**

**CONSULTANTS AND ADVISORS**

**AUDIT FIRM**

**Ardito & Company LLC**  
1110 Harrison Street, Suite C  
Frenchtown, NJ 08825

**BOARD ATTORNEY**

Comegno Law Group  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

**OFFICIAL DEPOSITORIES**

**Investors Bank**  
55 Old Highway 22  
Clinton, NJ 08809

## **Financial Section**

# **Independent Auditor's Report**





# **ARDITO & COMPANY LLC**

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

## **Independent Auditor's Report**

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

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the government activities, the business-type activities, each major fund and the aggregate remaining fund information of the Lebanon Township School District Board of Education, as of and for the year ended June 30, 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.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in ***Government Auditing Standards***, issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

-Continued-

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### ***Opinions***

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

### ***Other Matters***

#### *Required Supplementary Information*

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

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

#### *Other Information*

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

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

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

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

***Other Reporting Required by Government Auditing Standards***

In accordance with ***Government Auditing Standards***, we have also issued our report dated January 26, 2022, on our consideration of the Lebanon Township School District Board of Education's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with ***Government Auditing Standards*** in considering the District's internal control over financial reporting and compliance.

*Ardito & Company LLC*

ARDITO & COMPANY LLC

January 26, 2022

***Anthony Ardito***

Anthony Ardito

Licensed Public School Accountant No. 2369

**Required Supplementary Information - Part I**

**Management's Discussion and Analysis**

LEBANON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED

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

**Financial Highlights**

Key financial highlights for 2021 are as follows:

- ◆ In total, Net Position increased \$466,296 which represents a 6.9% increase from 2020.
- ◆ General revenues accounted for \$10,629,410 in revenue or 62.6% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$6,363,121 or 37.4% of total revenues of \$16,992,531.
- ◆ Total assets of governmental activities increased by \$533,265, as cash and cash equivalents increased by \$133,600, receivables increased by \$72,724, and capital assets increased by \$326,698.
- ◆ The School District had \$16,526,235 in expenses; only \$6,363,121 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$10,629,410 were available to provide for these programs.
- ◆ Among major funds, the General Fund had \$15,614,490 in revenues and \$15,071,798 in expenditures. The General Fund's surplus balance increased \$537,692 over 2020, which compares favorably to the budgeted decrease of \$820,437.

**Using this Generally Accepted Accounting Principals Report (GAAP)**

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 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 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 of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental activities--All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.
  
- Business-type Activity--This service is provided on a charge for goods or services basis to recover all the expenses of the goods or services provided. The Food Service enterprise fund is reported as a business activity.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED

**Governmental Funds**

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**The School District as a Whole**

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

Table 1 provides a summary of the School District's Net Position for 2021 compared to 2020.

**Table 1  
Net Position**

	<u>2021</u>	<u>2020</u>
<b>Assets</b>		
Current and Other Assets	\$ 6,536,560	\$ 6,329,993
Capital Assets	4,749,898	4,423,200
<b>Total Assets</b>	<u>11,286,458</u>	<u>10,753,193</u>
 <b>Deferred Outflows of Resources</b>	 <u>502,255</u>	 <u>532,058</u>
 <b>Liabilities</b>		
Long-Term Liabilities	250,223	148,268
Other Liabilities	2,862,294	2,866,760
<b>Total Liabilities</b>	<u>3,112,517</u>	<u>3,015,028</u>
 <b>Deferred Inflows of Resources</b>	 <u>1,446,349</u>	 <u>1,506,672</u>
 <b>Net Position</b>		
Invested in Capital Assets, Net of Debt	4,749,898	4,423,200
Restricted	5,377,742	5,094,136
Unrestricted	<u>(2,897,793)</u>	<u>(2,753,785)</u>
<b>Total Net Position</b>	<u>\$ 7,229,847</u>	<u>\$ 6,763,551</u>

LEBANON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED

Total assets of governmental activities increased by \$533,265, as cash and cash equivalents increased by \$133,600, receivables increased by \$72,724, and capital assets increased by \$326,698.

The cash increase was mainly due to budget operational efficiencies and receivables increased due to current year federal grants collected in the subsequent year. The increase in capital assets was primarily due to the security capital project, net of depreciation expense.

Table 2 shows the changes in Net Position from fiscal year 2020.

**Table 2**  
**Changes in Net Position**

	<u>2021</u>	<u>2020</u>
<b>Revenues</b>		
Program Revenues:		
Charges for Services	\$ 605,648	\$ 685,602
Operating Grants and Contributions	5,757,473	5,059,286
General Revenues:		
Property Taxes	10,533,540	10,327,000
Investment Earnings	14,059	60,734
Other	<u>81,811</u>	<u>93,187</u>
<b>Total Revenues</b>	<u>16,992,531</u>	<u>16,225,809</u>
<b>Program Expenses</b>		
Instruction	9,066,246	8,860,157
Support Services:		
Tuition	103,135	57,062
Pupils and Instructional Staff	2,772,065	2,523,481
General Administration, School Administration, Business	1,555,933	1,357,842
Operations and Maintenance of Facilities	2,102,547	1,738,448
Pupil Transportation	544,909	492,206
Business-Type Activities	131,476	128,042
Interest and Fiscal Charges	<u>249,924</u>	<u>237,457</u>
<b>Total Expenses</b>	<u>16,526,235</u>	<u>15,394,695</u>
Increase in Net Position	<u>\$ 466,296</u>	<u>\$ 831,114</u>



LEBANON TOWNSHIP SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 62.0% percent of revenues for governmental activities for the Lebanon Township School District for the fiscal year 2021.

Instruction comprises 54.9% of district expenses. Support services expenses make up 42.8% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services compared to 2020. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**Table 3**

	<u>Total Cost of Services 2021</u>	<u>Net Cost of Services 2021</u>	<u>Total Cost of Services 2020</u>	<u>Net Cost of Services 2020</u>
Instruction	\$ 9,066,246	\$ 5,243,366	\$ 8,860,157	\$ 5,240,902
Support Services:				
Tuition	103,135	68,588	57,062	38,775
Pupils and Instructional Staff	2,772,065	1,826,953	2,523,481	1,692,869
General Admin., School Admin., Business	1,555,933	1,034,742	1,357,842	922,675
Operation and Maintenance of Facilities	2,102,547	1,398,256	1,738,448	1,181,303
Pupil Transportation	544,909	362,381	492,206	334,462
Business-Type Activities	131,476	(21,096)	128,042	1,364
Interest and Fiscal Charges	249,924	249,924	237,457	237,457
<b>Total Expenses</b>	<u>\$ 16,526,235</u>	<u>\$ 10,163,114</u>	<u>\$ 15,394,695</u>	<u>\$ 9,649,807</u>

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

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

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

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

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

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED

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

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

The dependence upon tax revenues is apparent. Over 57.8% of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 66.3%. The community, as a whole, is the primary support for the Lebanon Township School District.

**The School District's Funds**

Information about the School District's major funds starts on page 24. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other sources of \$15,857,951 and expenditures of \$15,866,628. The General Fund's surplus balance increased \$537,692 over 2020, which compares favorably to the budgeted decrease of \$820,437.

**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 2021 year, the School District amended its General Fund budget as needed. The School District uses program based budgeting and the budgeting systems are designed to tightly control total program budgets but provide flexibility for program management.

For the General Fund, budget basis revenue and other financing sources, excluding on-behalf payments, was \$13,223,921, \$187,625 over original budgeted estimates of \$13,036,296. This difference was due primarily to non-budgeted extraordinary aid and tuition revenue over budgeted amounts.

General fund revenues exceeded expenditures by \$521,452. Again this surplus compares to a budgeted deficit of \$820,437, which was due to the budgeted use of surplus needed to balance the 2020-2021 budget. The budgeted deficit was reduced due to cost savings in the areas of instruction, plant operations, transportation, and benefits.

Overall general fund balance (budget basis) was \$6,257,590, and amounts ear-marked and reserved for future purposes were \$5,637,855, creating a surplus in unreserved fund balance of \$619,735. Management believes unreserved fund balance at statutory levels will provide adequate working capital for the district.

LEBANON TOWNSHIP SCHOOL DISTRICT  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
 UNAUDITED

**Capital Assets**

At the end of the fiscal year 2021, the School District had \$4,733,813 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal 2021 balances compared to 2020.

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

	<u>2021</u>	<u>2020</u>
Land	\$ 73,982	\$ 73,982
Land Improvements	101,388	114,235
Buildings and Improvements	4,430,415	4,089,914
Machinery and Equipment	128,028	123,301
 Totals	 <u>\$ 4,733,813</u>	 <u>\$ 4,401,432</u>

Overall capital assets increased \$332,381 from fiscal year 2020 to fiscal year 2021. The increase in capital assets was due to security project spending, net of depreciation expense.

Capital improvements of \$584,712 were purchased during fiscal year 2021. Capital items included the security project, furniture, a floor burnisher, and technology.

**Debt Administration**

At June 30, 2021, the School District had \$250,223 as outstanding long term debt. Of this amount, \$250,223 is for compensated absences.

At June 30, 2021, the School District's overall legal debt margin was \$27,823,335 and the unvoted debt margin was the same.

LEBANON TOWNSHIP SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021  
UNAUDITED

**For the Future**

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

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

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

**Contacting the School District's Financial Management**

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

## **Basic Financial Statements**

## **DISTRICT-WIDE FINANCIAL STATEMENTS**

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

## LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit A-1

## STATEMENT OF NET POSITION

JUNE 30, 2021

	<b>GOVERNMENTAL ACTIVITIES</b>	<b>BUSINESS-TYPE ACTIVITIES</b>	<b>TOTAL</b>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 6,243,020	\$ 31,961	\$ 6,274,981
Receivables from Other Governments	203,716	27,595	231,311
Other Receivables	12,572	15	12,587
Interfund Receivables	-	11,320	11,320
Inventory		6,361	6,361
Capital Assets, Net (Note 5):	4,733,813	16,085	4,749,898
<b>Total Assets</b>	<b>11,193,121</b>	<b>93,337</b>	<b>11,286,458</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension Deferred Outflows	502,255		502,255
<b>LIABILITIES</b>			
Accounts Payable	93,268	31,247	124,515
Payroll Deductions and Withholdings Payable	67,642		67,642
Unemployment Compensation Claims Payable	5,023		5,023
Unearned Revenue	52,637	2,156	54,793
Interfund Payables	11,320		11,320
Net Pension Liability (Note 7)	2,599,001		2,599,001
Noncurrent Liabilities (Note 6):			
Due Within One Year			
Due Beyond One Year	250,223		250,223
<b>Total Liabilities</b>	<b>3,079,114</b>	<b>33,403</b>	<b>3,112,517</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension Deferred Inflows	1,446,349		1,446,349
<b>NET POSITION</b>			
Invested in Capital Assets, Net of Related Debt	4,733,813	16,085	4,749,898
Reserved for:			
Other Purposes	5,377,742		5,377,742
Unrestricted	(2,941,642)	43,849	(2,897,793)
<b>Total Net Position</b>	<b>\$ 7,169,913</b>	<b>\$ 59,934</b>	<b>\$ 7,229,847</b>

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

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit A-2

STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	PROGRAM REVENUES			NET(EXPENSE) REVENUE AND CHANGES IN NET POSITION			
	EXPENSES	CHARGES FOR SERVICES	OPERATING	CAPITAL	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL
			GRANTS AND CONTRIBUTIONS	GRANTS AND CONTRIBUTIONS			
Governmental Activities:							
Instruction:							
Regular	\$ 6,029,312	\$ 566,389	\$ 2,239,208		\$ (3,223,715)		\$ (3,223,715)
Special Education	2,759,409		924,320		(1,835,089)		(1,835,089)
Other Special Instruction	194,701		65,219		(129,482)		(129,482)
School Sponsored Cocurricular	82,824		27,744		(55,080)		(55,080)
Support Services:							
Tuition	103,135		34,547		(68,588)		(68,588)
Student & Instruction Related Serv.	2,772,065	7,049	938,063		(1,826,953)		(1,826,953)
School Administrative Services	806,682		270,214		(536,468)		(536,468)
General and Business Admin. Serv.	749,251		250,977		(498,274)		(498,274)
Plant Operations and Maintenance	2,102,547		704,291		(1,398,256)		(1,398,256)
Pupil Transportation	544,909		182,528		(362,381)		(362,381)
Interest and Other Fiscal Charges	2,165		-		(2,165)		(2,165)
Unallocated Depreciation	247,759				(247,759)		(247,759)
Total Governmental Activities	16,394,759	573,438	5,637,111		(10,184,210)		(10,184,210)
Business-Type Activities:							
Food Service	131,476	32,210	120,362			\$ 21,096	21,096
Total Business-Type Activities	131,476	32,210	120,362	-	-	21,096	21,096
<b>Total Primary Government</b>	<b>\$ 16,526,235</b>	<b>\$ 605,648</b>	<b>\$ 5,757,473</b>		<b>\$ (10,184,210)</b>	<b>\$ 21,096</b>	<b>\$ (10,163,114)</b>
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					\$ 10,533,540		\$ 10,533,540
Investment Earnings					14,059		14,059
Miscellaneous Income					81,811	-	81,811
Transfers					(5,000)	5,000	
Total General Revenues, Special Items, Extraor. Items and Transfers					10,624,410	5,000	10,629,410
Change in Net Position					440,200	26,096	466,296
Net Position—Beginning					6,524,318	33,838	6,558,156
Prior Period Adjustment-See Note 20					205,395		205,395
Net Position—Beginning (As Restated)					6,729,713	33,838	6,763,551
<b>Net Position—Ending</b>					<b>\$ 7,169,913</b>	<b>\$ 59,934</b>	<b>\$ 7,229,847</b>

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



## **FUND FINANCIAL STATEMENTS**

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2021

	GENERAL FUND	SPECIAL REVENUE FUND	CAPITAL PROJECTS FUND	TOTAL GOVERNMENTAL FUNDS
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 6,079,643	\$ 30,368	\$ 133,009	\$ 6,243,020
Interfund Receivables	23,103			23,103
Other Receivables	8,877	3,695		12,572
Receivables from Other Governments	132,386	71,330		203,716
<b>TOTAL ASSETS</b>	<b>\$ 6,244,009</b>	<b>\$ 105,393</b>	<b>\$ 133,009</b>	<b>\$ 6,482,411</b>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>Liabilities:</b>				
Accounts Payable	\$ 91,563	\$ 1,705		\$ 93,268
Payroll Deductions and Withholdings Payable	67,642			67,642
Unemployment Compensation Claims Payable	5,023			5,023
Interfund Payables	11,320	23,103		34,423
Unearned Revenue	2,420	50,217		52,637
<b>Total Liabilities</b>	<b>177,968</b>	<b>75,025</b>	<b>-</b>	<b>252,993</b>
<b>Fund Balances:</b>				
<u>Restricted for:</u>				
Capital Reserve Account	2,729,339			2,729,339
Maintenance Reserve Account	542,211			542,211
Emergency Reserve Account	250,000			250,000
Excess Surplus	825,179			825,179
Excess Surplus - Designated for Subsequent Year's Expenditures	820,896			-
Unemployment Compensation Student Activities	179,749	30,368		179,749 30,368
<u>Assigned to:</u>				
Year-End Encumbrances	290,481		\$ 62,536	353,017
<u>Unassigned:</u>				
General Fund	428,186			428,186
Capital Projects Fund			70,473	70,473
<b>Total Fund Balances</b>	<b>6,066,041</b>	<b>30,368</b>	<b>133,009</b>	<b>6,229,418</b>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<b>\$ 6,244,009</b>	<b>\$ 105,393</b>	<b>\$ 133,009</b>	<b>\$ 6,482,411</b>

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

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$11,731,992 and the accumulated depreciation is \$6,998,179.	4,733,813
Deferred Outflows related to pension contributions subsequent to the Net Pension Liability measurement date and other deferred items are not current financial resources and therefore are not reported in the fund statements. (See Note 7)	502,255
Deferred Inflows related to pension actuarial gains from experience and differences in actual return and assumed returns and other deferred items are not reported as liabilities in the fund statements. (See Note 7)	(1,446,349)
Long-term liabilities, including Net Pension Liability, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 7)	(2,599,001)
Long-term liabilities, including compensated absences payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 6)	(250,223)
Net Position of governmental activities	<u>\$ 7,169,913</u>

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

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2021

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
<b>Local sources:</b>				
Local Tax Levy	\$ 10,533,540			\$ 10,533,540
Tuition	566,389			566,389
Transportation	-			-
Interest on Capital Reserve	4,643			4,643
Miscellaneous	83,885	\$ 14,391		98,276
<b>Total - Local Sources</b>	<u>11,188,457</u>	<u>14,391</u>	<u>-</u>	<u>11,202,848</u>
<b>State Sources</b>	4,426,033			4,426,033
<b>Federal Sources</b>		229,070		229,070
<b>Total Revenues</b>	<u>15,614,490</u>	<u>243,461</u>	<u>-</u>	<u>15,857,951</u>
<b>EXPENDITURES</b>				
<b>Current:</b>				
Regular Instruction	3,450,314	229,236		3,679,550
Special Education Instruction	1,684,109			1,684,109
Other Special Instruction	118,829			118,829
School Sponsored Activities	50,549			50,549
Support services and undistributed costs:				
Tuition	103,135			103,135
Student and Instruction Related Services	1,682,163	9,503		1,691,666
School Administrative Services	492,246			492,246
Other Administrative Services	457,112			457,112
Plant Operations and Maintenance	1,279,292			1,279,292
Pupil Transportation	544,909			544,909
Unallocated Benefits	5,178,354			5,178,354
Transfer to Charter School				-
<b>Capital Outlay</b>	30,786	-	\$ 556,091	586,877
<b>Total Expenditures</b>	<u>15,071,798</u>	<u>238,739</u>	<u>556,091</u>	<u>15,866,628</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>542,692</u>	<u>4,722</u>	<u>(556,091)</u>	<u>(8,677)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers -Food Service Fund	(5,000)		-	(5,000)
<b>Total Other Financing Sources and Uses</b>	<u>(5,000)</u>	<u>-</u>	<u>-</u>	<u>(5,000)</u>
Net Change in Fund Balances	537,692	4,722	(556,091)	(13,677)
Fund Balance—July 1	5,348,600	-	689,100	6,037,700
Prior Period Adjustment-See Note 20	179,749	25,646		205,395
Fund Balance—July 1 (Restated)	<u>5,528,349</u>	<u>25,646</u>	<u>689,100</u>	<u>6,243,095</u>
<b>Fund Balance—June 30</b>	<u>\$ 6,066,041</u>	<u>\$ 30,368</u>	<u>\$ 133,009</u>	<u>\$ 6,229,418</u>

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

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-3

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2021**

**Total Net Change in Fund Balances - Governmental Funds (from B-2)** **\$ (13,677)**

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

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

Depreciation Expense	\$ (252,331)	
Capital Outlays	<u>584,712</u>	332,381

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

223,451

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

(101,955)

**Change in Net Position of Governmental Activities**

**\$ 440,200**

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

## LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-4

STATEMENT OF PROPRIETARY NET POSITION  
PROPRIETARY FUNDS

JUNE 30, 2021

	<b>Business-Type Activities- Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Totals</u></b>
<b>ASSETS</b>		
<b>Current assets:</b>		
Cash and Cash Equivalents	\$ 31,961	\$ 31,961
Accounts Receivable-Governmental	27,595	27,595
Accounts Receivable-Other	15	15
Interfund Receivable	11,320	11,320
Inventories	6,361	6,361
<b>Total Current Assets</b>	<b>77,252</b>	<b>77,252</b>
<b>Noncurrent Assets:</b>		
Furniture, Machinery and Equipment	100,082	100,082
Less Accumulated Depreciation	(83,997)	(83,997)
<b>Total Noncurrent Assets</b>	<b>16,085</b>	<b>16,085</b>
<b>Total Assets</b>	<b>93,337</b>	<b>93,337</b>
<b>LIABILITIES</b>		
<b>Current liabilities:</b>		
Accounts Payable	31,247	31,247
Deferred Revenue	2,156	2,156
<b>Total Current Liabilities</b>	<b>33,403</b>	<b>33,403</b>
<b>Total Liabilities</b>	<b>33,403</b>	<b>33,403</b>
<b>NET POSITION</b>		
Invested in Capital Assets Net of Related Debt	16,085	16,085
Unrestricted	43,849	43,849
<b>Total Net Position</b>	<b>\$ 59,934</b>	<b>\$ 59,934</b>

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

**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**  
 FOR THE YEAR ENDED JUNE 30, 2021

	<b>Business-type Activities- Enterprise Fund</b>	
	<b>Food Service</b>	<b>Total Enterprise</b>
<b>Operating Revenues:</b>		
Charges for Services:		
Daily Sales - Reimbursable	\$ 32,210	\$ 32,210
Daily Sales - Non-Reimb. Programs	-	-
Miscellaneous	-	-
<b>Total Operating Revenues</b>	<b>32,210</b>	<b>32,210</b>
<b>Operating Expenses:</b>		
Cost of Sales - Reimbursable Programs	58,534	58,534
Cost of Sales - Non-reimbursable Programs	-	-
Salaries	30,386	30,386
Employee Benefits	8,843	8,843
Supplies	3,264	3,264
Miscellaneous	4,314	4,314
Other Purchased Professional Services	8,160	8,160
COVID Emergency Costs	12,291	12,291
Depreciation	5,684	5,684
<b>Total Operating Expenses</b>	<b>131,476</b>	<b>131,476</b>
Operating Income (Loss)	(99,266)	(99,266)
<b>Nonoperating Revenues (Expenses):</b>		
State Sources:		
State School Lunch Program	3,938	3,938
Federal Sources:		
National School Lunch Program	75,273	75,273
National School Breakfast Program	31,238	31,238
Food Distribution Program	9,913	9,913
<b>Total Nonoperating Revenues (Expenses)</b>	<b>120,362</b>	<b>120,362</b>
Income (Loss) Before Contributions and Transfers	21,096	21,096
Transfers In (Out)	5,000	5,000
Change in Net Position	26,096	26,096
Total Net Position—Beginning	33,838	33,838
<b>Total Net Position—Ending</b>	<b>\$ 59,934</b>	<b>\$ 59,934</b>

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

## LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit B-6

STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS

For the Year Ended June 30, 2021

	<b>Business-Type Activities- Enterprise Funds</b>	
	<b><u>Food Service</u></b>	<b><u>Total Enterprise</u></b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from Customers	\$ 32,210	\$ 32,210
Payments to Employees and Benefits	(39,229)	(39,229)
Payments to Suppliers	(46,524)	(46,524)
<b>Net Cash Provided by (used for) Operating Activities</b>	<b>(53,543)</b>	<b>(53,543)</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Sources	3,280	3,280
Federal Sources	80,451	80,451
Operating Subsidies and Transfers from Other Funds	(3,372)	(3,372)
<b>Net Cash Provided by (used for) Non-Capital Financing Activities</b>	<b>80,359</b>	<b>80,359</b>
Net Increase (Decrease) in Cash and Cash Equivalents	26,816	26,816
Balances—Beginning of Year	5,145	5,145
<b>Balances—End of Year</b>	<b>\$ 31,961</b>	<b>\$ 31,961</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (used) by Operating Activities:</b>		
Operating Income (Loss)	\$ (99,266)	\$ (99,266)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (used for) Operating Activities:		
Depreciation Expense	5,684	5,684
Federal Commodities	9,913	9,913
(Increase) Decrease in Accounts Receivable, Net	-	-
(Increase) Decrease in Inventories	(243)	(243)
Increase (Decrease) in Accounts Payable	30,369	30,369
Total Adjustments	45,723	45,723
Net Cash Provided by (used for) Operating Activities	\$ (53,543)	\$ (53,543)

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

# **Notes to Financial Statements**



LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

In addition, the School District has implemented GASB Statement No.37, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments: Omnibus, Statement No.38, Certain Financial Statement Note Disclosures, Statement No.40, Deposit and Investment Risk Disclosures, an amendment of GASB Statement No.3, and Statement 44, Economic Condition Reporting: The Statistical Section (GASB 44), an amendment of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles is found in the Introduction, a revised statistical section in the Outline of the ACFR, GASB Statement No. 45, Other Post-retirement Employee Benefits, GASB No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, and GASB No. 63 and 65, Deferred Outflows and Inflows and Net Position, and Items Previously Reported as Assets and Liabilities, GASB No. 68, Accounting for Pensions, an amendment of GASB No. 27, GASB No. 75, Accounting for OPEB, and GASB 84, Fiduciary Activities. The implementation of these statements did not effect net position balances as previously reported for the fiscal year ended June 30, 2020.

**A. Reporting Entity:**

The Lebanon Township School District is a Type II district located in the County of Hunterdon, State of New Jersey. As a Type II district, the School District functions independently through a Board of Education. The board is comprised of nine members elected to three-year terms. The purpose of the district is to educate students in grades K-8. The Lebanon Township School District had an approximate enrollment at June 30, 2021, of 575 students.

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

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

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Presentation, Basis of Accounting:**

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

**Basis of Presentation**

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

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

**GOVERNMENTAL FUNDS**

The District reports the following governmental funds:

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**GOVERNMENTAL FUNDS (Continued)**

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

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

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

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

**PROPRIETARY FUNDS**

The District reports the following proprietary fund:

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Additionally, the District reports the following fund type:

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

**Basis of Accounting**

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

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

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

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

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgets/Budgetary Control:**

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

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

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

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

**D. Encumbrance Accounting:**

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

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

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity:**

**Cash and Cash Equivalents:**

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

**Interfund Transactions:**

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

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

**Inventories:**

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

**Allowance for Uncollectible Accounts:**

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

**Capital Assets:**

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

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

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

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

**Compensated Absences:**

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

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

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

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

**Unearned (Deferred) Revenue:**

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2021, but which were levied to finance fiscal year 2021 operations, have been recorded as unearned revenue. Grants and entitlement received before the eligible requirements are met are also recorded as unearned revenue.

**Accrued Liabilities and Long-Term Obligations:**

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Net Position:**

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

**Fund Balance Reserves:**

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

**Revenues—Exchange and Nonexchange Transactions**

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from income taxes is recognized in the period in which the income is earned. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the School District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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



LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Assets, Liabilities and Equity (Continued):**

**Operating Revenues and Expenses:**

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

**Allocation of Indirect Expenses:**

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

**Extraordinary and Special Items:**

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

**Management Estimates:**

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

**NOTE 2: CASH AND CASH EQUIVALENTS**

**Deposits:**

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

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

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 2: CASH AND CASH EQUIVALENTS (Continued):**

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

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

Pursuant to GASB Statement No. 40, "Deposit and Investment Risk Disclosures" ("GASB 40"), the district's accounts are profiled in order to determine exposure, if any, to Custodial Credit Risk (risk that in the event of failure of the counterparty the municipality would not be able to recover the value of its deposits or investment). Deposits are considered to be exposed to Custodial Credit Risk if they are: uncollateralized or collateralized with securities held by the financial institution's trust department or agent but not in the government's name. At June 30, 2021, all of the district's deposits were collateralized by securities held in its name and, accordingly, not exposed to custodial credit risk. The district does not have a policy for custodial credit risk.

As of June 30, 2021, cash and cash equivalents of the District consisted of the following:

	Cash and Cash Equivalents (A-1)
Checking Accounts	\$6,274,981
	<u>\$6,274,981</u>

The carrying amount of the Board's cash and cash equivalents at June 30, 2021, was \$6,274,981 and the bank balance was \$6,096,745. All bank balances were covered by federal depository insurance and/or covered by a collateral pool maintained by the banks as required by New Jersey statutes. Of these bank balances, \$250,000 was covered by federal depository insurances and \$5,846,745 was covered by collateral pool.

**NOTE 3: RECEIVABLES**

Receivables at June 30, 2021, consisted of transportation charges and intergovernmental state and federal awards. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	Governmental Fund Financial Statements	Government-Wide Financial Statements
State Aid	\$132,386	\$133,058
Federal Aid	71,330	98,253
Other Receivables	12,572	12,587
Gross Receivable	216,288	243,898
Less: Allow. for Uncollectibles		
Total Receivables, Net	\$216,288	\$243,898

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 4: INVENTORY**

Inventory in the Food Service Fund at June 30, 2021, consisted of the following:

Food	\$5,004
Supplies	<u>1,357</u>
	<u>\$6,361</u>

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

**NOTE 5: CAPITAL ASSETS**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
<i>Capital Assets Not Being Depreciated:</i>				
Land and Construction in Progress	\$ 73,982			\$ 73,982
Total Capital Assets Not Being Depreciated	<u>73,982</u>			<u>73,982</u>
<i>Capital Assets Being Depreciated:</i>				
Land Improvements	373,247			373,247
Buildings and Building Improvements	10,057,702	\$ 556,091		10,613,793
Furniture and Equipment	642,349	28,621		670,970
Total at Historical Cost	<u>11,073,298</u>	<u>584,712</u>	-	<u>11,658,010</u>
Less Accumulated Depreciation for:				
Land Improvements	(259,012)	(12,847)		(271,859)
Building and Improvements	(5,967,788)	(215,590)		(6,183,378)
Furniture and Equipment	(519,048)	(23,894)		(542,942)
Total Accumulated Depreciation	<u>(6,745,848)</u>	<u>(252,331)</u>	-	<u>(6,998,179)</u>
Total Capital Assets Being Depreciated, net of Accumulated Depreciation	<u>4,327,450</u>	<u>332,381</u>	-	<u>4,659,831</u>
<b>Government Activity Capital Assets, Net</b>	<b><u>\$ 4,401,432</u></b>	<b><u>\$ 332,381</u></b>	<b><u>-</u></b>	<b><u>\$ 4,733,813</u></b>

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 5: CAPITAL ASSETS - (CONTINUED)**

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

Depreciation expense was charged to functions as follows:

Instruction :	
Regular	\$ 230
Support Services:	
Student & Instruction	167
General & Business Admin	167
School Administration	84
Plant & Maintenance	3,924
Unallocated	247,759
Total	\$ 252,331

**NOTE 6: LONG-TERM OBLIGATIONS**

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

**A. Long-Term Obligation Activity:**

Changes in long-term obligations for the year ended June 30, 2021, are as follows:

	Balance <u>7/1/20</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>6/30/21</u>	Amounts Due Within <u>One Year</u>
<b>Governmental Activities:</b>					
Other Liabilities:					
Compensated Absences Payable	\$ 148,268	\$ 101,955		\$ 250,223	
<b>Total</b>	\$ 148,268	\$ 101,955	-	\$ 250,223	-

Compensated absences have been liquidated in the General Fund.

As of June 30, 2021, the District had no authorized but not issued bonds.

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS**

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

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

*Summary of Significant Accounting Policies* - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teachers Pension and Annuity Fund (TPAF) and additions to/deductions from the TPAF's fiduciary net position have been determined on the same basis as they are reported by the TPAF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

The employer contributions for the district are legally required to be funded by the State in accordance with N.J.S.A 18:66-33. Therefore, the district (employer) is considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a nonemployer contributing entity. Since the district (employer) does not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the district. However, the state's portion of the net pension liability that was associated with the district was \$33,827,611 as measured on June 30, 2020 and \$31,363,517 measured on June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of \$2,103,545 and revenue of \$2,103,545 for support provided by the State. The measurement period for the pension expense and revenue reported in the district's financial statements (A-2) at June 30, 2021 is based upon changes in the collective net pension liability with a measurement period of June 30, 2019 through June 30, 2020. Accordingly, the pension expense and the related revenue associated with the support provided by the State is based upon the changes in the collective net pension liability between July 1, 2019 and June 30, 2020.

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$10,077,460,797	\$9,589,140,982
Collective deferred inflows of resources	\$17,525,379,167	\$14,409,361,877
Collective net pension liability (Nonemployer-State of New Jersey)	\$61,370,943,870	\$65,848,796,740
State's portion of the net pension liability that was associated with the district	\$31,363,517	\$33,827,611
State's portion of the net pension liability that was associated with the district as a percentage of the collective net pension liability	0.051105%	0.051372%

*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:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	1.55-4.45%
Therafter	2.75-5.65%
Investment Rate of Return:	7.00%

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2018.

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.

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments (7.0% at June 30, 2020) 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 are summarized in the following table:

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.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 Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	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 State's net pension liability to changes in the discount rate* - Since the District has no proportionate share of the net pension liability because of the special funding situation, the district would not be sensitive to any changes in the discount rate. The following presents the State's net pension liability measured as of June 30, 2020, calculated using the discount rate shown above, as well as what the State's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
<u>(4.40%)</u>	<u>(5.40%)</u>	<u>(6.40%)</u>

State's Collective Net Pension Liability	\$	77,517,093,055	\$	65,993,498,688	\$	56,425,087,777
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*Pension plan fiduciary net position* - Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Divisions of Pensions and Benefits financial report at <http://www.nj.gov/treasury/pensions/financial-rprts-home.shtml>. The plan fudiciary net position as of June 30, 2020 was \$21,529,179,998.

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

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

	<u>Year Ended June 30:</u>
2021	(\$262,056,928)
2022	(188,358,995)
2023	(774,174,971)
2024	(1,939,112,462)
2025	(1,466,451,639)
Thereafter	(335,285,618)
Total	<u>(\$4,965,440,613)</u>

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	\$1,643,902,335
Interest on total ension liability	4,680,942,056
Benefit Changes	(16,738,469)
Member contributions	(867,037,595)
Administrative expens	13,511,148
Expected investment return net of investment expenses	(1,525,370,804)
Pension expense related to specific liabilities of individual employers	4,749,837
Recognition (amortization) of deferred inflows/outflows:	
Differences between expected and actual experience	177,152,462
Changes in assumptions	(394,786,992)
Difference between projected and actual investment earnings on pension plan investments	<u>387,432,792</u>
Total pension expense	<u>\$4,103,756,770</u>

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

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



LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

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

At June 30, 2021, the District reported a liability of \$2,599,001 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 valuation was determined by an experience study for the period July 1, 2014 to June 30, 2018. The District's proportion of the net pension liability is based on the ratio of the contributions as an individual employer to total contributions to the PERS during the years ended June 30, 2020 and 2019. At June 30, 2020, the District's proportion was 0.01594% which was an increase of 0.00044% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the District recognized pension expense of (\$25,888). At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred</u> <u>Outflows of</u> <u>Resources</u>	<u>Deferred</u> <u>Inflows of</u> <u>Resources</u>
Differences between expected and actual experience	\$ 47,324	\$ 9,191
Changes of assumptions	84,315	1,088,226
Net difference between projected and actual earnings on pension plan investments	88,836	-
Changes in proportion and differences between District contributions and proportionate share of contributions	107,431	348,932
District contributions subsequent to the measurement date	174,349	
Total	\$ 502,255	\$ 1,446,349

\$174,349 reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e. for the school year ending June 30, 2021, the plan measurement date is June 30, 2020) will be recognized as a reduction of the net pension liability measured as of June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>Year Ended June 30:</u>
2021	(\$415,939)
2022	(379,209)
2023	(216,709)
2024	(87,633)
2025	<u>(18,953)</u>
Total	<u>(\$1,118,443)</u>

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

	<u>6/30/2019</u>	<u>6/30/2020</u>
Collective deferred outflows of resources	\$3,149,522,616	\$2,347,583,337
Collective deferred inflows of resources	7,645,087,574	7,849,949,467
Collective net pension liability (Non State - Local Group)	\$18,018,482,972	\$16,307,384,832
District's portion of net pension liability	\$2,791,932	\$2,599,001
District's proportion %	0.01549482%	0.01593757%

*Actuarial assumptions* - The collective 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:

Inflation:	
Price	2.75%
Wage	3.25%
Salary Increases:	
Through 2026	2.00%-6.00% based on years of service
Therafter	3.00%-7.00% based on years of service
Investment Rate of Return:	7.00%

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

*Long-Term Expected Rate of Return* - In accordance with State statute, the long-term expected rate of return on plan investments is determined by the State Treasurer, after consultation with the Directors of the Division of Investments and Division of Pensions and Benefits, the board of trustees and the actuaries. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2020 are summarized in the following table:

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
US Equity	27.00%	7.71%
Non-US devel.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 Yeild	2.00%	5.95%
Private Credit	8.00%	7.59%
Investment Grade Credit	8.00%	2.67%
Cash equivalents	4.00%	0.50%
US Treasuries	5.00%	1.94%
Risk mitigation	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 and the nonemployer contributing entity will be based on 78% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make 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 District's proportionate share of the net pension liability to changes in the discount rate* - The following presents the District's proportionate share of the net pension liability measured as of June 30, 2020, calculated using the discount rate as disclosed above, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
District's proportionate share of the net pension liability	\$ 3,271,709	\$2,599,001	\$ 2,028,190

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

*Pension Expense* - The components of allocable pension expense and pension expense related to specific liabilities of individual employers, for state and local employers for the year ending June 30, 2020 are as follows:

Service cost	(\$51,183)
Interest on total Pension liability	(166,769)
Benefit Changes	1,143
Member contributions	36,381
Administrative expens	(870)
Expected investment return net of investment expenses	98,174
Pension expense related to specific liabilities of individual employers	456
Recognition (amortization) of deferred inflows/outflows:	0
Differences between expected and actual experience	(11,758)
Changes in assumptions	86,612
Difference between projected and actual investment earnings on pension plan investments	<u>(18,074)</u>
Total pension expense	<u>(\$25,888)</u>

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

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

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

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

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

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

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

□ New members of the PERS hired on or after June 28, 2011 (Tier 5 members) will need 30 years of creditable service and age 65 for receipt of the early retirement benefit without a reduction of ¼ of 1% for each month that the member is under age 65. □ The eligibility age to qualify for a service retirement in the PERS is increased from age 63 to 65 for Tier 5 members. □ The annual benefit under special retirement for new PFRS members enrolled after June 28, 2011 (Tier 3 members), will be 60% instead of 65% of the member's final compensation plus 1% for each year of creditable service over 25 years but not to exceed 30 years. □ Increases in active member contribution rates. PERS active member rates increase from 5.5% of annual compensation to 6.5% plus an additional 1% phased-in over 7 years; PFRS active member rate increase from 8.5% to 10%. For fiscal year 2012, the member contribution rates increased in October 2011. The phase-in of the additional incremental member contribution rates for PES members will take place in July of each subsequent fiscal year.

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

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

<u>Three-Year Trend Information for PERS</u>			
Year	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
<u>Funding</u>	<u>Cost (APC)</u>	<u>Contributed</u>	<u>Obligation</u>
6/30/2021	\$175,741	100 %	-0-
6/30/2020	\$151,136	100	-0-
6/30/2019	\$164,218	100	-0-

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 7: PENSION PLANS (Continued)**

<u>Three-Year Trend Information for TPAF (Paid on-behalf of the District)</u>			
<u>Year</u> <u>Funding</u>	<u>Annual</u> <u>Pension</u> <u>Cost (APC)</u>	<u>Percentage</u> <u>of APC</u> <u>Contributed</u>	<u>Net</u> <u>Pension</u> <u>Obligation</u>
6/30/2021	\$1,494,239	100 %	-0-
6/30/2020	\$1,148,244	100	-0-
6/30/2019	\$1,027,437	100	-0-

During the fiscal year ended June 30, 2021, the State of New Jersey did contribute \$1,962,141 to the TPAF for post-retirement benefits on behalf of the District. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the District \$412,188 during the year ended June 30, 2021, for the employer's share of social security contributions for TPAF members, as calculated on their base salaries. The PERS amounts have been included in the fund-based statements as pension expense and the TPAF on-behalf amounts have been included in fund-based statements as revenues and expenditures. The PERS and TPAF amounts have been modified and included in the District-wide financial statements in accordance with GASB Statement No. 68.

**Note 8: POST-RETIREMENT BENEFITS**

**Plan description and benefits provided**

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

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

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

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

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 8: POST-RETIREMENT BENEFITS-(Continued)**

**Total Nonemployer OPEB Liability**

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

**Actuarial assumptions and other imputes** The June 30, 2021 GASB 75 reporting is based on a measurement date of June 30, 2020. The total nonemployer 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 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, 2014 - June 30, 2018, for TPAF and PERS, respectively. The actuarial assumptions vary for each plan member depending on the pension plan the member is enrolled in. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate	2.50%
Salary Increases Through 2026:	1.55-4.45% TPAF 2.00-6.00% PERS Based on service years
Salary Increases Thereafter:	1.55-4.45% TPAF 3.00-7.00% PERS Based on service years
Discount rate (2020)	2.21%
Discount rate (2019)	3.50%
Healthcare cost trend rates (PPO Plans)	5.6% decreasing to 4.5% after seven years
Healthcare cost trend rates (Self-insured post 65 PPO Plans)	4.50%
Healthcare cost trend rates (HMO Plans)	5.6% decreasing to 4.5% after seven years
Healthcare cost trend rates (Prescription Drug Benefits)	7.0% decreasing to 4.5% after seven years
Healthcare cost trend rates (Medicare Part B reimbursement)	5.00%
Healthcare cost trend rates (Medicare Advantage)	4.50%
Retirees' share of benefit related Costs	Projected health insurance premiums for retirees based on the retiree's annual retirement benefit and level of coverage

The discount rate for June 30, 2020 and 2019 was 2.21% and 3.50%, respectively. This represents the municipal bond return rate as chosen by the Division. The source is the Bond Buyer Go 20-Bond Municipal Bond Index, which includes tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher. 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.

Preretirement mortality rates were based on the Pub-2010 Healthy "Teachers" (TPAF/ABP), "General" (PERS), and "Safety" (PFRS) 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.

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 8: POST-RETIREMENT BENEFITS-(Continued)**

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

	<u>Total OPEB Liability</u>
<b>The State's Total OPEB Liability Balance at 6/30/2019</b>	<b>\$41,729,081,045</b>
<u>Changes for the year:</u>	
Service Cost	1,790,973,822
Interest on the Total OPEB Liability	1,503,341,357
Change in Benefit Terms	-
Differences Between Expected and Actual Experience	11,544,750,637
Changes of Assumptions	12,386,549,981
Gross Benefit Payments	(1,180,515,618)
Contributions from Members	<u>35,781,384</u>
Net changes	<u>26,080,881,563</u>
<b>The State's Total OPEB Liability Balance at 6/30/2020</b>	<b><u>\$67,809,962,608</u></b>
<b>The State's total OPEB liability attributable to the District:</b>	<b>\$39,809,685</b>

There were no changes of benefit terms.

Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020 and other changes.

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

	June 30, 2020		
	At 1% Decrease <u>1.21%</u>	At Discount Rate <u>2.21%</u>	At 1% Increase <u>3.21%</u>
Total OPEB Liability (School Retirees)	\$81,748,410,002	\$67,809,962,608	\$56,911,439,160
	June 30, 2019		
	At 1% Decrease <u>2.50%</u>	At Discount Rate <u>3.50%</u>	At 1% Increase <u>4.50%</u>
Total OPEB Liability (School Retirees)	\$49,298,534,898	\$41,729,081,045	\$35,716,321,820



LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Note 8: POST-RETIREMENT BENEFITS-(Continued)**

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

June 30, 2020			
Health Care Cost			
	<u>At 1% Decrease</u>	<u>Trend Rate</u>	<u>At 1% Increase</u>
Total OPEB Liability (School Retirees)	\$54,738,488,540	\$67,809,962,608	\$83,375,182,975

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

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

For the year ended June 30, 2020, the board of education recognized OPEB expense and related revenue of \$1,721,874 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in paragraph 4 of GASBS No. 75 and in which there is a special funding situation.

In accordance with GASBS No. 75, the District's proportionate share of school retirees OPEB is zero, and there is no recognition of the allocation of proportionate share of deferred outflows of resources and deferred inflows of resources. At June 30, 2020, the State reported deferred outflows of resources and deferred inflows of resources related to retired school employee’s OPEB from the following sources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Differences Between Expected and Actual Experience	\$10,295,318,750	(\$9,170,703,615)
Changes of assumptions or other inputs	<u>11,534,251,250</u>	<u>(7,737,500,827)</u>
Total	<u>\$21,829,570,000</u>	<u>(\$16,908,204,442)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to retired school

Year ended June 30:	
2021	\$43,440,417
2022	43,440,417
2023	43,440,417
2024	43,440,417
2025	43,440,417
Thereafter	<u>4,704,163,473</u>
	<u>\$4,921,365,558</u>

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 9: DEFERRED COMPENSATION**

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

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

**NOTE 10: COMPENSATED ABSENCES**

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

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

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

The liability for vested compensated absences of the proprietary fund types is recorded within those funds as the benefits accrue to employees. As of June 30, 2021, no liability existed for compensated absences in the proprietary fund types.

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 11: RISK MANAGEMENT**

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

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

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

<u>Fiscal Year</u>	<u>District Contributions</u>	<u>Employee Contributions</u>	<u>Amount Reimbursed</u>	<u>Ending Cash Balance</u>
2020-2021	\$347	\$12,017	\$7,341	\$184,772
2019-2020	\$1,485	\$12,178	\$246	\$179,749
2018-2019	\$2,044	\$12,468	\$5,003	\$161,332

**NOTE 12: CONTINGENT LIABILITIES**

**GRANT PROGRAMS**

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

**LITIGATION**

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

**NOTE 13: FUND BALANCE APPROPRIATED**

General Fund (Exhibit B-1)- Of the \$6,066,041 General Fund fund balance at June 30, 2021, \$290,481 is reserved for encumbrances; \$542,211 is reserved as maintenance reserve in accordance with P.L. 2007 c.62; \$2,729,339 is reserved for Capital Reserve; \$250,000 is reserved for emergency reserve; \$1,646,075 is reserved as excess surplus in accordance with N.J.S.A.18A:7F-7 (\$820,896 of the total reserve for excess surplus has been appropriated and included as anticipated revenue for the year ending June 30, 2022); \$179,749 is reserved for unemployment compensation; and \$428,186 is unreserved and undesignated.

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 14: CAPITAL RESERVE ACCOUNT**

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

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

The activity of the capital reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 2,454,697
Interest Earnings	4,642
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/8/2021	<u>270,000</u>
Ending Balance, June 30, 2021	<u><u>\$ 2,729,339</u></u>

**NOTE 15: MAINTENANCE RESERVE ACCOUNT**

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

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

The activity of the maintenance reserve for the July 1, 2020 to June 30, 2021 fiscal year is as follows:

Beginning Balance, July 1, 2020	\$ 542,211
Deposits (PL 2007 c.62 (A1)): Board Resolution 6/8/2021	115,397
Budgeted Withdrawal	<u>(115,397)</u>
Ending Balance, June 30, 2021	<u><u>\$ 542,211</u></u>

**NOTE 16: EMERGENCY RESERVE ACCOUNT**

An emergency reserve account was established by the School District Board of Education June 12, 2021, for the accumulation of funds for use in accordance with PL 2007 c.62 (A1). The emergency reserve account is maintained in the general fund and its activity is included in the general fund annual budget.

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

Beginning Balance, July 1, 2020	<u>\$ 250,000</u>
Ending balance June 30, 2021	<u><u>\$ 250,000</u></u>

LEBANON TOWNSHIP  
SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**NOTE 17: INTERFUND RECEIVABLES AND PAYABLES**

An general fund interfund receivable of \$23,103 is due from the special revenue fund. The amount represents spending on grants in advance of reimbursements and will be liquidated in the subsequent period. The general fund owes the enterprise fund \$11,320 for federal and state lunch subsidies not yet paid over to the food service fund.

**NOTE 18: CALCULATION OF EXCESS SURPLUS**

The designation for Reserved Fund Balance – Excess Surplus is a required calculation pursuant to N.J.S.A. 18A:7F-7, as amended. New Jersey school districts are required to reserve General Fund fund balance at the fiscal year end of June 30 if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2021 is \$825,179.

**NOTE 19: TAX ABATEMENTS**

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

**NOTE 20: PRIOR PERIOD ADJUSTMENT**

**Restatement of Prior Period:**

As the Unemployment Fund does not meet the definition of a fiduciary activity prescribed in GASB No. 84 paragraph 11, the Unemployment Fund is to be reported in the general fund. However, these funds are restricted pursuant to N.J.S.A. 43:21-7.3(g). Accordingly, as use of these funds are restricted by statute, any unemployment net position at 7/1/2020 should be classified as restricted fund balance in the general fund.

As the Student Activities Fund does not meet the definition of a fiduciary activity prescribed in GASB No. 84 paragraph 11, the Student Activities Fund is to be reported in the special revenue fund. N.J.A.C. 6A:23A-16.12 governs the establishment and operation of the Student Activity Fund restricting expenditures within the fund and prohibiting the transfer of any unspent balances to any other fund.

Governmental Activities Net Position:

Net Position (per A-2), June 30, 2020	\$ 6,524,318
Restricted fund balance for Unemployment Claims per GASB No. 84	179,749
Restricted fund balance for Student Activities per GASB No. 84	25,646
Net Position (per A-2), June 30, 2020, as Restated	\$ 6,729,713

Governmental Funds:

Fund Balance (per B-2), June 30, 2020	\$ 6,037,700
Restricted fund balance for Unemployment Claims per GASB No. 84	179,749
Restricted fund balance for Student Activities per GASB No. 84	25,646
Fund Balance (per B-2), June 30, 2020, as Restated	\$ 6,243,095

**REQUIRED SUPPLEMENTARY INFORMATION - PART II**

**BUDGETARY COMPARISON SCHEDULES**

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
<b>Local Sources:</b>					
Local Tax Levy	\$ 10,533,540		\$ 10,533,540	\$ 10,533,540	
Tuition - Individuals	20,000		20,000	-	\$ (20,000)
Tuition - from LEA's	479,600		479,600	566,389	86,789
Transportation	10,000		10,000	-	(10,000)
Interest Earned on Capital Reserve	500		500	4,643	4,143
Miscellaneous	75,000		75,000	83,885	8,885
<b>Total - Local Sources</b>	<b>11,118,640</b>		<b>11,118,640</b>	<b>11,188,457</b>	<b>69,817</b>
<b>State Sources:</b>					
Equalization Aid	730,669		730,669	730,669	
School Choice Aid	363,330		363,330	363,330	
Transportation Aid	320,578		320,578	320,578	
Special Education Aid	448,913		448,913	448,913	
Security Aid	54,166		54,166	54,166	
Other State Aid			-	117,808	117,808
TPAF Social Security (Reimbursed - Non-Budgeted)				412,188	412,188
TPAF Pension (On-Behalf - Non-Budgeted)				1,493,059	1,493,059
TPAF Post Retirement Medical (On-Behalf - Non-Budgeted)				467,902	467,902
TPAF Pension LTD Insurance (On-Behalf - Non-Budgeted)				1,180	1,180
<b>Total State Sources</b>	<b>1,917,656</b>	<b>-</b>	<b>1,917,656</b>	<b>4,409,793</b>	<b>2,492,137</b>
<b>TOTAL REVENUES</b>	<b>13,036,296</b>	<b>-</b>	<b>13,036,296</b>	<b>15,598,250</b>	<b>2,561,954</b>



LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>EXPENDITURES:</b>					
<b>Current Expense:</b>					
<b>Regular Programs - Instruction:</b>					
Preschool - Salaries of Teachers	66,576	979	67,555	66,255	1,300
Kindergarten - Salaries of Teachers	223,420	2,195	225,615	222,215	3,400
Grades 1-5 - Salaries of Teachers	1,520,183	9,400	1,529,583	1,426,444	103,139
Grades 6-8 - Salaries of Teachers	1,438,501	10,000	1,448,501	1,335,500	113,001
<b>Regular Programs - Home Instruction:</b>					
Salaries of Teachers	3,500	-	3,500		3,500
Purchased Professional - Educational Services		-			
Travel	500	-	500		500
<b>Regular Programs - Undistributed Instruction:</b>					
Other Salaries for Instruction	47,156	(8,450)	38,706	35,990	2,716
Purchased Professional - Educational Services	10,000	77,955	87,955	82,451	5,504
Purchased Technical Services	65,000	30,274	95,274	90,737	4,537
Other Purchased Services (400-500 series)	33,000	(6,800)	26,200	20,932	5,268
General Supplies	238,725	89,454	328,179	169,790	158,389
Other Objects	1,474	-	1,474		1,474
<b>TOTAL REGULAR PROGRAMS - INSTRUCTION</b>	<b>3,648,035</b>	<b>205,007</b>	<b>3,853,042</b>	<b>3,450,314</b>	<b>402,728</b>
<b>SPECIAL EDUCATION - INSTRUCTION</b>					
<b>Learning and/or Language Disabilities:</b>					
Salaries of Teachers	148,182	(3,200)	144,982	138,498	6,484
Other Salaries for Instruction	130,304	1,000	131,304	90,872	40,432
Purchased Professional - Educational Services	-	-			
General Supplies	5,500	-	5,500	1,995	3,505
<b>Total Learning and/or Language Disabilities</b>	<b>283,986</b>	<b>(2,200)</b>	<b>281,786</b>	<b>231,365</b>	<b>50,421</b>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Resource Room/Resource Center:</b>					
Salaries of Teachers	957,518	11,491	969,009	886,516	82,493
Other Salaries for Instruction	148,834	(31,311)	117,523	105,818	11,705
Contracted Spec Ed Svcs	364,500	(347,956)	16,544		16,544
Purchased Professional - Educational Services		170,750	170,750	158,559	12,191
Other Purchased Services (400-500 series)	7,500	(7,500)			
General Supplies	18,000	7,746	25,746	20,092	5,654
<b>Total Resource Room/Resource Center</b>	<b>1,496,352</b>	<b>(196,780)</b>	<b>1,299,572</b>	<b>1,170,985</b>	<b>128,587</b>
<b>Autism:</b>					
Salaries of Teachers	142,567	27,526	170,093	162,836	7,257
Other Salaries for Instruction	38,728	4,842	43,570	35,877	7,693
General Supplies	2,500	9,700	12,200	1,559	10,641
<b>Total Autism</b>	<b>183,795</b>	<b>42,068</b>	<b>225,863</b>	<b>200,272</b>	<b>25,591</b>
<b>Preschool Disabilities - Part-Time:</b>					
Salaries of Teachers	32,301	4,927	37,228	35,127	2,101
Other Salaries for Instruction	11,000	8,798	19,798	18,361	1,437
Purchased Professional and Technical Services		28,400	28,400	27,698	702
General Supplies	2,300	-	2,300	301	1,999
<b>Total Preschool Disabilities - Part-Time</b>	<b>45,601</b>	<b>42,125</b>	<b>87,726</b>	<b>81,487</b>	<b>6,239</b>
<b>TOTAL SPECIAL EDUCATION - INSTRUCTION</b>	<b>2,009,734</b>	<b>(114,787)</b>	<b>1,894,947</b>	<b>1,684,109</b>	<b>210,838</b>
<b>Home Instruction :</b>					
Purchased Professional-Educational Services	-	3,200	3,200	1,926	1,274
<b>Total Home Instruction</b>	<b>-</b>	<b>3,200</b>	<b>3,200</b>	<b>1,926</b>	<b>1,274</b>
<b>Basic Skills/Remedial - Instruction</b>					
Salaries of Teachers	151,016	2,500	153,516	115,632	37,884
General Supplies	5,000	-	5,000	1,271	3,729
<b>Total Basic Skills/Remedial - Instruction</b>	<b>156,016</b>	<b>2,500</b>	<b>158,516</b>	<b>116,903</b>	<b>41,613</b>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Bilingual Education - Instruction:</b>					
Salaries of Teachers	1,200	-	1,200		1,200
General Supplies	350	-	350	-	350
<b>Total Bilingual Education - Instruction</b>	<b>1,550</b>	<b>-</b>	<b>1,550</b>	<b>-</b>	<b>1,550</b>
<b>TOTAL INSTRUCTION</b>	<b>5,815,335</b>	<b>95,920</b>	<b>5,911,255</b>	<b>5,253,252</b>	<b>658,003</b>
<b>UNDISTRIBUTED EXPENDITURES</b>					
<b>School-Sponsored Co/Extra Curricular Activities - Instruction:</b>					
Salaries	95,000	-	95,000	50,182	44,818
Purchased Services (300-500 series)	6,000	-	6,000	367	5,633
Supplies and Materials	2,981	-	2,981		2,981
Sign Club	1,000	-	1,000		1,000
Other Objects	1,145	-	1,145		1,145
<b>Total School-Spon.Co/Extra Curric. Activities - Instruc.</b>	<b>106,126</b>	<b>-</b>	<b>106,126</b>	<b>50,549</b>	<b>55,577</b>
<b>Instruction:</b>					
Tuition to Other LEAs within the State-Special	110,000	(4,074)	105,926	36,669	69,257
Tuition - Other	70,000	4,074	74,074	66,466	7,608
<b>Total Instruction</b>	<b>180,000</b>	<b>-</b>	<b>180,000</b>	<b>103,135</b>	<b>76,865</b>
<b>Attendance &amp; Social Work:</b>					
Salaries	131,859	1,330	133,189	133,152	37
Purchased Professional and Technical Services	15,000	155	15,155	15,153	2
<b>Total Attendance &amp; Social Work</b>	<b>146,859</b>	<b>1,485</b>	<b>148,344</b>	<b>148,305</b>	<b>39</b>
<b>Health Services:</b>					
Salaries	165,908	2,000	167,908	163,449	4,459
Purchased Professional and Technical Services	2,500	-	2,500	2,000	500
Supplies and Materials	5,000	5,986	10,986	801	10,185
<b>Total Health Services</b>	<b>173,408</b>	<b>7,986</b>	<b>181,394</b>	<b>166,250</b>	<b>15,144</b>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Supp. Services Students-Speech/OT/PT Related Services:</b>					
Salaries	206,861	(5,961)	200,900	200,817	83
Purchased Professional - Educational Services	177,000	25,500	202,500	180,692	21,808
Supplies and Materials	7,000	(1,877)	5,123	1,609	3,514
<b>Total Other Supp. Svcs Students-Spech/OT/PT Rel. Services</b>	<b>390,861</b>	<b>17,662</b>	<b>408,523</b>	<b>383,118</b>	<b>25,405</b>
<b>Other Supp. Services Students-Extra Serv:</b>					
Salaries		-	-	-	
Other Salaries for Instruction	55,264	31,756	87,020	68,259	18,761
Purchased Professional - Educational Services	-	60,625	60,625	28,619	32,006
Extraordinary Spec Ed Supply	9,000	(600)	8,400	-	8,400
Supplies and Materials		600	600	-	600
<b>Total Other Supp. Services Students-Extra Serv</b>	<b>64,264</b>	<b>92,381</b>	<b>156,645</b>	<b>96,878</b>	<b>59,767</b>
<b>Other Supp. Services Students-Regular:</b>					
Salaries of Other Professional Staff	143,667	11,333	155,000	151,304	3,696
Other Purchased Prof. and Tech. Services	500	-	500	-	500
Supplies and Materials	1,000	-	1,000	626	374
<b>Total Other Supp. Services Students-Regular</b>	<b>145,167</b>	<b>11,333</b>	<b>156,500</b>	<b>151,930</b>	<b>4,570</b>
<b>Other Supp. Services Students-Child Study Teams:</b>					
Salaries of Other Professional Staff	311,589	400	311,989	305,718	6,271
Salaries of Secretarial and Clerical Assistants	48,379	600	48,979	48,853	126
Other Purchased Prof. and Tech. Services	10,000	295	10,295	1,738	8,557
Other Purchased Services (400-500 series)	13,925	-	13,925	9,212	4,713
Supplies and Materials	4,000	3,769	7,769	6,462	1,307
<b>Total Other Supp. Services Students-Child Study Teams</b>	<b>387,893</b>	<b>5,064</b>	<b>392,957</b>	<b>371,983</b>	<b>20,974</b>
<b>Improvement of Instruction Services :</b>					
Salaries of Other Professional Staff	45,957	15,577	61,534	61,405	129
Salaries of Secretarial and Clerical Assistants	17,125	168	17,293	17,292	1
Other Purchased Services (400-500 series)	8,500	(8,500)			
Supplies and Materials	500	(500)		-	
<b>Total Improvement of Instruction Services</b>	<b>72,082</b>	<b>6,745</b>	<b>78,827</b>	<b>78,697</b>	<b>130</b>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Educational Media Services/School Library:</b>					
Salaries	156,005	1,974	157,979	156,360	1,619
Salaries of Technology Coordinators	104,621	1,026	105,647	105,646	1
Other Purchased Services (400-500 series)	2,000	(2,000)	-	-	
Supplies and Materials	20,500	8,636	29,136	20,721	8,415
<b>Total Educational Media Services/School Library</b>	<b>283,126</b>	<b>9,636</b>	<b>292,762</b>	<b>282,727</b>	<b>10,035</b>
<b>Instructional Staff Training Services:</b>					
Purchased Professional - Educational Services	4,500	-	4,500		4,500
Other Purchased Services (400-500 series)	29,300	(5,620)	23,680	2,275	21,405
Supplies and Materials	300	-	300		300
Other Objects	200	-	200	-	200
<b>Total Instructional Staff Training Services</b>	<b>34,300</b>	<b>(5,620)</b>	<b>28,680</b>	<b>2,275</b>	<b>26,405</b>
<b>Supp. Services - General Administration:</b>					
Salaries	140,633	453	141,086	141,086	
Legal Services	16,000	30,055	46,055	42,038	4,017
Audit Fees	17,100	(1,255)	15,845	15,845	
Architectural/Engineering Serv		435	435	388	47
Purchased Technical Services	7,800	(200)	7,600	7,222	378
Communications/Telephone	28,900	(2,215)	26,685	24,578	2,107
BOE Other Purchased Services	2,000	(2,000)			
Other Purchased Services (400-500 series)	33,720	(7,253)	26,467	22,058	4,409
General Supplies	3,000	-	3,000	2,553	447
BOE In-house Training/Meeting Supplies	300	-	300	71	229
Miscellaneous Expenditures	3,300	-	3,300	2,521	779
BOE Membership Dues & Fees	7,057	-	7,057	6,787	270
<b>Total Supp. Services - General Administration</b>	<b>259,810</b>	<b>18,020</b>	<b>277,830</b>	<b>265,147</b>	<b>12,683</b>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Support Services - School Administration:</b>					
Salaries of Principals/Assistant Principals	310,431	54,862	365,293	365,289	4
Salaries of Secretarial and Clerical Assistants	109,131	(1,575)	107,556	107,375	181
Purchased Professional and Technical Services	5,500	(4,547)	953	-	953
Other Purchased Services (400-500 series)	4,500	(3,940)	560	-	560
Supplies and Materials	14,370	7,745	22,115	18,737	3,378
Other Objects	1,790	-	1,790	845	945
<b>Total Support Services - School Administration</b>	<b>445,722</b>	<b>52,545</b>	<b>498,267</b>	<b>492,246</b>	<b>6,021</b>
<b>Central Services:</b>					
Salaries	163,128	14,000	177,128	164,728	12,400
Purchased Technical Services	25,000	3,050	28,050	23,271	4,779
Misc. Purchased Services (400-500 series)	3,000	-	3,000	1,223	1,777
Supplies and Materials	2,000	534	2,534	1,233	1,301
Other Objects	2,000	-	2,000	1,510	490
<b>Total Central Services</b>	<b>195,128</b>	<b>17,584</b>	<b>212,712</b>	<b>191,965</b>	<b>20,747</b>
<b>Required Maintenance for School Facilities:</b>					
Salaries	80,000	-	80,000	76,535	3,465
Cleaning, Repair and Maintenance Services	74,000	328,496	402,496	341,955	60,541
General Supplies	4,000	32,216	36,216	32,582	3,634
Other Objects	1,906	250	2,156	2,053	103
<b>Total Required Maintenance for School Facilities</b>	<b>159,906</b>	<b>360,962</b>	<b>520,868</b>	<b>453,125</b>	<b>67,743</b>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Other Operations and Maintenance of Plant:</b>					
Salaries	366,143	(42,432)	323,711	317,040	6,671
Purchased Professional and Technical Services	7,000	58,575	65,575	35,641	29,934
Cleaning, Repair and Maintenance Services	13,800	5,200	19,000	18,086	914
Insurance	42,000	5,800	47,800	47,777	23
Misc. Purchased Services	725	-	725	182	543
General Supplies	40,000	90,689	130,689	117,471	13,218
Energy (Natural Gas)	40,000	(17,000)	23,000	18,699	4,301
Energy (Electricity)	95,000	(25,000)	70,000	63,210	6,790
Energy (Oil)	100,000	(40,300)	59,700	50,586	9,114
Other Objects	100	225	325	325	
<b>Total Other Operations and Maintenance of Plant</b>	<b>704,768</b>	<b>35,757</b>	<b>740,525</b>	<b>669,017</b>	<b>71,508</b>
<b>Care and Upkeep of Grounds:</b>					
Salaries	-	-	-	-	
Cleaning, Repair and Maintenance Services	23,000	4,450	27,450	27,323	127
General Supplies	1,200	(150)	1,050	510	540
<b>Total Care and Upkeep of Grounds</b>	<b>24,200</b>	<b>4,300</b>	<b>28,500</b>	<b>27,833</b>	<b>667</b>
<b>Security:</b>					
Purchased Professional and Technical Services	-	-	-	-	
Cleaning, Repair and Maintenance Services	130,000	-	130,000	128,305	1,695
General Supplies	3,000	-	3,000	1,012	1,988
<b>Total Security</b>	<b>133,000</b>	<b>-</b>	<b>133,000</b>	<b>129,317</b>	<b>3,683</b>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Student Transportation Services:</b>					
Sal. For Pupil Trans (Bet Home & Sc) - Reg.	35,711	700	36,411	36,061	350
Management Fee - ESC & CTSA Trans. Program	12,000	-	12,000	4,063	7,937
Other Purchased Prof. and Tech. Services	14,000	-	14,000	12,540	1,460
Contracted Services - Aid in Lieu of Payments-Nonpublic Sch.	22,000	-	22,000	13,799	8,201
Contracted Services - Aid in Lieu of Payments-Choice Sch.	6,500	-	6,500	3,923	2,577
Contract Services (Between Home & School)-Vendors		-			
Contract Services (Other than Between Home & School)-Vendors	16,500	4,600	21,100	21,035	65
Contract Services (Other than Between Home & School)-Joint Agrmts	352,000	15,000	367,000	364,333	2,667
Contr Serv (Spl. Ed. Students) - Vendors	11,000	-	11,000		11,000
Contr Serv (Spl. Ed. Students) - Joint Agreements		-			
Contr Serv (Regular Students) - ESCs & CTSA	7,500	-	7,500	-	7,500
Contracted Services (Special Education Students)-ESCs & CTSA	165,000	(19,600)	145,400	89,155	56,245
<b>Total Student Transportation Services</b>	<b>642,211</b>	<b>700</b>	<b>642,911</b>	<b>544,909</b>	<b>98,002</b>
<b>UNALLOCATED BENEFITS:</b>					
Social Security Contributions	180,000	(46,931)	133,069	121,511	11,558
Other Retirement Contributions - PERS	180,000	(3,089)	176,911	175,741	1,170
Other Retirement Contributions - Regular	10,000	(4,400)	5,600	2,501	3,099
Unemployment Compensation	-	-			
Workman's Compensation	65,000	-	65,000	54,635	10,365
Health Benefits	2,964,452	(241,866)	2,722,586	2,390,380	332,206
Tuition Reimbursement	49,000	10,059	59,059	18,745	40,314
Other Employee Benefits	7,950	21,867	29,817	24,939	4,878
Unused Sick Payment to Terminated/Retired Staff	34,000	(18,427)	15,573	15,573	
<b>TOTAL UNALLOCATED BENEFITS</b>	<b>3,490,402</b>	<b>(282,787)</b>	<b>3,207,615</b>	<b>2,804,025</b>	<b>403,590</b>
Reimbursed TPAF Social Security Contrib. (non-budgeted)				412,188	(412,188)
On-behalf TPAF pension Contrib. (non-budgeted)				1,493,059	(1,493,059)
On-behalf TPAF PRM Contrib. (non-budgeted)				467,902	(467,902)
On-behalf TPAF pension LTD Ins. (non-budgeted)				1,180	(1,180)
<b>TOTAL ON-BEHALF CONTRIBUTIONS</b>				<b>2,374,329</b>	<b>(2,374,329)</b>



LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>TOTAL PERSONAL SERVICES-EMPLOYEE BENEFITS</b>	3,490,402	(282,787)	3,207,615	5,178,354	(1,970,739)
<b>TOTAL UNDISTRIBUTED EXPENDITURES</b>	<b>8,039,233</b>	<b>353,753</b>	<b>8,392,986</b>	<b>9,787,760</b>	<b>(1,394,774)</b>
<b>TOTAL GENERAL CURRENT EXPENSE</b>	<b>13,854,568</b>	<b>449,673</b>	<b>14,304,241</b>	<b>15,041,012</b>	<b>(736,771)</b>
<b>CAPITAL OUTLAY</b>					
<b>Equipment:</b>					
Undistributed Expenditures - School Admin.		13,633	13,633	13,633	
Undistributed Expenditures - Admin Info Tech.		6,305	6,305	5,902	403
Undistributed Expenditures - Required for Sch. Maintenance		46,941	46,941		46,941
Undistributed Expenditures - Custodial Services		9,086	9,086	9,086	
<b>Total Equipment</b>	-	75,965	75,965	28,621	47,344
<b>Facilities Acquisition and Construction Services</b>					
Assessment for Debt Service on SDA Funding	2,165	-	2,165	2,165	
<b>Total Facilities Acquisition and Construction Services</b>	2,165	-	2,165	2,165	-
<b>TOTAL CAPITAL OUTLAY</b>	<b>1,665</b>	<b>75,965</b>	<b>77,630</b>	<b>30,786</b>	<b>47,344</b>
<b>TOTAL EXPENDITURES</b>	<b>13,856,233</b>	<b>525,638</b>	<b>14,381,871</b>	<b>15,071,798</b>	<b>(689,427)</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(819,937)	(525,638)	(1,345,575)	526,452	1,872,027
<b>Other Financing Sources (Uses):</b>					
<b>Operating Transfer In/(Out):</b>					
Transfer to Capital Projects Fund from Capital Reserve	(500)	-	(500)		(500)
Transfer to Food Service Fund		(5,000)	(5,000)	(5,000)	
<b>Total Transfer In/(Out)</b>	(500)	(5,000)	(5,500)	(5,000)	(500)

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-1

**BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

Fiscal Year Ended June 30, 2021

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)</b>	(820,437)	(530,638)	(1,351,075)	521,452	1,871,527
<b>Fund Balance, July 1</b>	5,556,389		5,556,389	5,556,389	
<b>Prior Period Adjustment-Unemployment Fund Net Position as of June 30, 2020</b>	179,749		179,749	179,749	
<b>Fund Balance, July 1 (Restated)</b>	5,736,138		5,736,138	5,736,138	
<b>Fund Balance, June 30</b>	<u>\$ 4,915,701</u>	<u>\$ (530,638)</u>	<u>\$ 4,385,063</u>	<u>\$ 6,257,590</u>	<u>\$ 1,871,527</u>
<b>Recapitulation:</b>					
<b>Restricted for:</b>					
Capital Reserve				\$ 2,729,339	
Maintenance Reserve				542,211	
Emergency Reserve				250,000	
Excess Surplus				825,179	
Excess Surplus - Designated for Subsequent Year's Expenditures				820,896	
Unemployment Compensation				179,749	
<b>Assigned to:</b>					
Year-End Encumbrances				290,481	
<b>Unassigned:</b>					
Unrestricted Fund Balance				619,735	
<b>Fund Balance, June 30</b>				<u>\$ 6,257,590</u>	
<b>Fund Balance per Governmental Funds(Budgetary Basis)</b>				\$ 6,257,590	
<b>Reconciliation to Governmental Funds Statement(GAAP Basis):</b>					
Last State Aid Payment not recognized on GAAP basis				(191,549)	
<b>Fund Balance per Governmental Funds(GAAP Basis)</b>				<u>\$ 6,066,041</u>	

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit C-2

**BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND**

For the Fiscal Year Ended June 30, 2021

	<b>Original Budget</b>	<b>Budget Transfers</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Final to Actual Favorable/ (Unfavorable)</b>
<b>REVENUES:</b>					
Local Sources		\$ 18,000	\$ 18,000	\$ 14,225	(3,775)
Federal Sources	\$ 144,000	117,450	261,450	220,595	(40,855)
<b>Total Revenues</b>	<b>144,000</b>	<b>135,450</b>	<b>279,450</b>	<b>234,820</b>	<b>(44,630)</b>
<b>EXPENDITURES:</b>					
<b>Instruction</b>					
Tuition	117,700	30,926	148,626	148,626	
General Supplies	8,000	70,801	78,801	71,969	6,832
<b>Total Instruction</b>	<b>125,700</b>	<b>101,727</b>	<b>227,427</b>	<b>220,595</b>	<b>6,832</b>
<b>Support Services</b>					
Salaries		1,000	1,000	1,000	
Purchased Prof. & Tech. Services	18,300	13,567	31,867		31,867
Supplies and Materials		12,107	12,107	6,176	5,931
Student Activities		2,327	2,327	2,327	
<b>Total Support Services</b>	<b>18,300</b>	<b>29,001</b>	<b>47,301</b>	<b>9,503</b>	<b>37,798</b>
Total Expenditures	144,000	130,728	274,728	230,098	44,630
<b>Total Outflows</b>	<b>\$ 144,000</b>	<b>\$ 130,728</b>	<b>\$ 274,728</b>	<b>\$ 230,098</b>	<b>44,630</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	-	4,722	4,722	4,722	-
<b>Fund Balance Beginning</b>				-	
<b>Prior Period Adjustment *</b>				25,646	
<b>Fund Balance Beginning (Restated)</b>				25,646	
<b>Fund Balance Ending</b>				<u>\$ 30,368</u>	
<b>Recapitulation:</b>					
Restricted:					
Student Activities				\$ 30,368	
Total Fund Balance				<u>\$ 30,368</u>	

\* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

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

For the Fiscal Year Ended June 30, 2021

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

	General Fund	Special Revenue Fund
<b>Sources/Inflows of Resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibits C-1 and C-2, respectively)	\$ 15,598,250	\$ 234,820
Difference - budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Prior Year Encumbrances	N/A	14,229
Current Year Encumbrances	N/A	(5,588)
Adjustment for: Prior year Final State Aid Payment excluded in State Source Revenues that is considered a revenue for GAAP reporting purposes	207,789	-
Adjustment for: Current Year Final State Aid Payment included in State Source Revenues that is not considered a revenue for GAAP reporting purposes	(191,549)	-
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds. (Exhibit B-2)	\$ 15,614,490	\$ 243,461
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedules (Exhibits C-1 and C-2, respectively)	\$ 15,071,798	\$ 230,098
Differences - budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for <i>financial reporting</i> purposes.		
Prior Year Encumbrances	N/A	14,229
Current Year Encumbrances	N/A	(5,588)
Transfers to and from other funds are presented as outflows of budgetary resources but are not expenditures for financial reporting purposes.	N/A	N/A
Net transfers (outflows) to general fund	N/A	N/A
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds (Exhibit B-2)	\$ 15,071,798	\$ 238,739

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

Exhibit L-3

Teachers' Pension and Annuity Fund (TPAF)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
District's proportionate share of the net pension liability (asset) **	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
State's proportionate share of the net pension liability (asset) associated with the District	\$ 33,827,611	\$ 31,363,517	\$ 31,518,525	\$ 36,500,875	\$ 42,482,641	\$ 33,834,792	\$ 29,777,099	\$ 28,627,267		
Total	\$ 33,827,611	\$ 31,363,517	\$ 31,518,525	\$ 36,500,875	\$ 42,482,641	\$ 33,834,792	\$ 29,777,099	\$ 28,627,267		
District's covered employee payroll	\$ 5,696,729	\$ 5,801,613	\$ 5,489,765	\$ 5,394,928	\$ 5,292,535	\$ 5,454,550	\$ 5,349,284	\$ 5,362,213		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A		
Plan fiduciary net position as a percentage of the total pension liability	24.60%	26.95%	26.49%	25.41%	22.33%	28.71%	33.64%	33.76%		

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

Exhibit L-1

Public Employees' Retirement System (PERS)

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
District's proportion of the net pension liability (asset)	0.015937572%	0.015494825%	0.016432770%	0.018448214%	0.017988470%	0.018268023%	0.0182999320%	#####		
District's proportionate share of the net pension liability (asset)	\$ 2,599,001	\$ 2,791,932	\$ 3,235,531	\$ 4,294,449	\$ 5,327,669	\$ 4,100,805	\$ 3,426,248	\$ 3,399,946		
District's covered employee payroll	\$ 1,175,159	\$ 1,194,998	\$ 1,136,165	\$ 1,091,178	\$ 1,164,431	\$ 1,283,165	\$ 1,220,679	\$ 1,256,197		
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	221.16%	233.63%	284.78%	393.56%	457.53%	319.59%	280.68%	270.65%		
Plan fiduciary net position as a percentage of the total pension liability (Local)	58.32%	56.27%	53.60%	58.18%	40.14%	47.92%	52.08%	48.72%		

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

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

**Exhibit L-2**

**Teachers' Pension and Annuity Fund (TPAF)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution **	\$ 1,494,239	\$ 1,148,244	\$ 1,027,437	\$ 748,420	\$ 609,917	\$ 432,373	\$ 289,416	\$ 235,691	\$ 355,672	\$ 190,689
Contributions in relation to the contractually required contribution **	(1,494,239)	(1,148,244)	(1,027,437)	(748,420)	(609,917)	(432,373)	(289,416)	(235,691)	(355,672)	(190,689)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 5,696,729	\$ 5,801,613	\$ 5,489,765	\$ 5,394,928	\$ 5,292,535	\$ 5,091,375	\$ 5,454,550	\$ 5,349,284	\$ 5,362,213	\$ 5,468,705
Contributions as a percentage of covered-employee payroll	26.23%	19.79%	18.72%	13.87%	11.52%	8.49%	5.31%	4.41%	6.63%	3.49%

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

**Public Employees' Retirement System (PERS)**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Contractually required contribution	\$ 175,741	\$ 151,136	\$ 164,218	\$ 160,430	\$ 157,056	150,862	134,041	142,960	147,742	139,542
Contributions in relation to the contractually required contribution	(175,741)	(151,136)	(164,218)	(160,430)	(157,056)	(150,862)	(134,041)	(142,960)	(147,742)	(139,542)
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered employee payroll	\$ 1,175,159	\$ 1,194,998	\$ 1,136,165	\$ 1,164,431	\$ 1,250,681	\$ 1,283,165	\$ 1,220,679	\$ 1,256,197	\$ 1,206,157	\$ 1,260,352
Contributions as a percentage of covered-employee payroll	14.95%	12.65%	14.45%	13.78%	12.56%	11.76%	10.98%	11.38%	12.25%	11.07%

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

Exhibit M-1

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

The State of New Jersey's Total OPEB Liability	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Service Cost	\$ 1,790,973,822	\$ 1,734,404,850	\$ 1,984,642,729	\$ 2,391,878,884	\$ 1,723,999,319					
Interest	1,503,341,357	1,827,787,206	1,970,236,232	1,699,441,736	1,823,643,792					
Change in Benefit Terms										
Differences Between Expected and Actual Experience	11,544,750,637	(7,323,140,818)	(5,002,065,740)							
Benefit Payments	(1,180,515,618)	(1,280,958,373)	(1,232,987,247)	(1,242,412,566)	(1,223,298,019)					
Contributions from Members	35,781,384	37,971,171	42,614,005	45,748,749	46,273,747					
Changes of Assumptions or other inputs	12,386,549,981	622,184,027	\$ (5,291,448,855)	\$ (7,086,599,129)	8,611,513,521					
<b>Net change in total OPEB liability</b>	<b>26,080,881,563</b>	<b>(4,381,751,937)</b>	<b>(7,529,008,876)</b>	<b>(4,191,942,326)</b>	<b>10,982,132,360</b>					
<b>Total OPEB Liability - Beginning</b>	<b>\$ 41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$53,639,841,858</b>	<b>\$ 57,831,784,184</b>	<b>\$ 46,849,651,824</b>					
<b>Total OPEB Liability - Ending</b>	<b>\$ 67,809,962,608</b>	<b>\$41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>					
<b>The State of New Jersey's total OPEB liability **</b>	<b>\$ 67,809,962,608</b>	<b>\$41,729,081,045</b>	<b>\$46,110,832,982</b>	<b>\$ 53,639,841,858</b>	<b>\$ 57,831,784,184</b>					
<b>The State of New Jersey's OPEB liability attributable to the District **</b>	<b>\$ 39,809,685</b>	<b>\$ 24,812,268</b>	<b>\$ 27,497,436</b>	<b>\$ 32,425,640</b>	<b>\$ 34,928,926</b>					
<b>The District's proportionate share of the total OPEB liability</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>	<b>Zero</b>					
<b>District's covered employee payroll</b>	<b>\$ 6,871,888</b>	<b>\$ 6,996,611</b>	<b>\$ 6,625,930</b>	<b>\$ 6,486,106</b>	<b>\$ 6,543,216</b>					
<b>Total District's OPEB liability as a percentage of its covered-employee payroll</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>	<b>0.00%</b>					
<b>District's contribution</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>	<b>None</b>					
<b>State's covered employee payroll ***</b>	<b>\$ 14,267,738,657</b>	<b>\$13,929,083,479</b>	<b>\$13,640,275,833</b>	<b>\$ 13,493,400,208</b>	<b>\$ 13,493,400,208</b>					
<b>Total State's OPEB liability as a percentage of its covered-employee payroll</b>	<b>475.27%</b>	<b>299.58%</b>	<b>338.05%</b>	<b>397.53%</b>	<b>428.59%</b>					

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

\*\*\* Covered payroll for the Measurement Period ending June 30, 2019 and June 30, 2020 is based on the payroll on the June 30, 2018 and June 30, 2019 census data, respectively

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

LEBANON TOWNSHIP SCHOOL DISTRICT

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

For the Fiscal Year Ended June 30, 2021

**Teachers' Pension and Annuity Fund (TPAF)**

**Pension Schedules**

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

*Changes of assumptions.* 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.

**OPEB Schedules**

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

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

*Changes of assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.

**Public Employees' Retirement System (PERS)**

**Pension Schedules**

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

*Changes of assumptions.* Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2020

**OPEB Schedules**

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

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

*Changes of assumptions.* Changes of assumptions and other inputs reflects a change in the discount rate from 3.50 percent in 2019 to 2.21 percent in 2020.



**OTHER SUPPLEMENTARY INFORMATION**

**SPECIAL REVENUE FUND  
DETAIL STATEMENTS**

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

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit E-1

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

For the Fiscal Year Ended June 30, 2021

	<b>Title III</b>	<b>Title IV</b>	<b>IDEA Basic</b>	<b>IDEA Pre-School</b>	<b>REAP</b>	<b>CORONA Relief</b>	<b>Local</b>	<b>Student Activities</b>	<b>Totals</b>
<b>REVENUES</b>									
Local Sources							\$ 7,176	\$ 7,049	\$ 14,225
Federal Sources	\$ 708	\$ 4,754	\$ 148,626	\$ 919	\$ 45,353	\$ 20,235			220,595
<b>TOTAL REVENUES</b>	<b>708</b>	<b>4,754</b>	<b>148,626</b>	<b>919</b>	<b>45,353</b>	<b>20,235</b>	<b>7,176</b>	<b>7,049</b>	<b>234,820</b>
<b>EXPENDITURES:</b>									
<b>Instruction:</b>									
Tuition			148,626						148,626
General Supplies	708	4,754		919	45,353	20,235			71,969
<b>Total Instruction</b>	<b>708</b>	<b>4,754</b>	<b>148,626</b>	<b>919</b>	<b>45,353</b>	<b>20,235</b>	<b>-</b>	<b>-</b>	<b>220,595</b>
<b>Support Services:</b>									
Salaries							1,000		1,000
Supplies and Materials							6,176		6,176
Student Activities								2,327	2,327
<b>Total Support Services</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,176</b>	<b>2,327</b>	<b>9,503</b>
<b>TOTAL EXPENDITURES</b>	<b>708</b>	<b>4,754</b>	<b>148,626</b>	<b>919</b>	<b>45,353</b>	<b>20,235</b>	<b>7,176</b>	<b>2,327</b>	<b>230,098</b>
<b>Total Outflows</b>	<b>708</b>	<b>4,754</b>	<b>148,626</b>	<b>919</b>	<b>45,353</b>	<b>20,235</b>	<b>7,176</b>	<b>2,327</b>	<b>230,098</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Financing Sources (Uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,722</b>	<b>4,722</b>
<b>Fund Balance Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Prior Period Adjustment *</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,646</b>	<b>25,646</b>
<b>Fund Balance Beginning (Restated)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,646</b>	<b>25,646</b>
<b>Fund Balance Ending</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>30,368</b>	<b>30,368</b>

\* Represents the student activity fund ending balance as of June 30, 2020 for payable to student groups

**CAPITAL PROJECTS FUND  
DETAIL STATEMENTS**

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

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit F-1

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

For the Fiscal Year Ended June 30, 2021

	<u>Original</u>		<u>Revised</u>		<u>Expenditures to Date</u>		<u>Unexpended Balance June 30, 2021</u>
	<u>Date</u>	<u>Appropriations</u>	<u>Date</u>	<u>Appropriations</u>	<u>Prior Years</u>	<u>Current Year</u>	
Security Project							
Board of Education - Woodglen Middle School and Valley View Elementary School	2/19/19	\$ 586,780	6/9/20	\$ 735,100	\$ 46,000	556,091	\$ 133,009
		586,780		735,100	46,000	556,091	133,009
Totals		<u>\$ 586,780</u>		<u>\$ 735,100</u>	46,000	556,091	133,009
						Fund Balance, June 30, 2021	\$ <u>133,009</u>
						<b>Recapitulation:</b>	
						<b>Assigned to:</b>	
						Year-End Encumbrances	\$ <u>62,536</u>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2

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

For the Fiscal Year Ended June 30, 2021

**Expenditures and Other Financing**

**Uses**

Construction Services	\$ 544,592
Purchased Professional Services	11,499
Total Expenditures	<u>556,091</u>
Excess(deficiency) of revenues over(under) expenditures	(556,091)
Fund Balance - Beginning	<u>689,100</u>
Fund Balance - Ending	<u><u>\$ 133,009</u></u>

LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit F-2a

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

From Inception and for the Fiscal Year Ended June 30, 2021

	<u>Prior</u> <u>Periods</u>	<u>Current</u> <u>Year</u>	<u>Totals</u>	<u>Revised</u> <u>Authorized</u> <u>Costs</u>
<b>Revenues and Other Financing Sources</b>				
Transfer from capital reserve	\$ 735,100		\$ 735,100	\$ 735,100
Total Revenues	735,100	-	735,100	735,100
<b>Expenditures and Other Financing Sources</b>				
Construction Services		\$ 544,592	544,592	651,900
Purchased Professional Services	46,000	11,499	57,499	83,200
Total Expenditures	46,000	556,091	602,091	735,100
Excess(deficiency) of revenues over(under) expenditures			\$ 689,100	\$ (556,091) \$ 133,009

Project Fund Balance, 6/30/21 \$ 133,009

**Additional project information:**

DOE Project Number	<u>2600-050-18-1000; 2600-060-18-1000</u>
SDA Project Number	N/A
Grant Date	N/A
Bond Authorization Date	N/A
Bonds Authorized	N/A
Bonds Issued	N/A
Original Authorized Cost	\$586,780
Additional Authorized Cost	148,320
Revised Authorized Cost	\$735,100
Percentage Increase over Original Authorized Cost	N/A
Percentage Completion	100%
Original Target Completion Date	2019
Revised Target Completion Date	2022

**PROPRIETARY FUND  
DETAIL STATEMENTS**

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

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

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



**FIDUCIARY FUND  
DETAIL STATEMENTS**

Fiduciary Funds are defined by GASB No. 84 as four funds. (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds.

N/A

## **LONG-TERM DEBT SCHEDULES**

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

N/A

Lebanon Township School District  
**Statistical Section**

<b><u>Contents</u></b>	<b><u>Page</u></b>
<b>Financial Trends (J-1 thru J-5)</b> These schedules contain trend information to help the reader understand how the district's financial performance and well being have changed over time.	90-95
<b>Revenue Capacity (J-6 thru J-9)</b> These schedules contain information to help the reader assess the district's most significant local revenue source, the property tax.	96-99
<b>Debt Capacity (J-10 thru J-13)</b> These schedules present information to help the reader assess the affordability of the district's current levels of outstanding debt and the district's ability to issue additional debt in the future.	100-103
<b>Demographic and Economic Information (J-14 and J-15)</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the district's financial activities take place.	104-105
<b>Operating Information (J-16 thru J-20)</b> 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.	106-110

**Sources:**

Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.

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

*(accrual basis of accounting)*

**Exhibit J-1**

	Fiscal Year Ending June 30,									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Governmental activities</b>										
Invested in capital assets, net of related debt	\$ 4,551,241	\$ 4,940,904	\$ 4,940,663	\$ 4,930,901	\$ 4,906,266	\$ 4,676,844	\$ 4,861,051	\$ 4,629,560	\$ 4,401,432	\$ 4,733,813
Restricted	1,659,534	1,117,960	1,762,133	1,701,163	1,884,059	3,616,418	4,194,911	4,387,301	5,094,136	5,377,742
Unrestricted	2,390,445	2,960,197	(1,514,378)	(1,682,319)	(1,599,598)	(3,115,678)	(3,569,171)	(3,325,021)	(2,765,855)	(2,941,642)
<b>Total governmental activities net position</b>	<u>\$ 8,601,220</u>	<u>\$ 9,019,061</u>	<u>\$ 5,188,418</u>	<u>\$ 4,949,745</u>	<u>\$ 5,190,727</u>	<u>\$ 5,177,584</u>	<u>\$ 5,486,791</u>	<u>\$ 5,691,840</u>	<u>\$ 6,729,713</u>	<u>\$ 7,169,913</u>
<b>Business-type activities</b>										
Invested in capital assets, net of related debt	\$ 12,574	\$ 32,680	\$ 55,869	\$ 50,185	\$ 44,502	\$ 38,818	\$ 33,135	\$ 27,452	\$ 21,768	\$ 16,085
Restricted						-	-	-	-	-
Unrestricted	60,814	53,485	18,605	11,145	13,271	12,581	8,577	7,750	12,070	43,849
<b>Total business-type activities net position</b>	<u>\$ 73,388</u>	<u>\$ 86,165</u>	<u>\$ 74,474</u>	<u>\$ 61,330</u>	<u>\$ 57,773</u>	<u>\$ 51,399</u>	<u>\$ 41,712</u>	<u>\$ 35,202</u>	<u>\$ 33,838</u>	<u>\$ 59,934</u>
<b>District-wide</b>										
Invested in capital assets, net of related debt	\$ 4,563,815	\$ 4,973,584	\$ 4,996,532	\$ 4,981,086	\$ 4,950,768	\$ 4,715,662	\$ 4,894,186	\$ 4,657,012	\$ 4,423,200	\$ 4,749,898
Restricted	1,659,534	1,117,960	1,762,133	1,701,163	1,884,059	3,616,418	4,194,911	4,387,301	5,094,136	5,377,742
Unrestricted	2,451,259	3,013,682	(1,495,773)	(1,671,174)	(1,586,327)	(3,103,097)	(3,560,594)	(3,317,271)	(2,753,785)	(2,897,793)
<b>Total district net position</b>	<u>\$ 8,674,608</u>	<u>\$ 9,105,226</u>	<u>\$ 5,262,892</u>	<u>\$ 5,011,075</u>	<u>\$ 5,248,500</u>	<u>\$ 5,228,983</u>	<u>\$ 5,528,503</u>	<u>\$ 5,727,042</u>	<u>\$ 6,763,551</u>	<u>\$ 7,229,847</u>

Source: ACFR Schedule A-1

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

**Exhibit J-2**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities										
Instruction										
Regular	\$ 5,518,904	\$ 5,887,139	\$ 5,885,932	\$ 6,533,194	\$ 6,526,788	\$ 6,578,228	\$ 6,683,269	\$ 6,256,202	\$ 5,750,794	\$ 6,029,312
Special education	2,121,094	2,272,114	2,273,426	2,490,425	2,795,503	2,992,046	3,142,568	3,001,326	2,766,922	2,759,409
Other special education	132,959	119,278	124,697	89,518	138,946	229,805	221,962	227,443	235,087	194,701
School sponsored cocurricular	106,561	103,361	126,630	120,121	143,696	177,040	170,689	161,274	107,354	82,824
Support Services:										
Tuition	55,167	129,655	288,322	376,397	379,272	149,320	99,596	40,675	57,062	103,135
Student & instruction related services	2,081,507	2,035,380	2,029,359	2,648,636	2,755,646	2,490,155	2,919,336	2,811,162	2,523,481	2,772,065
School administrative services	683,479	724,079	760,430	815,851	817,775	913,303	740,616	677,707	641,105	806,682
General and business administrative services	746,309	715,354	709,186	740,540	840,737	786,807	1,056,481	878,467	716,737	749,251
Plant operations and maintenance	1,033,704	1,025,581	1,101,846	1,009,734	1,008,798	1,660,550	1,537,887	1,665,023	1,738,448	2,102,547
Pupil transportation	641,285	548,118	518,280	595,215	566,871	551,316	545,247	545,197	492,206	544,909
Transfer to charter schools										
Interest on long-term debt	441	1,404	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
Unallocated depreciation						263,163	267,284	253,312	235,292	247,759
Total governmental activities expenses	<u>13,121,410</u>	<u>13,561,463</u>	<u>13,820,273</u>	<u>15,421,796</u>	<u>15,976,197</u>	<u>16,793,898</u>	<u>17,387,100</u>	<u>16,519,953</u>	<u>15,266,653</u>	<u>16,394,759</u>
Business-type activities:										
Food service	194,480	186,324	194,925	186,003	191,856	198,178	184,470	173,955	128,042	131,476
						0	0	-	-	-
Total business-type activities expense	<u>194,480</u>	<u>186,324</u>	<u>194,925</u>	<u>186,003</u>	<u>191,856</u>	<u>198,178</u>	<u>184,470</u>	<u>173,955</u>	<u>128,042</u>	<u>131,476</u>
Total district expenses	<u>\$ 13,315,890</u>	<u>\$ 13,747,787</u>	<u>\$ 14,015,198</u>	<u>\$ 15,607,799</u>	<u>\$ 16,168,053</u>	<u>\$ 16,992,076</u>	<u>\$ 17,571,570</u>	<u>\$ 16,693,908</u>	<u>\$ 15,394,695</u>	<u>\$ 16,526,235</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
Instruction-regular	\$ 170,573	\$ 255,681	\$ 226,335	\$ 252,878	358,428	242,462	255,547	\$ 535,977	\$ 592,911	\$ 566,389
Student & Instruction Related Serv.										7,049
Operating grants and contributions	3,573,462	3,679,662	3,725,649	5,513,787	6,152,112	6,691,052	7,278,457	5,851,605	5,025,299	5,637,111
Capital grants and contributions						0	0	-	-	-
Total governmental activities program revenues	<u>3,744,035</u>	<u>3,935,343</u>	<u>3,951,984</u>	<u>5,766,665</u>	<u>6,510,540</u>	<u>6,933,514</u>	<u>7,534,004</u>	<u>6,387,582</u>	<u>5,618,210</u>	<u>6,210,549</u>
Business-type activities:										
Charges for services										
Food service	154,637	139,159	144,884	135,070	142,698	136,950	125,338	125,510	92,691	32,210
Operating grants and contributions	41,859	34,942	38,350	37,789	45,601	51,943	42,627	41,935	33,987	120,362
Capital grants and contributions	-	-	-	-	-	-	-	-	-	-
Total business type activities program revenues	<u>196,496</u>	<u>174,101</u>	<u>183,234</u>	<u>172,859</u>	<u>188,299</u>	<u>188,893</u>	<u>167,965</u>	<u>167,445</u>	<u>126,678</u>	<u>152,572</u>
Total district program revenues	<u>\$ 3,940,531</u>	<u>\$ 4,109,444</u>	<u>\$ 4,135,218</u>	<u>\$ 5,939,524</u>	<u>\$ 6,698,839</u>	<u>\$ 7,122,407</u>	<u>\$ 7,701,969</u>	<u>\$ 6,555,027</u>	<u>\$ 5,744,888</u>	<u>\$ 6,363,121</u>
<b>Net (Expense)/Revenue</b>										
Governmental activities	\$ (9,377,375)	\$ (9,626,120)	\$ (9,868,289)	\$ (9,655,131)	\$ (9,465,657)	\$ (9,860,384)	\$ (9,853,096)	\$ (10,132,371)	\$ (9,648,443)	\$ (10,184,210)
Business-type activities	2,016	(12,223)	(11,691)	(13,144)	(3,557)	(9,285)	(16,505)	(6,510)	(1,364)	21,096
Total district-wide net expense	<u>\$ (9,375,359)</u>	<u>\$ (9,638,343)</u>	<u>\$ (9,879,980)</u>	<u>\$ (9,668,275)</u>	<u>\$ (9,469,214)</u>	<u>\$ (9,869,669)</u>	<u>\$ (9,869,601)</u>	<u>\$ (10,138,881)</u>	<u>\$ (9,649,807)</u>	<u>\$ (10,163,114)</u>

Continued

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

**Exhibit J-2**

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Property taxes levied for general purposes, net	\$ 10,356,595	\$ 10,037,176	\$ 9,284,388	\$ 9,400,000	9,541,000	9,731,820	9,926,000	\$ 10,124,520	\$ 10,327,000	\$ 10,533,540
Investment earnings	23,643	12,714	16,521	15,209	14,833	24,367	64,277	82,721	60,734	14,059
Miscellaneous income	448	19,071	2,642	1,249	150,806	91,054	172,026	130,179	93,187	81,811
Transfers		(25,000)								(5,000)
Total governmental activities	<u>10,380,686</u>	<u>10,043,961</u>	<u>9,303,551</u>	<u>9,416,458</u>	<u>9,706,639</u>	<u>9,847,241</u>	<u>10,162,303</u>	<u>10,337,420</u>	<u>10,480,921</u>	<u>10,624,410</u>
Business-type activities:										
Miscellaneous Income	46					2,911	6,818	-	-	-
Transfers		25,000								5,000
Total business-type activities	<u>46</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,911</u>	<u>6,818</u>	<u>-</u>	<u>-</u>	<u>5,000</u>
Total district-wide	<u>\$ 10,380,732</u>	<u>\$ 10,068,961</u>	<u>\$ 9,303,551</u>	<u>\$ 9,416,458</u>	<u>\$ 9,706,639</u>	<u>\$ 9,850,152</u>	<u>\$ 10,169,121</u>	<u>\$ 10,337,420</u>	<u>\$ 10,480,921</u>	<u>\$ 10,629,410</u>
<b>Change in Net Position</b>										
Governmental activities	\$ 1,003,311	\$ 417,841	\$ (564,738)	\$ (238,673)	\$ 240,982	\$ (13,143)	\$ 309,207	\$ 205,049	\$ 832,478	\$ 440,200
Business-type activities	2,062	12,777	(11,691)	(13,144)	(3,557)	(6,374)	(9,687)	(6,510)	(1,364)	26,096
Total district	<u>\$ 1,005,373</u>	<u>\$ 430,618</u>	<u>\$ (576,429)</u>	<u>\$ (251,817)</u>	<u>\$ 237,425</u>	<u>\$ (19,517)</u>	<u>\$ 299,520</u>	<u>\$ 198,539</u>	<u>\$ 831,114</u>	<u>\$ 466,296</u>

Source: ACFR Schedule A-2

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

**Exhibit J-3**

	2012		2013		2014		2015		Fiscal Year Ending June 30,		2016		2017		2018		2019		2020		2021		
General Fund																							
Reserved	\$	3,948,816	\$	4,098,094	\$	3,546,915	\$	3,298,118	\$	3,644,997	\$	4,338,809	\$	4,659,958	\$	4,641,974	\$	5,422,106	\$	5,637,855			
Unreserved		382,176		280,728		249,267		261,089		245,624		103,046		73,949		95,428		106,243		428,186			
Total general fund	\$	<u>4,330,992</u>	\$	<u>4,378,822</u>	\$	<u>3,796,182</u>	\$	<u>3,559,207</u>	\$	<u>3,890,621</u>	\$	<u>4,441,855</u>	\$	<u>4,733,907</u>	\$	<u>4,737,402</u>	\$	<u>5,528,349</u>	\$	<u>6,066,041</u>			
All Other Governmental Funds																							
Reserved																				\$	25,646	\$	30,368
Unreserved, reported in:																							
Special revenue fund																							
Capital projects fund																\$	540,780		689,100				133,009
Debt service fund																							
Total all other governmental funds	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>-</u>	\$	<u>540,780</u>	\$	<u>714,746</u>	\$	<u>163,377</u>			

Source: ACFR Schedule B-1

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

**Exhibit J-4**

	<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>
<b>Revenues</b>										
Tax levy	\$ 10,356,595	\$ 10,037,176	\$ 9,284,388	\$ 9,400,000	\$ 9,541,000	\$ 9,731,820	\$ 9,926,000	\$ 10,124,520	\$ 10,327,000	\$ 10,533,540
Tuition charges	103,100	127,367	111,100	131,710	297,748	242,462	255,547	512,220	570,926	566,389
Miscellaneous	61,171	64,107	100,899	86,450	176,140	115,421	236,303	236,657	175,906	102,919
State sources	3,259,742	3,463,915	3,534,880	3,722,394	3,888,967	3,930,218	4,004,041	4,243,256	4,152,667	4,426,033
Federal sources	278,115	184,958	170,663	182,059	186,725	178,772	178,431	213,165	208,676	229,070
<b>Total revenue</b>	<b>14,058,723</b>	<b>13,877,523</b>	<b>13,201,930</b>	<b>13,522,613</b>	<b>14,090,580</b>	<b>14,198,693</b>	<b>14,600,322</b>	<b>15,329,818</b>	<b>15,435,175</b>	<b>15,857,951</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular Instruction	3,607,286	3,813,094	4,034,402	3,851,074	3,467,183	3,625,749	3,612,519	3,809,330	3,728,207	3,679,550
Special education instruction	1,348,439	1,438,200	1,501,049	1,458,580	1,520,152	1,650,527	1,700,093	1,828,260	1,793,901	1,684,109
Other special instruction	85,713	76,051	75,615	44,870	62,666	126,769	120,079	138,547	152,416	118,829
Other instruction	58,294	57,570	73,455	71,414	82,197	97,662	92,341	98,240	69,602	50,549
<b>Support Services:</b>										
Tuition	25,403	33,105	146,046	223,742	227,752	149,320	99,596	40,675	57,062	103,135
Student & instruction related services	1,249,400	1,237,957	1,391,350	1,589,078	1,529,618	1,373,252	1,578,914	1,712,132	1,635,902	1,691,666
School administrative services	315,754	281,078	297,086	276,638	320,862	503,607	400,459	412,681	415,589	492,246
Other administrative services	439,953	460,049	517,832	501,258	467,849	405,937	409,978	433,228	464,521	457,112
Plant operations and maintenance	1,026,254	1,039,681	1,121,332	1,007,351	984,523	914,511	830,467	1,012,738	1,125,100	1,279,292
Pupil transportation	641,285	548,118	496,555	573,254	558,435	551,316	545,247	545,197	492,206	544,909
Unallocated employee benefits	3,881,166	3,989,686	3,693,167	3,725,713	4,100,647	4,179,623	4,298,171	4,625,049	4,729,171	5,178,354
Special Revenue	232,700	215,747	190,769	188,806	197,226	-	-	-	-	-
Charter Schools	-	-	-	-	-	-	-	-	-	-
Capital Outlay	273,457	612,953	243,747	245,645	237,891	69,186	620,406	129,466	11,980	586,877
<b>Debt service:</b>										
Principal	-	-	-	-	-	-	-	-	-	-
Interest and other charges	441	1,404	2,165	2,165	2,165	-	-	-	-	-
Transfer of funds to charter schools	-	-	-	-	-	-	-	-	-	-
<b>Total expenditures</b>	<b>13,185,545</b>	<b>13,804,693</b>	<b>13,784,570</b>	<b>13,759,588</b>	<b>13,759,166</b>	<b>13,647,459</b>	<b>14,308,270</b>	<b>14,785,543</b>	<b>14,675,657</b>	<b>15,866,628</b>
Excess (Deficiency) of revenues over (under) expenditures	873,178	72,830	(582,640)	(236,975)	331,414	551,234	292,052	544,275	759,518	(8,677)
<b>Other Financing Sources (uses)</b>										
Capital leases (non-budgeted)										
Bond proceeds										
Proceeds of refunding debt										
Payment to refunded debt escrow agent										
Transfers in								586,780	148,320	-
Transfers out		(25,000)		-	-	-	-	(586,780)	(148,320)	(5,000)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(25,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,000)</b>
<b>Net change in fund balances</b>	<b>\$ 873,178</b>	<b>\$ 47,830</b>	<b>\$ (582,640)</b>	<b>\$ (236,975)</b>	<b>\$ 331,414</b>	<b>\$ 551,234</b>	<b>\$ 292,052</b>	<b>\$ 544,275</b>	<b>\$ 759,518</b>	<b>\$ (13,677)</b>
Debt service as a percentage of noncapital expenditures	0.00%	0.01%	0.02%	0.02%	0.02%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: ACFR Schedule B-2



LEBANON TOWNSHIP SCHOOL DISTRICT

Exhibit J-5

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

<u>Fiscal Year</u> <u>Ended June 30,</u>	<u>Interest on</u> <u>Investments</u>	<u>Refund</u> <u>Prior Year</u> <u>Expenditures</u>	<u>Rentals</u>	<u>Tuition</u>	<u>Transportation</u>	<u>Shared</u> <u>Services</u>	<u>Miscellaneous</u>	<u>Total</u>
2012	\$ 23,643	\$ 447	\$ 1,475	\$ 103,100			\$ 1	\$ 128,666
2013	12,714	19,000	1,533	127,367			71	160,685
2014	16,521	2,470	1,630	111,100			60,172	191,893
2015	15,209	570	1,445	131,710			62,179	211,113
2016	14,833	590	1,240	297,748			148,978	463,389
207	24,367			242,462		\$ 86,750	2,026	355,605
2018	64,277			255,547		125,545	25,665	471,034
2019	82,721			512,220	\$ 23,757		113,624	732,322
2020	60,734			570,926	21,985	86,842	913	741,400
2021	14,058			566,389	-	74,906	(436)	654,917

SOURCE: District Records

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

**Exhibit J-6**

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Ofarm	Commercial	Industrial	Apartment	Total Assessed Value	Less: Tax-Exempt Property	Public Utilities a	Net Valuation Taxable	Total Direct School Tax Rate b	Estimated Actual (County Equalized Value)
2012	\$10,509,500	\$621,168,900	\$75,978,600	\$2,066,637	\$33,645,100	\$3,410,900	\$1,935,700	\$928,129,058	\$178,186,900	\$1,226,821	\$749,942,158	\$1.350	\$966,420,307
2013	10,576,000	613,879,400	78,536,600	2,049,179	33,568,500	3,340,100	1,935,700	923,448,624	178,236,200	1,326,945	745,212,424	1.260	932,914,902
2014	9,484,500	606,741,700	78,980,056	2,038,683	34,324,900	3,340,100	1,912,400	915,640,670	178,730,800	87,531	736,909,870	1.270	890,310,342
2015	9,672,500	609,183,900	76,537,900	2,007,849	34,186,300	3,340,100	1,912,400	914,493,129	177,582,700	69,480	736,910,429	1.288	857,870,116
2016	9,509,700	617,692,700	71,112,500	1,976,112	34,982,300	3,340,100	1,912,400	919,091,088	178,497,000	68,276	740,594,088	1.309	876,546,441
2017	9,361,300	619,632,200	71,448,900	2,199,467	35,886,800	3,213,500	1,912,400	923,590,830	179,870,200	66,063	743,720,630	1.332	910,392,090
2018	9,125,600	617,929,600	73,487,117	2,204,744	37,264,300	3,213,500	1,912,400	925,377,675	180,174,500	65,914	745,203,175	1.355	913,566,518
2019	8,719,400	622,250,100	71,759,400	2,259,506	37,264,300	3,213,500	1,912,400	928,026,520	180,582,000	65,914	747,444,520	1.380	921,414,776
2020	8,385,645	624,970,400	71,452,100	2,039,600	36,291,100	3,213,500	1,912,400	930,627,622	182,296,963	65,914	748,330,659	1.127	918,059,086
2021	9,870,600	782,010,100	87,034,700	2,084,500	47,554,500	3,355,500	2,539,500	1,077,881,624	143,337,342	94,882	934,544,282	1.127	930,515,715

Source: District records Tax list summary & Municipal Tax Assessor

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

Reassessment occurs when ordered by the County Board of Taxation

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

**b** Tax rates are per \$100

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

**Exhibit J-7**

*(rate per \$100 of assessed value)*

Fiscal Year Ended June 30,	Lebanon Township Board of Education			Overlapping Rates			Total Direct and Overlapping Tax Rate
	Basic Rate <sup>a</sup>	General Obligation Debt Service <sup>b</sup>	Total Direct	Regional School District	Lebanon Township	Hunterdon County	
2012	\$1.380	\$0.000	\$1.380	\$0.720	\$0.100	\$0.440	\$2.640
2013	\$1.350	\$0.000	\$1.350	\$0.700	\$0.110	\$0.440	\$2.600
2014	\$1.260	\$0.000	\$1.260	\$0.720	\$0.160	\$0.430	\$2.570
2015	\$1.270	\$0.000	\$1.270	\$0.670	\$0.180	\$0.430	\$2.550
2016	\$1.288	\$0.000	\$1.288	\$0.675	\$0.244	\$0.439	\$2.646
2017	\$1.309	\$0.000	\$1.309	\$0.716	\$0.290	\$0.453	\$2.768
2018	\$1.332	\$0.000	\$1.332	\$0.742	\$0.332	\$0.453	\$2.859
2019	\$1.355	\$0.000	\$1.355	\$0.774	\$0.357	\$0.463	\$2.949
2020	\$1.380	\$0.000	\$1.380	\$0.740	\$0.364	\$0.461	\$2.945
2021	\$1.127	\$0.000	\$1.127	\$0.581	\$0.299	\$0.374	\$2.381

Source: District Records and Municipal Tax Collector

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

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

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

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

**Exhibit J-8**

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value	Taxable Assessed Value	Rank [Optional]	% of Total District Net Assessed Value
Columbia Gas Transmission Corp	\$ 3,916,300	1	0.53%	\$ 3,916,300	1	0.52%
JJM Realty Enterprises LLC	3,161,400	2	0.42%	-		
Individual Taxpayer #1	2,908,453	3	0.39%	-		
Trimmer Road Co LLC	2,455,589	4	0.33%	2,303,100	2	0.31%
Davara Industrial Center LLC	2,021,700	5	0.27%	1,948,100	3	0.26%
Individual Taxpayer #2	2,000,100	6	0.27%	2,334,500	4	0.31%
Eastern Concrete Materials Inc	1,750,000	7	0.23%	1,750,000	5	0.23%
Individual Taxpayer #3	1,361,000	8	0.18%	-		
Genon Rema NJ	1,311,400	9	0.18%	-		
Individual Taxpayer #4	1,276,602	10	0.17%	-		
Individual Taxpayer #5				1,710,737	6	0.23%
Individual Taxpayer #6				1,670,815	7	0.22%
Individual Taxpayer #7				1,620,575	8	0.22%
High Bridge Quartet				1,255,800	9	0.17%
Individual Taxpayer #8				1,252,200	10	0.17%
<b>Total</b>	<b>\$ 22,162,544</b>		<b>2.97%</b>	<b>\$ 19,762,127</b>		<b>2.64%</b>

Source: District ACFR & Municipal Tax Assessor

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

**Exhibit J-9**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2012	\$10,356,595	\$10,356,595	100.00%	-
2013	\$10,037,176	\$10,037,176	100.00%	-
2014	\$9,284,388	\$9,284,388	100.00%	-
2015	\$9,400,000	\$9,400,000	100.00%	-
2016	\$9,541,000	\$9,541,000	100.00%	-
2017	\$9,731,820	\$9,731,820	100.00%	-
2018	\$9,926,000	\$9,926,000	100.00%	-
2019	\$10,124,520	\$10,124,520	100.00%	-
2020	\$10,327,000	\$10,327,000	100.00%	-
2021	\$10,533,540	\$10,533,540	100.00%	-

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

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

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

**Exhibit J-10**

Fiscal Year Ended June 30,	Governmental Activities				Business-Type Activities		Percentage of Personal Income <sup>a</sup>	Per Capita <sup>a</sup>
	General Obligation Bonds <sup>b</sup>	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District		
2012		-0-	-0-	-0-	-0-		0.00%	\$0.00
2013		-0-	-0-	-0-	-0-		0.00%	\$0.00
2014		-0-	-0-	-0-	-0-		0.00%	\$0.00
2015		-0-	-0-	-0-	-0-		0.00%	\$0.00
2016		-0-	-0-	-0-	-0-		0.00%	\$0.00
2017		-0-	-0-	-0-	-0-		0.00%	\$0.00
2018		-0-	-0-	-0-	-0-		0.00%	\$0.00
2019		-0-	-0-	-0-	-0-		0.00%	\$0.00
2020		-0-	-0-	-0-	-0-		0.00%	\$0.00
2021		-0-	-0-	-0-	-0-		0.00%	\$0.00

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

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

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

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

**Exhibit J-11**

<u>General Bonded Debt Outstanding</u>					
Fiscal Year Ended June 30,	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
2012		-0-	-	0.00%	-
2013		-0-	-	0.00%	-
2014		-0-	-	0.00%	-
2015		-0-	-	0.00%	-
2016		-0-	-	0.00%	-
2017		-0-	-	0.00%	-
2018		-0-	-	0.00%	-
2019		-0-	-	0.00%	-
2020		-0-	-	0.00%	-
2021		-0-	-	0.00%	-

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

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

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

R Revised

\* Current data unavailable

**Lebanon Township School District  
 Ratios of Overlapping Governmental Activities Debt  
 As of June 30, 2021**

**Exhibit J-12**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable <sup>a</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Debt repaid with property taxes</b>			
Lebanon Township	\$ 1,794,899	100.00%	\$ 1,794,899
<b>Other debt</b>			
Hunterdon County	90,647,955	4.233%	<u>3,837,061</u>
Subtotal, overlapping debt			5,631,960
<b>LEBANON TOWNSHIP School District Direct Debt</b>			<u>                    </u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 5,631,960</u></u>

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

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

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



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

**Exhibit J-13**

**Legal Debt Margin Calculation for Fiscal Year 2021**

	Equalized valuation basis	
	2018	\$ 914,896,078
	2019	926,021,544
	2020	941,415,926
	[A]	<u>\$ 2,782,333,548</u>
Average equalized valuation of taxable property	[A/3]	\$ 927,444,516
Debt limit (3 % of average equalization value)	[B]	27,823,335
Net bonded school debt	[C]	-
Legal debt margin	[B-C]	<u>\$ 27,823,335</u>

	Fiscal Year									
	<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>
Debt limit	\$ 29,397,436	\$ 28,119,540	\$ 26,938,057	\$ 26,286,099	\$ 26,341,652	\$ 26,859,556	\$ 27,303,793	\$ 27,409,820	\$ 27,574,456	\$ 27,823,335
Total net debt applicable to limit									\$ -	-
Legal debt margin	<u>\$ 29,397,436</u>	<u>\$ 28,119,540</u>	<u>\$ 26,938,057</u>	<u>\$ 26,286,099</u>	<u>\$ 26,341,652</u>	<u>\$ 26,859,556</u>	<u>\$ 27,303,793</u>	<u>\$ 27,409,820</u>	<u>\$ 27,574,456</u>	<u>\$ 27,823,335</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

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

**Exhibit J-14**

<u>Year</u>	<u>Population <sup>a</sup></u>	<u>Personal Income (thousands of dollars) <sup>b</sup></u>	<u>Per Capita Personal Income <sup>c</sup></u>	<u>Unemployment Rate <sup>d</sup></u>
2012	6,296	\$ 472,436,902	\$75,239 R	12.4%
2013	6,254	\$ 467,875,400	\$75,055 R	6.3%
2014	6,216	\$ 486,949,312	\$78,575 R	4.8%
2015	6,194	\$ 499,995,822	\$81,022 R	4.4%
2016	6,167	\$ 512,311,779	\$83,741 R	4.1%
2017	6,131	\$ 529,924,680	\$85,032 R	3.7%
2018	6,123	\$ 528,712,434	\$88,565 R	3.8%
2019	6,112	\$ 527,240,421	\$92,291 R	3.0%
2020	6,095	\$ 544,918,410	\$92,291 *	7.7%
2021	6,056	\$ 558,914,296	\$92,291 *	*

**Source:**

<sup>a</sup> Population information provided by the NJ Dept of Labor and Workforce Development

<sup>b</sup> Personal Income provided by US Dept of Commerce

<sup>c</sup> Per Capita provided by US Dept of Commerce

<sup>d</sup> Unemployment data provided by the NJ Dept of Labor and Workforce Development

P =Projected

R =Revised

\* Current data unavailable



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

**Exhibit J-16**

<u>Function/Program</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Instruction										
Regular	56.2	53.8	53.8	52.5	50.7	48.0	49.0	44.6	43.6	43.6
Special Education	28.0	30.3	31.8	24.9	32.5	29.7	25.2	20.4	20.4	19.4
Other Special Education										
Other Instruction	1.0	1.1	1.1	0.6	0.5	0.0	0.0	0.0	0.0	0.0
Support Services:										
Student & Other Related Services	21.2	20.5	21.0	27.4	22.9	15.4	19.8	27.4	26.8	26.8
General administrative services	2.1	2.1	2.1	2.1	2.0	2.5	2.3	2.1	2.0	2.0
School administrative services	6.3	6.8	6.8	7.0	7.0	7.0	4.2	4.0	4.0	4.0
Business administrative services	1.8	1.8	1.8	2.0	2.0	1.5	1.4	1.4	2.4	1.4
Plant operations and maintenance	8.0	8.0	8.0	8.0	7.6	7.6	7.6	7.0	6.0	6.0
Pupil transportation	0.0	0.0	0.0	0.0	0.0	0.0	0.6	0.6	0.6	0.6
Total	124.6	124.4	126.4	124.5	125.2	111.7	110.1	107.5	105.8	103.8

**Source:** District Personnel Records

Lebanon Township School District  
 Operating Statistics  
 Last Ten Fiscal Years

Exhibit J-17

Fiscal Year	Enrollment	Operating Expenditures <sup>a</sup>	Cost Per Pupil	Percentage Change	Teaching Staff <sup>b</sup>	Pupil/Teacher Ratio 1:		Average Daily Enrollment (ADE) <sup>c</sup>	Average Daily Attendance (ADA) <sup>c</sup>	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary					
2012	734	\$12,911,647	17,591	4.68%	69	10.69		734.2	704.7	-3.88%	95.98%
2013	719	\$13,190,336	18,345	4.29%	67	10.78		709.9	677.0	-3.31%	95.37%
2014	729	\$13,538,658	18,572	1.23%	67	10.92		724.6	694.6	2.07%	95.86%
2015	698	\$13,511,778	19,358	4.23%	62	11.26		687.5	657.5	-5.12%	95.64%
2016	663	\$13,519,110	20,391	5.34%	62	10.66		659.5	631.1	-4.07%	95.69%
2017	630	\$13,578,273	21,553	5.70%	64	10.66		624.2	594.0	-5.35%	95.16%
2018	593	\$13,687,864	23,082	7.10%	62	9.56		590.5	565.0	-5.40%	95.68%
2019	638	\$14,656,077	22,972	-0.48%	62	10.29		626.5	597.6	6.10%	95.39%
2020	632	\$14,663,677	23,202	1.00%	64	9.875		623.8	604.2	-0.43%	96.86%
2021	575	\$15,279,751	26,573	14.53%	69	8.333		574.7	555.1	-7.87%	96.59%

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

Note: Enrollment based on annual October district count.

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

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

**Exhibit J-18**

	<u>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>
<b><u>District Building</u></b>										
<b><u>Valley View Elementary (1974)</u></b>										
Square Feet	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741
Capacity (students)	404	404	404	404	404	404	404	404	404	404
Enrollment	392	350	367	332	341	335	303	313	310	276
<b><u>Woodglen Middle School (1954)</u></b>										
Square Feet	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060
Capacity (students)	301	301	301	301	301	301	301	301	301	301
Enrollment	354	365	366	350	318	295	290	325	322	299

Number of Schools at June 30, 2021

**Source:** District records, ASSA

Elementary = 1

Middle School = 1

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

LEBANON TOWNSHIP SCHOOL DISTRICT  
 GENERAL FUND  
 SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES  
 Last Ten Fiscal Years Ending June 30, 2021

Exhibit J-19

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

<u>School Facilities</u>	<u>Project #</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>Total</u>
Valley View School	N/A	\$64,235	\$47,005	\$63,815	\$83,807	\$52,121	\$129,140	\$108,414	\$159,780	\$194,293	\$240,156	\$1,142,766
Woodglen School	N/A	47,973	46,010	55,174	71,328	154,311	114,521	96,141	141,692	172,297	212,969	1,112,416
Total School Facilities		112,208	93,015	118,989	155,135	206,432	243,661	204,555	301,472	366,590	453,125	2,255,182
Other Facilities		NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE	NONE
<b>Grand Total</b>		<b>\$112,208</b>	<b>\$93,015</b>	<b>\$118,989</b>	<b>\$155,135</b>	<b>\$206,432</b>	<b>\$243,661</b>	<b>\$204,555</b>	<b>\$301,472</b>	<b>\$366,590</b>	<b>\$453,125</b>	<b>\$2,255,182</b>

LEBANON TOWNSHIP SCHOOL DISTRICT

INSURANCE SCHEDULE

JUNE 30, 2021

UNAUDITED

Exhibit J-20

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

SOURCE: District Records



# **Single Audit Section**



## **ARDITO & COMPANY LLC**

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Anthony Ardito, CPA, RMA, CMFO, PSA

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

#### Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon Township School District Board of Education in the County of Hunterdon, State of New Jersey, as of and for the fiscal year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Lebanon Township School District Board of Education's basic financial statements, and have issued our report thereon dated January 26, 2022.

#### **Internal Control Over Financial Reporting**

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

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

-Continued-

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Ardito & Company LLC*

ARDITO & COMPANY LLC  
January 26, 2022

*Anthony Ardito*

Anthony Ardito  
Licensed Public School Accountant No. 2369



## **ARDITO & COMPANY LLC**

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Anthony Ardito, CPA, RMA, CMFO, PSA

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

#### Independent Auditor's Report

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

#### **Report on Compliance for Each Major State Program**

We have audited the Lebanon Township School District Board of Education's compliance with the types of compliance requirements described in the New Jersey OMB circular 15-08 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of the District's major state programs for the year ended June 30, 2021. The Lebanon Township School District Board of Education's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### **Management's Responsibility**

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

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the District's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements as prescribed by the Division of Finance, Department of Education, State of New Jersey; and New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Those standards and New Jersey OMB Circular 15-08 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred.

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

-Continued-

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

**Opinion on Each Major State Program**

In our opinion, the Lebanon Township School District Board of Education complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

**Report on Internal Control Over Compliance**

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of New Jersey OMB circular 15-08, and for New Jersey Department of Education use. Accordingly, this report is not suitable for any other purpose.

*Ardito & Company LLC*

ARDITO & COMPANY LLC

January 26, 2022

***Anthony Ardito***

Anthony Ardito

Licensed Public School Accountant No. 2369

LEBANON TOWNSHIP SCHOOL DISTRICT

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Schedule of Expenditures of Federal Awards  
for the Fiscal Year ended June 30, 2021

Schedule A

Federal Grantor/Pass-through Grantor/Program Title	Federal CFDA No.	FAIN Number	Grant or State Project Number	Program or Award Amount	Grant Period		Balance At June 30, 2020	Carryover/ Walkover Amount	Cash Received	Budget Expenditures	Adjust.	Repayment of Prior Years' Balances	Balance at June 30, 2021			Cumulative Total Expenditures
					From	To							Accounts Receiv.	Deferred Revenue	Due to Grantor	
<b>U.S. Department of Treasury</b>																
<b>Passed-through State</b>																
<b>Department of Education:</b>																
<b>Special Revenue Fund:</b>																
Coronavirus Relief Fund Grant	21.019	TBD	N/A	20,235	3/1/20	12/31/21			\$ 20,235	\$ (20,235)						\$ 20,235
Total Coronavirus Relief Fund							-	-	20,235	(20,235)	-	-	-	-	-	20,235
<b>U.S. Dept. of Education Passed- Through State Dept. of Education:</b>																
<b>Special Revenue Fund:</b>																
Title I	84.010	S010A200030	ESEA214020	\$ 15,629	7/1/20	6/30/21	-					\$ (20,357)	\$ 20,357			-
Title I I Part A	84.367A	S367B200027	ESEA214020	7,142	7/1/20	6/30/21	-					(11,510)	11,510			-
Title I I I	84.365	S365A200030	ESEA214020	713	7/1/20	6/30/21	\$ (734)		734	(708)		(713)	5			708
Title I V	84.358	S358B200030	ESEA214020	10,000	7/1/20	6/30/21	(1,842)		462	(4,754)		(11,380)	5,246			4,754
Total ESEA							(2,576)	-	1,196	(5,462)	-	-	(43,960)	37,118	-	5,462
Rural Education Achievement Program	84.358A	S358B200030	S358A200805	45,353	7/1/20	6/30/21			45,353	(45,353)						45,353
Total REAP							-	-	45,353	(45,353)	-	-	-	-	-	45,353
CARES Emergency Relief Grant	84.425D	S425B190030	COVID-19	12,500	3/13/20	9/30/22	(12,500)		12,500							-
Total CARES							(12,500)	-	12,500	-	-	-	-	-	-	-
I.D.E.A. Part B, Basic Regular	84.027	H027A200100	FT367520	148,626	7/1/20	6/30/21			125,334	(148,626)			(23,292)			148,626
I.D.E.A. Part B, Preschool	84.173A	H173A200114	FT367520	4,656	7/1/20	6/30/21			578	(919)			(4,078)	3,737		919
Special Education Cluster									125,912	(149,545)			(27,370)	3,737		149,545
<b>Total Special Revenue Fund</b>							<b>(15,076)</b>	<b>205,196</b>	<b>(220,595)</b>			<b>(71,330)</b>	<b>40,855</b>			<b>220,595</b>
<b>U.S. Dept. of Agriculture Passed- Through State Dept. of Education:</b>																
<b>Enterprise Fund:</b>																
<b>Child Nutrition Cluster:</b>																
National School Lunch Program (Food Distribution)	10.555	201NJ304N1099	N/A		7/1/19	6/30/20	\$ 1,237			(1,237)						1,237
National School Lunch Program (Food Distribution)	10.555	211NJ304N1099	N/A	10,832	7/1/20	6/30/21			10,832	(8,676)				2,156		8,676
National School Lunch Program	10.555	201NJ304N1099	N/A		7/1/19	6/30/20	(863)		863							
National School Lunch Program	10.555	211NJ304N1099	N/A	75,273	7/1/20	6/30/21			53,457	(75,273)			(21,816)			75,273
School Breakfast Program	10.553	211NJ304N1099	N/A	31,238	7/1/20	6/30/21			26,131	(31,238)			(5,107)			31,238
<b>Total Enterprise Fund</b>							<b>374</b>	<b>91,283</b>	<b>(116,424)</b>			<b>(26,923)</b>	<b>2,156</b>			<b>116,424</b>
<b>TOTAL FEDERAL ASSISTANCE</b>							<b>\$ (14,702)</b>	<b>\$ 296,479</b>	<b>\$ (337,019)</b>			<b>\$ (98,253)</b>	<b>\$ 43,011</b>			<b>\$ 337,019</b>

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

Note: This Schedule was not subject to an audit in accordance with OMB Uniform Guidance.

LEBANON TOWNSHIP SCHOOL DISTRICT

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Schedule of Expenditures of State Financial Assistance  
for the Fiscal Year ended June 30, 2021

Schedule B

STATE GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	GRANT OR STATE PROJECT NUMBER	GRANT PERIOD	AWARD AMOUNT	BALANCE 6/30/2020	CARRY- OVER AMOUNT	CASH RECEIVED	BUDGET. EXPEND.	ADJUST.	REPAYMENT OF PRIOR YEARS' BALANCES	BALANCE AT JUNE 30, 2021			MEMO		
										(ACCTS. RECEIV.)	DEFER. REVENUE	DUE TO GRANTOR	BUDGETARY RECEIVABLE	TOTAL EXPEND.	
<b>State Department of Education</b>															
<b>General Fund:</b>															
Equalization Aid	21-495-034-5121-078	7/1/20-6/30/21	\$ 730,669			\$ 730,669	\$ (730,669)							* \$ 72,984	\$ 730,669
School Choice Aid	21-495-034-5121-068	7/1/20-6/30/21	363,330			363,330	(363,330)							* 36,292	363,330
Transportation Aid	21-495-034-5121-014	7/1/20-6/30/21	320,578			320,578	(320,578)							* 32,022	320,578
Special Education Aid	21-495-034-5121-089	7/1/20-6/30/21	448,913			448,913	(448,913)							* 44,841	448,913
Security Aid	21-495-034-5121-084	7/1/20-6/30/21	54,166			54,166	(54,166)							* 5,410	54,166
Non-Public Transportation Aid	20-100-034-5121-068	7/1/19-6/30/20	6,172			6,172	(6,172)							* 6,172	
Non-Public Transportation Aid	21-100-034-5121-068	7/1/20-6/30/21	4,060				(4,060)			\$ (4,060)					
Extraordinary Aid	20-495-034-5121-057	7/1/19-6/30/20	61,625	\$ (61,625)		61,625								* 61,625	
Extraordinary Aid	21-495-034-5121-057	7/1/20-6/30/21	107,576				(107,576)			(107,576)				* 107,576	
On-Behalf TPAF Pension	21-495-034-5094-002	7/1/20-6/30/21	1,493,059			1,493,059	(1,493,059)							* 1,493,059	
On-Behalf TPAF Pension PMR	21-495-034-5094-001	7/1/20-6/30/21	467,902			467,902	(467,902)							* 467,902	
On-Behalf TPAF Pension LTD Ins	21-495-034-5094-004	7/1/20-6/30/21	1,180			1,180	(1,180)							* 1,180	
Reimbursed TPAF Soc.Secur.Contrib.	21-495-034-5094-003	7/1/20-6/30/21	412,188	(20,876)		412,314	(412,188)			(20,750)				* 412,188	
<b>Total General Fund</b>				<b>(82,501)</b>	<b>-</b>	<b>4,359,908</b>	<b>(4,409,793)</b>	<b>-</b>	<b>-</b>	<b>(132,386)</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>191,549</b>	<b>4,467,358</b>
<b>State Department of Agriculture:</b>															
<b>Enterprise Fund:</b>															
Nat.School Lunch Prog.(State Share)	20-100-010-3350-023	7/1/19-6/30/20		(14)		14								* 3,938	
Nat.School Lunch Prog.(State Share)	21-100-010-3350-023	7/1/20-6/30/21	3,938			3,266	(3,938)			(672)				* 3,938	
<b>Total Enterprise Fund</b>				<b>(14)</b>		<b>3,280</b>	<b>(3,938)</b>			<b>(672)</b>			<b>*</b>	<b>3,938</b>	
<b>Total State Financial Assistance</b>				<b>\$ (82,515)</b>	<b>-</b>	<b>\$ 4,363,188</b>	<b>\$ (4,413,731)</b>	<b>-</b>	<b>-</b>	<b>\$ (133,058)</b>	<b>-</b>	<b>-</b>	<b>*</b>	<b>\$ 191,549</b>	<b>\$ 4,471,296</b>
Less: On-behalf TPAF Pension Amounts															
On-Behalf TPAF Pension 1,493,059															
On-Behalf TPAF Pension PMR 467,902															
On-Behalf TPAF Pension LTD Ins 1,180															
Total State Expenditures Subject to Major Program Determination \$ (2,451,590)															

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

NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2021

**NOTE 1. GENERAL**

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

**NOTE 2. BASIS OF ACCOUNTING**

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

**NOTE 3. RELATIONSHIP TO GENERAL PURPOSE FINANCIAL STATEMENTS**

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$16,240 for the general fund and \$8,641 for the special revenue fund. See Exhibit C-3 for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented on the following page:



LEBANON TOWNSHIP  
SCHOOL DISTRICT

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NOTES TO THE SCHEDULES OF STATE FINANCIAL ASSISTANCE  
JUNE 30, 2021

**NOTE 3. (Continued)**

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund		\$ 4,426,033	\$ 4,426,033
Special Revenue Fund	\$ 229,070	-	229,070
Food Service Fund	<u>116,424</u>	<u>3,938</u>	<u>120,362</u>
Total Financial Assistance	<u>\$ 345,494</u>	<u>\$ 4,429,971</u>	<u>\$ 4,775,465</u>

**NOTE 4. RELATIONSHIP TO STATE FINANCIAL REPORTS**

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

**NOTE 5. OTHER**

Revenues and expenditures reported under the Food Distribution Program represent current year value received and current year distributions respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the district for the year ended June 30, 2021. TPAF Social Security Contributions represents the amount reimbursed by the state for employer's share of social security contributions for TPAF members for the year ended June 30, 2021.





SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**Section II-Financial Statement Findings**

N/A

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

**Section III - State Financial Assistance Findings and Questioned Costs**

N/A

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

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS AS PREPARED BY MANAGEMENT  
FOR THE FISCAL YEAR ENDED JUNE 30, 2021

**STATUS OF PRIOR YEAR FINDINGS**

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