

LEBANON BOROUGH SCHOOL DISTRICT

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

JUNE 30, 2022

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



Certified Public Accountants, PC

LEBANON BOROUGH SCHOOL DISTRICT
ANNUAL COMPREHENSIVE FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2022

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Lebanon Borough School District

6 Maple Street
Lebanon, New Jersey 08833

Bruce Arcurio
Chief School Administrator

Patricia Duell
School Business Administrator

February 21, 2023

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

Dear Board Members:

The Annual Comprehensive Financial Report of the Lebanon Borough School District for the fiscal year ended June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the Management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds and account groups of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

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

1) REPORTING ENTITY AND ITS SERVICES:

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

The District provides a full range of educational services appropriate to grade levels Pre-K through six. Students in grade levels seven and eight attend Clinton Township Middle School on a tuition basis. These include regular, as well as special education for handicapped youngsters. The District completed the 2021/22 fiscal year with an enrollment of 100 students, which is greater than the prior year finish. The following details the changes in the student enrollment of the District over the last ten years.

Fiscal Year	<u>Average Daily Enrollment</u> Student Enrollment	Percent Change
2021-22	97.0	0.2%
2020-21	96.8	(7.9%)
2019-20	105.2	(1.1%)
2018-19	106.4	(3.1%)
2017-18	109.8	6.9%
2016-17	102.7	5.0%
2015-16	97.8	5.8%
2014-15	92.4	1.6%
2013-14	91.0	19.7%
2012-13	76.0	(7.4%)

2) ECONOMIC CONDITION AND OUTLOOK:

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

3) MAJOR INITIATIVES:

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

4) INTERNAL ACCOUNTING CONTROLS:

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP).

The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that; (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

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

As part of the District's single audit described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

5) BUDGETARY CONTROLS:

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

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as re-appropriations of fund balance in the subsequent year. Those amounts to be re-appropriated are reported as reservations of fund balance on June 30, 2022.

6) ACCOUNTING SYSTEM AND REPORTS:

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

7) FINANCIAL INFORMATION AT FISCAL YEAR-END:

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

8) CASH MANAGEMENT:

The investment policy of the District is guided in large part by state statute as detailed in Notes to the Financial Statements, Notes 1 and 3. The District has adopted a cash management plan which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act (GUDPA). GUDPA was enacted in 1970 to protect Governmental Units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

9) RISK MANAGEMENT:

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds.

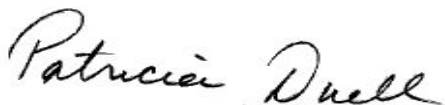
10) OTHER INFORMATION:

Independent Audit - State statutes require an annual audit by independent Certified Public Accountants or Registered Municipal Accountants. The accounting firm of BKC, CPAs, PC was selected by the Board of Education. In addition to meeting the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and New Jersey OMB's Circular 15-08. The auditor's report on the general-purpose financial statements and combining and individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the Single Audit section of this report.

11) ACKNOWLEDGMENTS:

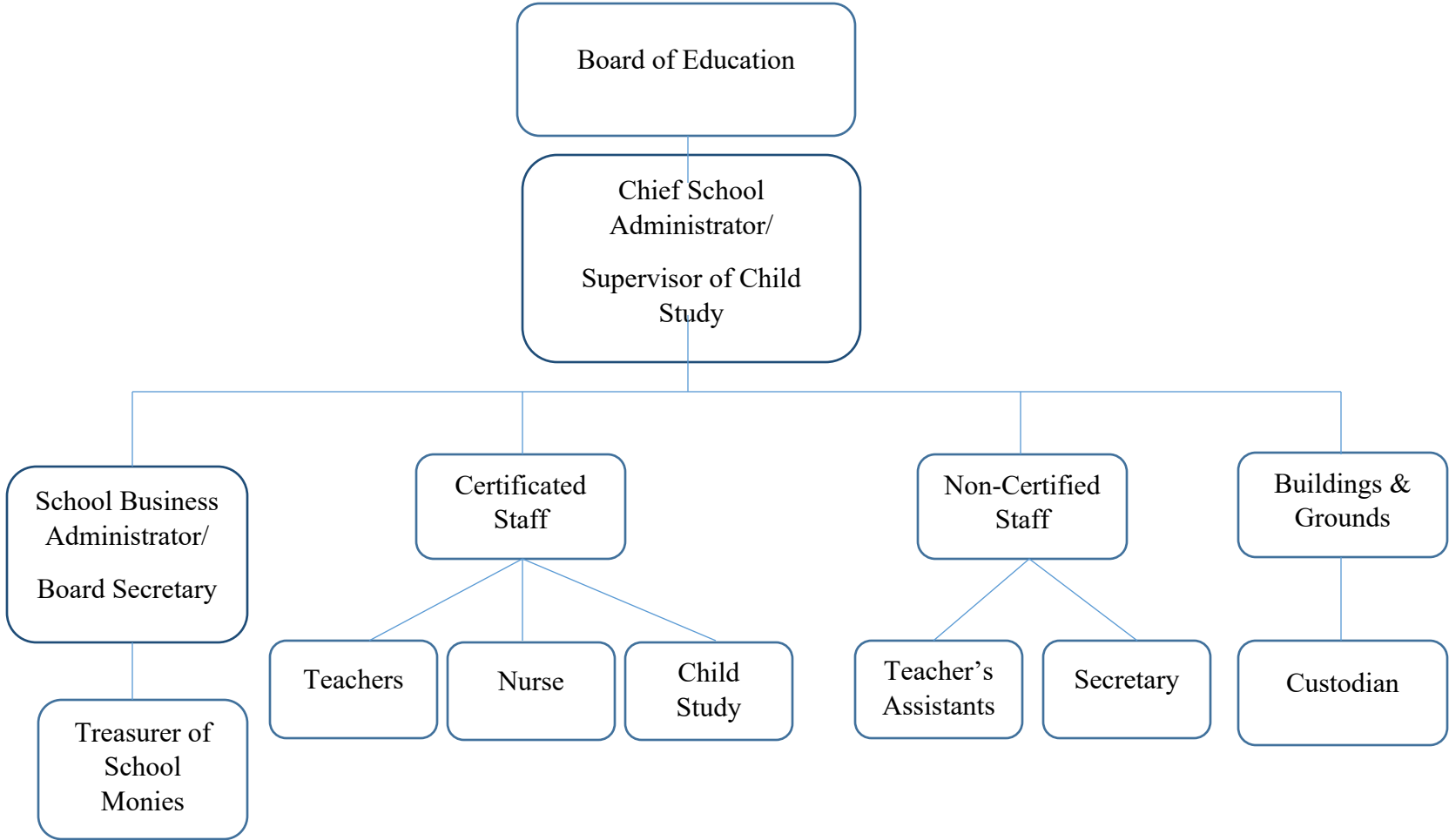
We would like to express our appreciation to the members of the Lebanon Borough Board of Education for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and thereby contributing their full support to the development and maintenance of our financial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

Respectfully submitted,



Patricia Duell
School Business Administrator/Board Secretary

Lebanon Borough School District
Organizational Chart



LEBANON BOROUGH BOARD OF EDUCATION
Roster of Officials
June 30, 2022

Members of the Board of Education	Title	Term Expires
Daniel Elwell	President	2024
Jacklyn Carruthers	Vice President	2024
David Abeles		2022
Danielle Nugent		2022
Benedict Valliere		2023

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

LEBANON BOROUGH BOARD OF EDUCATION
Consultants and Advisors
June 30, 2022

Audit Firm

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

Architect

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

Attorney

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

Official Depository

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



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

Independent Auditors' Report

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

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Lebanon Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, 2022, and the related Notes to the Financial Statements, which collectively comprise the District's Basic Financial Statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Budgetary Comparison Schedules, Schedules Related to Accounting and Reporting for Pensions, and Schedules Related to Accounting and Reporting for Other Postemployment Employee Benefits listed in the Table of Contents be presented to supplement the Basic Financial Statements. Such information is the responsibility of Management and, although not a part of the Basic Financial Statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the Basic Financial Statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of Management about the methods of preparing the information and comparing the information for consistency with Management's responses to our inquiries, the Basic Financial Statements, and other knowledge we obtained during our audit of the Basic Financial Statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the District's Basic Financial Statements. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and Schedule of Expenditures of State Financial Assistance required by New Jersey OMB's Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid* are also presented for purposes of additional analysis not a required part of the Basic Financial Statements.

Such information is the responsibility of Management and were derived from and relates directly to the underlying accounting and other records used to prepare the Basic Financial Statements. The information has been subjected to the auditing procedures applied in the audit of the Basic Financial Statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the Basic Financial Statements or to the Basic Financial Statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, and Schedule of Expenditures of State Financial Assistance are fairly stated, in all material respects, in relation to the Basic Financial Statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Introductory, Combining and Individual Non-Major Fund Financial Schedules and Statistical Sections but does not include the Basic Financial Statements and our auditor's report thereon. Our opinion on the Basic Financial Statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the Basic Financial Statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the Basic Financial Statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2023, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to solely describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



BKC, CPAs, PC



Michael Holk, CPA, PSA
NO. 20CS00265600

February 21, 2023
Flemington, New Jersey

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

The discussion and analysis of Lebanon Borough School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2022. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statement and financial statement to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2022 are as follows:

- In total, net position increased \$274,967 which represents a 13.27% increase from fiscal year 2021.
- General revenues accounted for \$4,206,986 in revenue or 93.93% of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$272,042 or 6.07% to total revenues of \$4,479,028.
- Total assets of governmental activities increased by \$178,250 as cash and cash equivalents increased by \$100,822, receivables increased by \$92,066 and capital assets decreased by \$14,638.
- The School District had \$4,204,061 in expenses; only \$272,042 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) were \$4,206,986.
- Among major funds, the general fund had \$3,792,584 in revenues and \$3,568,359 in expenditures and other financing uses. The general fund's balance increased \$224,225 over 2021.

Using this Annual Comprehensive Financial Report (ACFR)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Lebanon Borough School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

with all other non-major funds presented in total in one column. In the case of Lebanon Borough School District, the general fund is by far the most significant fund.

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2022?" The Statement of Net Position and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Position and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant facilities, pupil transportation and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, special revenue fund, and capital projects fund.

Governmental Funds

The School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future years. These funds measure and report the operating results by measuring cash on hand and other assets that can be easily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides.

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Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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

Table 1 provides a summary of the District's net position at June 30, 2022 with comparisons to June 30, 2021.

Table 1
Net Position

	Fiscal Year Ended		Variance	
	06/30/22	06/30/21	Dollars	%
Assets				
Current and other assets	\$ 1,175,537	\$ 982,307	\$ 193,230	19.67%
Capital assets	1,715,149	1,730,047	(14,898)	-0.86%
Total assets	<u>2,890,686</u>	<u>2,712,354</u>	<u>178,332</u>	6.57%
Deferred outflows of resources				
Deferred amount on pension activity	<u>107,757</u>	<u>200,524</u>	<u>(92,767)</u>	-46.26%
Liabilities				
Long-term liabilities	280,840	533,755	(252,915)	-47.38%
Other liabilities	21,435	53,394	(31,959)	-59.86%
Total liabilities	<u>302,275</u>	<u>587,149</u>	<u>(284,874)</u>	-48.52%
Deferred outflows of resources				
Deferred amount on pension activity	<u>349,268</u>	<u>253,796</u>	<u>95,472</u>	37.62%
Net position				
Net investment in capital assets	1,715,149	1,730,047	(14,898)	-0.86%
Restricted	830,916	637,629	193,287	30.31%
Unrestricted	(199,165)	(295,743)	96,578	32.66%
Total net position	<u>\$ 2,346,900</u>	<u>\$ 2,071,933</u>	<u>\$ 274,967</u>	13.27%

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Total assets increased \$178,332. Cash and cash equivalents increased by \$101,164, receivables increased by \$92,066 and capital assets decreased by \$14,898. Unrestricted net position, the part of net position that can be used to finance day-to-day activities without constraints established by grants or legal requirements of the School District, increased by \$96,578. The negative balance in unrestricted net position is not a negative reflection on the District's financial condition but is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions* which allocates the proportionate share of the State's net pension liability for PERS to each contributing entity throughout the State.

Table 2 provides a summary of the District's changes in net position in the fiscal year 2022 with comparisons to fiscal year 2021.

Table 2
Changes in Net Position

	Fiscal Year Ended		Variance	
	06/30/22	06/30/21	Dollars	%
Revenues				
Program revenues				
Charges for services	\$ 54,319	\$ 16,131	\$ 38,188	236.74%
Operating grants	217,723	50,365	167,358	332.29%
General revenues				
Property taxes	2,885,521	2,885,521	-	0.00%
Unrestricted grants	1,289,988	1,503,260	(213,272)	-14.19%
Other	31,477	7,565	23,912	316.09%
Total revenues	<u>4,479,028</u>	<u>4,462,842</u>	<u>16,186</u>	<u>0.36%</u>
Program expenses				
Instruction				
Regular	1,694,371	1,762,571	(68,200)	-3.87%
Special	330,076	396,063	(65,987)	-16.66%
Other	210,791	171,311	39,480	23.05%
Support services				
Tuition	594,792	655,487	(60,695)	-9.26%
Student and instructional staff	659,826	699,628	(39,802)	-5.69%
General and business administration	337,179	351,806	(14,627)	-4.16%
School administration	3,560	3,555	5	0.15%
Maintenance	240,510	265,744	(25,234)	-9.50%
Transportation	132,153	124,600	7,553	6.06%
Milk service	799	260	539	207.31%
Childcare	4	-	4	*
Total expenses	<u>4,204,061</u>	<u>4,431,025</u>	<u>(226,964)</u>	<u>-5.12%</u>
Increase (decrease) in net position	<u>\$ 274,967</u>	<u>\$ 31,817</u>	<u>\$ 243,150</u>	<u>764.21%</u>

* Undefined

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Governmental Activities

Property taxes made up 64.44% of revenues for governmental activities for the Lebanon Borough School District for fiscal year 2022. The Board of Education and School Administrators work diligently to provide a through and efficient education to the students of Lebanon Borough School District within the constraints of laws governing school district operations.

Instruction and student support services comprise 83.01 percent of District expenses. Administration, Buildings and Grounds maintenance and other employer related expenses account for the remaining 16.99 percent.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to fiscal year 2021 have been made.

Table 3 provides a summary of the School District's cost of governmental and business type services in 2022 and 2021.

Table 3
Cost of Governmental and Business Type Services

	Total Cost of Services		Net Cost of Services	
	06/30/22	06/30/21	06/30/22	06/30/21
Instruction	\$2,235,238	\$2,329,945	\$1,968,795	\$2,269,804
Support services				
Tuition	594,792	655,487	592,908	653,606
Student and instructional staff	659,826	699,628	657,116	695,274
General and business administration	337,179	351,806	337,179	351,806
School administration	3,560	3,555	3,560	3,555
Plant operations and maintenance	240,510	265,744	240,390	265,624
Pupil transportation	132,153	124,600	132,153	124,600
Business type services				
Milk service	799	260	(86)	260
Childcare	4	-	4	-
Total expenses	<u>\$4,204,061</u>	<u>\$4,431,025</u>	<u>\$3,932,019</u>	<u>\$4,364,529</u>

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

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

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.

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

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

The dependence upon tax revenues is apparent. For all activities local tax revenue support is 64.42%. The community, as a whole, is the primary support of the Lebanon Borough School District.

The School District's Funds

These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$4,011,371; expenditures of \$3,786,524. The net positive change in fund balance for all major funds was \$224,847.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2022, 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, budgetary basis revenue less payments made on behalf of the District by the State of New Jersey for pension and social security expense was \$3,209,626 or \$105,965 above original budgeted estimates of \$3,103,661. This difference was due primarily to an increase in extraordinary special education costs state aid, tuition received and miscellaneous income.

The general fund revenues of the School District were higher than expenditures and other financing uses by approximately \$224,386.

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Capital Assets

At the end of the fiscal year 2022, the School District had \$1,715,149 invested in land, buildings, furniture and equipment.

Table 4 provides a summary of the School District's capital assets net of depreciation at June 30, 2022 with comparisons to June 30, 2021.

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

	Fiscal Year Ended		Variance	
	06/30/22	06/30/21	Dollars	%
Land	\$ 10,503	\$ 10,503	\$ -	0.00%
Construction in progress	72,948	7,501	65,447	872.51%
Buildings and improvements	1,557,305	1,626,692	(69,387)	-4.27%
Furniture and equipment	74,393	85,351	(10,958)	-12.84%
Total	<u>\$ 1,715,149</u>	<u>\$ 1,730,047</u>	<u>\$ (14,898)</u>	<u>-0.86%</u>

Overall, capital assets decreased \$14,898 from fiscal year 2021 to fiscal year 2022. Increases in capital acquisitions were offset by depreciation expenses during the fiscal year.

Debt Administration

At June 30, 2022, the School District had \$280,840 of long-term liabilities consisting of compensated absences and PERS net pension liability.

At June 30, 2022, the School District's overall legal debt margin was \$8,567,848 and the unvoted debt margin was \$8,567,848.

LEBANON BOROUGH SCHOOL DISTRICT
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2022
Unaudited

Table 5 provides a summary of the District's long-term liabilities at June 30, 2022 with comparisons to June 30, 2021.

Table 5
Long-term Liabilities at Year-End

	Year Ended		Variance	
	6/30/22	6/30/21	Dollars	%
PERS net pension liability	\$ 179,258	\$ 446,700	\$ (267,442)	-59.87%
Compensated absences	101,582	87,055	14,527	16.69%
Total	<u>\$ 280,840</u>	<u>\$ 533,755</u>	<u>\$ (252,915)</u>	<u>-47.38%</u>

For the Future

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

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional information contact Patricia Duell, School Business Administrator at tduell@lebanonschool.org.

REQUIRED SUPPLEMENTARY INFORMATION - PART I

DISTRICT-WIDE FINANCIAL STATEMENTS

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

LEBANON BOROUGH SCHOOL DISTRICT
Statement of Net Position
June 30, 2022

	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	\$ 408,473	\$ 2,014	\$ 410,487
Receivables, net	134,134	-	134,134
Restricted assets			
Capital reserve account - cash	320,248	-	320,248
Emergency reserve account - cash	129,249	-	129,249
Maintenance reserve account - cash	179,431	-	179,431
Student activities account - cash	1,988	-	1,988
Capital assets, net			
Land	10,503	-	10,503
Construction in progress	72,948	-	72,948
Other capital assets, net of depreciation	1,630,530	1,168	1,631,698
Total assets	<u>2,887,504</u>	<u>3,182</u>	<u>2,890,686</u>
Deferred outflows of resources			
Deferred amount on pension activity	<u>107,757</u>	<u>-</u>	<u>107,757</u>
Liabilities			
Accounts payable	751	-	751
Deferred revenue	17,669	-	17,669
Payroll deductions and withholdings payable	3,015	-	3,015
Long-term liabilities			
Due within one year	<u>280,840</u>	<u>-</u>	<u>280,840</u>
Total liabilities	<u>302,275</u>	<u>-</u>	<u>302,275</u>
Deferred inflows of resources			
Deferred amount on pension liability	<u>349,268</u>	<u>-</u>	<u>349,268</u>
Net position			
Net investment in capital assets	1,713,981	1,168	1,715,149
Restricted for			
Capital reserve	320,248	-	320,248
Emergency reserve	129,249	-	129,249
Maintenance reserve	179,431	-	179,431
Tuition reserve	200,000	-	200,000
Student activities	1,988	-	1,988
Unrestricted	<u>(201,179)</u>	<u>2,014</u>	<u>(199,165)</u>
Total net position	<u>\$ 2,343,718</u>	<u>\$ 3,182</u>	<u>\$ 2,346,900</u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Statement of Activities
For the Fiscal Year Ended June 30, 2022

Functions/Programs	Direct Expenses	Indirect Expenses Allocation	Program Revenues			Net (Expense) Revenue & Changes in Net Position		
			Charges for Services	Operating Grants & Contribution	Capital Grants & Contribution	Governmental Activities	Business-Type Activities	Total
Governmental activities								
Instruction								
Regular	\$ 1,084,794	\$ 609,577	\$ 52,250	\$ 186,541	\$ -	\$ (1,455,580)	\$ -	\$ (1,455,580)
Special education	200,399	129,677	-	27,652	-	(302,424)	-	(302,424)
Other special education	93,969	114,214	-	-	-	(208,183)	-	(208,183)
Other instruction	2,500	108	-	-	-	(2,608)	-	(2,608)
Support services								
Tuition	594,792	-	-	1,884	-	(592,908)	-	(592,908)
Students & instruction related services	462,130	197,696	1,064	1,646	-	(657,116)	-	(657,116)
General & business administration services	208,342	128,837	-	-	-	(337,179)	-	(337,179)
School administration services	3,200	360	-	-	-	(3,560)	-	(3,560)
Plant operations & maintenance	240,647	(137)	120	-	-	(240,390)	-	(240,390)
Pupil transportation	132,153	-	-	-	-	(132,153)	-	(132,153)
Total governmental activities	<u>3,022,926</u>	<u>1,180,332</u>	<u>53,434</u>	<u>217,723</u>	<u>-</u>	<u>(3,932,101)</u>	<u>-</u>	<u>(3,932,101)</u>
Business-type activities								
Milk service	799	-	885	-	-	-	86	86
Child care program	4	-	-	-	-	-	(4)	(4)
Total business-type activities	<u>803</u>	<u>-</u>	<u>885</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82</u>	<u>82</u>
Total primary government	<u>\$ 3,023,729</u>	<u>\$ 1,180,332</u>	<u>\$ 54,319</u>	<u>\$ 217,723</u>	<u>\$ -</u>	<u>(3,932,101)</u>	<u>82</u>	<u>(3,932,019)</u>
			General revenues, special items and transfers					
			Property taxes levied for general purposes			2,885,521	-	2,885,521
			Federal and state aid not restricted			1,289,988	-	1,289,988
			Investment earnings			213	-	213
			Miscellaneous income			31,264	-	31,264
			Total general revenues, special items and transfers			<u>4,206,986</u>	<u>-</u>	<u>4,206,986</u>
			Change in net position			274,885	82	274,967
			Net position - beginning			2,068,833	3,100	2,071,933
			Net position - ending			<u>\$ 2,343,718</u>	<u>\$ 3,182</u>	<u>\$ 2,346,900</u>

See accompanying notes to financial statements.

FUND FINANCIAL STATEMENTS

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

LEBANON BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet
June 30, 2022

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 408,473	\$ -	\$ -	\$ -	\$ 408,473
Due from other funds	68,395	-	-	-	68,395
Receivables from other governments					
Federal	-	86,064	-	-	86,064
State	39,688	-	-	-	39,688
Other accounts receivable	8,382	-	-	-	8,382
Restricted cash and cash equivalents	628,928	1,988	-	-	630,916
Total assets	<u>\$ 1,153,866</u>	<u>\$ 88,052</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,241,918</u>
Liabilities and fund balances					
Liabilities					
Due to other funds	\$ -	\$ 68,395	\$ -	\$ -	\$ 68,395
Deferred revenue	-	17,669	-	-	17,669
Accounts payable	751	-	-	-	751
Payroll deductions and withholdings payable	3,015	-	-	-	3,015
Total liabilities	<u>3,766</u>	<u>86,064</u>	<u>-</u>	<u>-</u>	<u>89,830</u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Governmental Funds
Balance Sheet (continued)
June 30, 2022

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
Liabilities and fund balances					
Fund balances					
Restricted fund balance					
Excess surplus	\$ 12,672	\$ -	\$ -	\$ -	\$ 12,672
Capital reserve	320,248	-	-	-	320,248
Emergency reserve	129,249	-	-	-	129,249
Maintenance reserve	179,431	-	-	-	179,431
Tuition reserve	200,000	-	-	-	200,000
Student activities	-	1,988	-	-	1,988
Committed fund balance					
Year-end encumbrances	21,265	-	-	-	21,265
Assigned fund balance					
Designated for subsequent year's expenditures	26,702	-	-	-	26,702
Unassigned fund balance	260,533	-	-	-	260,533
Total fund balances	1,150,100	1,988	-	-	1,152,088
 Total liabilities and fund balances	 \$ 1,153,866	 \$ 88,052	 \$ -	 \$ -	

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

Capital assets used in government activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$3,759,819 and the accumulated depreciation is \$2,045,838.	1,713,981
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(241,511)
Long-term liabilities, including bonds payable and compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the funds.	(280,840)
Total net position of governmental activities	\$ 2,343,718

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues					
Local sources					
Local tax levy	\$ 2,885,521	\$ -	\$ -	\$ -	\$ 2,885,521
Tuition from individuals	52,250	-	-	-	52,250
Interest earned on emergency expense reserve funds	22	-	-	-	22
Interest earned on capital reserve funds	41	-	-	-	41
Interest earned on investments	150	-	-	-	150
Miscellaneous	31,384	2,438	-	-	33,822
Total local sources	2,969,368	2,438	-	-	2,971,806
State sources	823,216	-	-	-	823,216
Federal sources	-	216,349	-	-	216,349
Total revenues	3,792,584	218,787	-	-	4,011,371
Expenditures					
Current					
Instructional					
Regular instruction	973,683	111,111	-	-	1,084,794
Special education instruction	172,747	27,652	-	-	200,399
Other special instruction	93,969	-	-	-	93,969
Other instruction	2,500	-	-	-	2,500
Support service & undistributed costs					
Tuition	592,908	1,884	-	-	594,792
Student & instruction related services					
	460,042	2,088	-	-	462,130
General & business administrative services					
	208,342	-	-	-	208,342
School administrative services	3,200	-	-	-	3,200
Plant operations & maintenance	240,647	-	-	-	240,647
Pupil transportation	132,153	-	-	-	132,153

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Governmental Funds
Statement of Revenues, Expenditures, and Changes in Fund Balances (continued)
For the Fiscal Year Ended June 30, 2022

	General Fund	Special Revenue Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Expenditures					
Current (continued)					
Support service & undistributed costs (continued)					
Unallocated benefits	\$ 678,711	\$ 343	\$ -	\$ -	\$ 679,054
Capital outlay	9,457	75,087	-	-	84,544
Total expenditures	<u>3,568,359</u>	<u>218,165</u>	<u>-</u>	<u>-</u>	<u>3,786,524</u>
Excess (deficit) of revenues over (under) expenditures	224,225	622	-	-	224,847
Fund balances, July 1	<u>925,875</u>	<u>1,366</u>	<u>-</u>	<u>-</u>	<u>927,241</u>
Fund balances, June 30	<u><u>\$ 1,150,100</u></u>	<u><u>\$ 1,988</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,152,088</u></u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2022

Total net changes in fund balances - governmental fund (from B-2)	\$	224,847
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 expenses. This is the amount by which depreciation exceeds capital outlays in the period:		
Capital outlays	\$	84,544
Depreciation expense	<u>(99,182)</u>	(14,638)
Governmental funds report district pension contributions as expenditures. However, in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
		79,203
In the Statement of Activities, compensated absences and early retirement benefits are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are reported in the amount of financial resources used (paid). When the earned amount exceeds the paid amount, the difference is a reduction in the reconciliation; when the paid amount exceeds the earned amount, the difference is an addition to the reconciliation.		
		<u>(14,527)</u>
Change in net position of governmental activities	<u>\$</u>	<u>274,885</u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Net Position
June 30, 2022

	<u>Milk Service Fund</u>	<u>Childcare Program</u>	<u>Total</u>
Assets			
Current assets			
Cash and cash equivalents	\$ 2,014	\$ -	\$ 2,014
Noncurrent assets			
Capital assets	41,879	-	41,879
Less: accumulated depreciation	<u>(40,711)</u>	<u>-</u>	<u>(40,711)</u>
Total noncurrent assets	<u>1,168</u>	<u>-</u>	<u>1,168</u>
Total assets	<u>3,182</u>	<u>-</u>	<u>3,182</u>
Net position			
Invested in capital assets, net of related debt	1,168	-	1,168
Unrestricted	<u>2,014</u>	<u>-</u>	<u>2,014</u>
Total net position	<u>\$ 3,182</u>	<u>\$ -</u>	<u>\$ 3,182</u>

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2022

	Milk Service Fund	Childcare Program	Total
Operating revenues			
Charges for services			
Daily sales - non-reimbursable programs	\$ 885	\$ -	\$ 885
Total operating revenues	885	-	885
Operating expenses			
Supplies	539	4	543
Depreciation	260	-	260
Total operating expenses	799	4	803
Operating income (loss)	86	(4)	82
Net position, beginning	3,096	4	3,100
Net position, ending	\$ 3,182	\$ -	\$ 3,182

See accompanying notes to financial statements.

LEBANON BOROUGH SCHOOL DISTRICT
Proprietary Funds
Combining Statement of Cash Flow
For the Fiscal Year Ended June 30, 2022

	Milk Service Fund	Childcare Program	Total
Cash flows from operating activities			
Receipts from customers	\$ 885	\$ -	\$ 885
Payments to vendors	(539)	(4)	(543)
Net cash flows provided by (used for) operating activities	346	(4)	342
Net increase (decrease) in cash and cash equivalents	346	(4)	342
Cash and cash equivalents, July 1	\$ 1,668	\$ 4	\$ 1,672
Cash and cash equivalents, June 30	\$ 2,014	\$ -	\$ 2,014
Reconciliation of operating loss to net cash provided by (used for) operating activities			
Operating income (loss)	\$ 86	\$ (4)	\$ 82
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	260	-	260
Net cash provided by (used for) operating activities	\$ 346	\$ (4)	\$ 342

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies

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

The basic financial statements include:

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

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

A. Reporting entity

The District is a Type II District located in the County of Hunterdon, State of New Jersey. As a Type II District, the school district functions independently through a Board of Education. The Board is comprised of five members elected to three-year terms. The purpose of the District is to educate students in Grades K-6. The District also has a sending/receiving relationship with Clinton Township School District for Grades 7-8. The District had an approximate enrollment at June 30, 2022 of 100 students.

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

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

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

B. Government-wide and fund financial statements

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

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

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

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

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

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

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Property taxes, tuition and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. As under New Jersey State Statute, a municipality is required to remit to its school district the entire property tax balance, in the amount voted upon or certified prior to the end of the school year. The District records the entire approved tax levy as revenue (accrued) at the start of the fiscal year, since the revenue is both measurable and available. The District is entitled to receive money under the established payment schedule and the unpaid amount is considered to be accounts receivable. All other revenue items are considered to be measurable and available only when the District receives cash.

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

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

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

The District reports the following major governmental funds:

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

As required by the New Jersey State Department of Education, the District includes budgeted capital outlay in this fund. Generally accepted accounting principles as they pertain to governmental entities state that general fund resources may be used to directly finance capital outlays for long-lived improvements as long as the resources in such cases are derived exclusively from unrestricted revenues.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

Resources for budgeted capital outlay purposes are normally derived from State of New Jersey Aid, district taxes and appropriated fund balance. Expenditures are those that result in the acquisition of or additions to fixed assets for land, existing buildings, improvements of grounds, construction of buildings, additions to or remodeling of buildings and the purchase of built-in equipment. These resources can be transferred from and to current expense by Board Resolution.

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

Special Revenue Fund - The District accounts for the proceeds of specific revenue sources from State and Federal Government (other than major capital projects, debt service or the enterprise funds) and local appropriations that are legally restricted to expenditures for specified purposes in the special revenue fund. As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for student activities and private purpose scholarships are included in the special revenue fund. The amounts are considered to be restricted and available to use for specific expenditures. Amounts maintained for student activities are derived from athletic events or other activities of pupil organizations and accumulated for payment of student group activities.

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

The District did not utilize the capital projects fund during the fiscal year.

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.

The District did not utilize the debt service fund during the fiscal year.

Additionally, the District reports the following fund types:

Proprietary Fund types

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

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

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

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

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

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

Equipment	12 Years
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Fiduciary fund types

The District does not have funds that meet the criteria of a fiduciary fund as defined by GASB Statement No. 84, *Fiduciary Activities*.

D. Budgets/budgetary control

Annual appropriated budgets are prepared in the Spring of each year for the general, special revenue, and debt service funds. The budgets are submitted to the County office and, if necessary, are voted upon at the annual school election in November. Budgets are prepared using the modified accrual basis of accounting. The legal level of budgetary control is established at line-item accounts within each fund. Line-item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum Chart of Accounts referenced in N.J.A.C. 6:23-16.2(f)1. All budget amendments must be approved by School Board Resolution.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

D. Budgets/budgetary control (continued)

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

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

E. Encumbrances

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

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

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

F. Tuition receivable

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

G. Tuition payable

Tuition charges for the fiscal year 2021-2022 are based on rates established by the receiving district. These rates are subject to change when the actual costs have been determined.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

H. Short-term interfund receivable and payables

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

I. Inventories and prepaid items

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

J. Capital assets

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

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

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

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

K. Compensated absences

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

K. Compensated absences (continued)

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

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

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

L. Unearned revenue

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

M. Long-term obligations

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

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

N. Net position

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

- Net investment in capital assets - This component represents capital assets, net of accumulated depreciation, net of outstanding balances of borrowings used for the acquisition, construction, or improvement of those assets.
- Restricted - Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the school district or through external restrictions imposed by credits, grantors, or laws or regulations of their governments.
- Unrestricted - Net position is reported as unrestricted when it does not meet the criteria of the other two components of net position.

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

O. Fund balances - governmental funds

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

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 1 - Summary of significant accounting policies (continued)

O. Fund balances - governmental funds (continued)

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

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

P. Use of estimates

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

Q. Allocation of indirect expenses

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

R. Deferred outflows/inflows of resources

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 2 - Tax assessments and property taxes

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

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

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

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

Note 3 - Deposits and investments

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

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 3 - Deposits and investments (continued)

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

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

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

As of June 30, 2022, the District's bank balances of \$1,126,126 were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	876,126
Total	<u>\$ 1,126,126</u>

Deposits at June 30, 2022 appear in the financial statements as summarized below:

Cash		<u>\$ 1,041,403</u>
	<u>Ref.</u>	
Unrestricted cash		
Governmental funds, Balance Sheet	B-1	\$ 408,473
Enterprise funds, Statement of Net Position	B-4	2,014
Restricted cash		
Governmental activities, Balance Sheet	B-1	630,916
Total cash		<u>\$ 1,041,403</u>

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets

Capital asset activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 10,503	\$ -	\$ -	\$ 10,503
Construction in progress	7,501	80,322	14,875	72,948
Total	<u>18,004</u>	<u>80,322</u>	<u>14,875</u>	<u>83,451</u>
Capital assets, being depreciated				
Land improvements	14,300	-	-	14,300
Building & improvements	3,432,112	14,875	-	3,446,987
Furniture & equipment	210,859	4,222	-	215,081
Total	<u>3,657,271</u>	<u>19,097</u>	<u>-</u>	<u>3,676,368</u>
Accumulated depreciation				
Land improvements	14,300	-	-	14,300
Building & improvements	1,805,420	84,262	-	1,889,682
Furniture & equipment	126,936	14,920	-	141,856
Total	<u>1,946,656</u>	<u>99,182</u>	<u>-</u>	<u>2,045,838</u>
Total capital assets being depreciated, net	<u>1,710,615</u>	<u>(80,085)</u>	<u>-</u>	<u>1,630,530</u>
Transfers	-	(14,875)	(14,875)	-
Governmental activities capital assets, net	<u>\$ 1,728,619</u>	<u>\$ (14,638)</u>	<u>\$ -</u>	<u>\$ 1,713,981</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 41,879	\$ -	\$ -	\$ 41,879
Less: accumulated depreciation	40,451	260	-	40,711
Business type activities capital assets, net	<u>\$ 1,428</u>	<u>\$ (260)</u>	<u>\$ -</u>	<u>\$ 1,168</u>

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 4 - Capital assets (continued)

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

Instruction			
Regular	\$	56,051	
Special education		8,779	
Other special instruction		4,067	
Other instruction		108	
Support services			
Student & instruction		20,000	
General & business administration		9,017	
School administration		360	
Plant operation & maintenance		800	
Total depreciation expense, governmental activities	\$	<u>99,182</u>	

Note 5 - Long-term debt

Long-term liability activity for the fiscal year ended June 30, 2022 is as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities					
PERS net pension liability	\$ 446,700	\$ -	\$ 267,442	\$ 179,258	\$ -
Compensated absences payable	<u>87,055</u>	<u>14,527</u>	<u>-</u>	<u>101,582</u>	<u>-</u>
Total governmental activities long-term liabilities	<u>\$ 533,755</u>	<u>\$ 14,527</u>	<u>\$ 267,442</u>	<u>\$ 280,840</u>	<u>\$ -</u>

The general obligation bonded debt of the District is limited by state law to 3% of the average equalized assessed values of the total taxable property in the District for the past three years. The legal debt limit at June 30, 2022 is \$8,567,848. The general obligation debt at June 30, 2022, is \$0 resulting in a legal debt margin of \$8,567,848.

Note 6 - Pension plans

Description of systems

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

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

Plan description

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

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after 10 years of service.

The following represents the membership tiers for PERS:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Allocation methodology and reconciliation to financial statements

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

To facilitate the separate (sub) actuarial valuations, the Division maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedule of pension amounts by employer and nonemployer. The allocation percentages for each group as of June 30, 2021 measurement date are based on the ratio of each employer's contributions to total employer contributions of the group for the fiscal year ended June 30, 2021 measurement date.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, requires participating employers in PERS to recognize their proportionate share of the collective net pension liability, collective deferred outflows of resources, collective deferred inflows of resources, and collective pension expense. The employer and nonemployer allocation percentages presented in the schedule of employer and nonemployer allocations and applied to amounts presented in the schedule of pension amounts by employer and nonemployer are based on the ratio of the contributions of an individual employer to the total contributions to PERS during the measurement period July 1, 2020 through June 30, 2021. Employer and nonemployer allocation percentages have been rounded for presentation purposes; therefore, amounts presented in the schedule of pension amounts by employer and nonemployer may result in immaterial differences. Contributions from employers are recognized when due, based on statutory requirements.

Contributions

The contribution policy for PERS is set by N.J.S.A 43:15A and requires contributions by active members and contributing employers. State legislation has modified the amount that is contributed by the State. The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for non-contributory group insurance benefits is based on actual claims paid. For State fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Contributions (continued)

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

The District's contractually required contribution rate for the year ended June 30, 2022 was 15.06% of the District's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for PERS as of the measurement date June 30, 2021 are as follows:

Net pension liability	\$	179,258
Proportionate share		.0015131718%
Plan fiduciary net position as a percentage of the total pension liability		70.33%

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Collective net pension liability and actuarial information (continued)

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Preretirement mortality rates were based on the Pub-10 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2014 to June 30, 2018.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees, and the actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocations</u>	<u>Long-Term Expected Rate of Return</u>
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of actuarially determined contributions for the local employers.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plan (continued)

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

Discount rate (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of Net Pension Liability

At current discount rate (7.00%)	\$ 179,258
At a 1% lower rate (6.00%)	246,715
At a 1% higher rate (8.00%)	125,543

Collective deferred outflows of resources and deferred inflows of resources

At the June 30, 2021 measurement date, the District reported deferred outflows of resources and deferred inflows of resources related to PERS from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 2,827	\$ 1,283
Changes of assumptions	934	63,817
Net difference between projected and actual earnings on pension plan investments	-	47,221
Changes in proportion and differences between District contributions and proportionate share of contributions	86,275	236,947
District contributions subsequent to the measurement date	17,721	-
Total	<u>\$ 107,757</u>	<u>\$ 349,268</u>

The amount reported as deferred outflows of resources related to pensions resulting from school district contributions subsequent to the measurement date (i.e., for the school year ended June 30, 2022, the Plan measurement date is June 30, 2021) of \$17,721 will be recognized as a reduction of the net pension liability in the year ended June 30, 2022.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The following presents a summary of changes in the collective deferred outflows of resources and deferred inflows of resources (excluding employer specific amounts) for the fiscal year ended June 30, 2021 measurement date:

	Beginning Balance	Net Change in Activity	Ending Balance
Deferred outflows of resources			
Differences between expected and actual experience	\$ 8,134	\$ (5,307)	\$ 2,827
Changes of assumptions	14,491	(13,557)	934
Differences between expected and actual experience	15,269	(15,269)	-
Deferred inflows of resources			
Differences between expected and actual experience	(1,580)	297	(1,283)
Changes of assumptions	(187,037)	123,220	(63,817)
Differences between projected and actual earnings on pension plan investments	-	(47,221)	(47,221)
Net of deferred outflows (inflows)	<u>\$ (150,723)</u>	<u>\$ 42,163</u>	<u>\$ (108,560)</u>

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

<u>Fiscal Year Ended June 30,</u>	
	\$ (42,297)
2022	
2023	(30,200)
2024	(20,591)
2025	(15,478)
2026	6
Total	<u>\$ (108,560)</u>

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 -

Pension plans (continued)

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

Collective net pension liability and actuarial information (continued)

Pension expense (benefit)

For the fiscal year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$61,481), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$24,479), plus the net amortization of deferred amounts from changes in proportion of (\$49,247), plus other adjustments to the net pension liability of \$12,245. The components of allocable pension expense, which exclude amounts attributable to employer paid member contributions and pension expense related to specific liabilities of individual employers, for the District for the fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$	10,556
Interest on total pension liability		41,483
Benefit changes		-
Member contributions		(8,588)
Administrative expense		150
Expected investment return net of investment expense		(22,631)
Pension expense related to specific liabilities of individual employers		(106)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		1,162
Changes of assumptions		(31,488)
Difference between projected and actual investment earnings on pension plan investments		(15,017)
Pension expense (benefit)	\$	<u>(24,479)</u>

B. Teachers' pension and annuity fund (TPAF)

Plan description

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

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

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

The following represents the membership tiers for TPAF:

Tier	Member Eligibility
1	Enrolled prior to July 1, 2007
2	Enrolled on or after July 1, 2007 and prior to November 2, 2008
3	Enrolled on or after November 2, 2008 and prior to May 22, 2010
4	Enrolled on or after May 22, 2010 and prior to June 28, 2011
5	Enrolled on or after June 28, 2011

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

Contributions

The State's pension contribution is based on an actuarially determined amount which includes the employer portion of the normal cost and an amortization of the unfunded accrued liability. Funding for noncontributory group insurance benefits is based on actual claims paid. For the State fiscal year 2021, the State's pension contribution was less than the actuarial determined amount.

Special funding situation

The employer contributions for local participating employers are legally required to be funded by the State in accordance with N.J.S.A. 18:66-33. Therefore, these local participating employers are considered to be in a special funding situation as defined by GASB Statement No. 68 and the State is treated as a non-employer contributing entity. Since the local participating employers do not contribute directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to report in the financial statements of the local participating employers. However, the Notes to the Financial Statements of the local participating employers must disclose the portion of the non-employer contributing entities' total proportionate share of the net pension liability that is associated with the local participating employer. In addition, each local participating employer must recognize pension expense associated with the employer as well as revenue in an amount equal to the non-employer contributing entities' total proportionate share of the collective pension expense associated with the local participating employer.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

Special funding situation (continued)

During the State fiscal year ended June 30, 2021, the State of New Jersey contributed \$311,839 to the TPAF for normal pension benefits on behalf of the District.

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

Collective net pension liability and actuarial information

The District's proportionate share of the net pension liability for TPAF for fiscal year ended June 30, 2021 measurement date is as follows:

Total pension liability	\$ 7,933,821
Plan fiduciary net position	<u>2,818,094</u>
Net pension liability	<u>\$ 5,115,727</u>

Plan fiduciary net position as a percentage of the total pension liability 35.52%

Actuarial assumptions

The total pension liability for the June 30, 2021 measurement date was determined by an actuarial valuation as of July 1, 2020, which was rolled forward to June 30, 2021. This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

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

Pre-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Employee mortality table with a 93.9% adjustment for males and 85.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 Teachers Above-Median Income Healthy Retiree mortality table with a 114.7% adjustment for males and 99.6% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability mortality rates were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 106.3% adjustment for males and 100.3% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

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.

Note 6 - Pension plans (continued)

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

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2021 measurement date) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the Board of Trustees, and the Actuaries. The long-term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in TPAF's target asset allocation as of June 30, 2021 measurement date are summarized in the following table:

Asset Class	Target Allocations	Long-Term Expected Rate of Return
U.S. equity	27.00%	8.09%
Non-U.S. developed markets equity	13.50%	8.71%
Emerging markets equity	5.50%	10.96%
Private equity	13.00%	11.30%
Real assets	3.00%	7.40%
Real estate	8.00%	9.15%
High yield	2.00%	3.75%
Private credit	8.00%	7.60%
Investment grade credit	8.00%	1.68%
Cash equivalents	4.00%	0.50%
U.S. Treasuries	5.00%	0.95%
Risk mitigation strategies	3.00%	3.35%

Discount rate

The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be based on 100% of 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. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments after that date in determining the total pension liability

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 6 - Pension plans (continued)

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

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

The following presents the collective net pension liability of the District as of June 30, 2021 measurement date, calculated using the discount rate as disclosed above as well as what the collective net pension liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

District's Proportionate Share of the Net Pension Liability

At current discount rate (7.00%)	\$ 5,115,727
At a 1% lower rate (6.00%)	6,052,759
At a 1% higher rate (8.00%)	4,328,678

Pension expense

The components of the contractually required contribution, which exclude amounts related to specific liabilities of individual employers, for the District fiscal year ended June 30, 2021 measurement date are as follows:

Service cost	\$ 186,878
Interest on total pension liability	498,738
Benefit changes	-
Member contributions	(93,854)
Administrative expense	960
Expected investment return net of investment expense	(154,950)
Pension expense related to specific liabilities of individual employers	(43)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	21,440
Changes of assumptions	(239,691)
Difference between projected and actual investment earnings on pension plan investments	(99,103)
Pension expense	<u>\$ 120,375</u>

C. Defined contribution retirement program

The Defined Contribution Retirement Program (DCRP) was established under the provisions Ch. 92, PL 2007 and expanded under the provisions of Ch. 89, PL 2008 and Ch. 1, PL 2010 to provide eligible members with a tax sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Employees eligible to enroll in the program include the following: First, employees enrolled in the Public Employees Retirement System (PERS) or Teachers Pension and Annuity Fund (TPAF) on or after July 1, 2007 who earn salary in excess of maximum compensation limits. Also, employees otherwise eligible to enroll in the TPAF and PERS who do not earn the minimum salary (\$8,400 in 2022) but who earn salary of at least \$5,000 annually are eligible to participate. The Program Administrator, Prudential Financial, makes information regarding the

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

program available on its New Jersey Defined Contribution Program Web Site: www.prudential.com/njdcprp.

Note 6 -

Pension plans (continued)

C. Defined contribution retirement program (continued)

Contribution rates for DCRP provide for employee contributions of 5.50% of annual contractual compensation as defined. The District's contribution to the DCRP for fiscal year ended 2022 was \$2,284.

D. Contribution requirements

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$93,892 to the TPAF for postretirement medical benefits, \$5,591 for non-contributory insurance premiums, \$223 for long-term disability insurance and \$396,273 for pension costs on behalf of the Board. Also, in accordance with NJSA 18A:66-66 the State of New Jersey reimbursed the Board \$87,140 during the fiscal year ended June 30, 2022 for the employer's share of Social Security contributions for TPAF members calculated on their base salaries. These amounts have been included in the financial statements and the combining and individual fund and account group statements and schedules as revenues and expenditures in accordance with GASB Statement No. 68.

Note 7 -

Postretirement benefits

The State Health Benefit State Retired Employees Plan (State Retired OPEB Plan) is a single-employer defined benefit OPEB plan with a special funding situation. The State Retired OPEB Plan 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. The State Retired OPEB Plan covers the State, State colleges and universities, the Palisades Interstate Park Commission, and the New Jersey Building Authority (referred to collectively as the employers) for which the State is legally obligated to pay for benefits. The State Retired OPEB Plan is treated as a cost-sharing multiple employer plan with a special funding situation for allocating the total OPEB liability and related OPEB amounts since each employer mentioned above is required to issue stand-alone financial statements. The State Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of the employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

In accordance with N.J.S.A. 52:14-17.32, the State is required to pay the premiums or periodic charges for health benefits of State employees who retire with 25 years or more of service credit in, or retires on a disability pension from, one or more of the following plans: the Judicial Retirement System (JRS), the State Police Retirement System (SPRS), the Teachers' Pension and Annuity Fund (TPAF), the Public Employees' Retirement System (PERS), the Police and Firemen's Retirement System (PFRS), and the Alternate Benefit Program (ABP). In addition, N.J.S.A. 52:14-17.26 provides that for purposes of the State Retired OPEB Plan, an employee of Rutgers, the State University of New Jersey, and New Jersey Institute of Technology shall be deemed to be an employee of the State. Further, P.L.1966, c.302, addresses the other State colleges and universities, whereas while these institutions were provided autonomy from the State, their employees retained any and all

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

Note 7 - Postretirement benefits (continued)

The State Health Benefit Local Education Retired Employees Plan (Local Education Retired OPEB Plan) is a multiple-employer defined benefit OPEB plan with a special funding situation. The Local Education Retired OPEB Plan 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. The Local Education Retired OPEB Plan provides medical, prescription drug, and Medicare Part B reimbursement to retirees and the covered dependents of local education employees. The State also offers dental care to retirees, however, since dental benefits are completely paid for by the retirees, there is no OPEB liability for these benefits.

The employer contributions for the participating local education employers are legally required to be funded by the State in accordance with N.J.S.A. 52:14-17.32f. According to this law, 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: TPAF, PERS, PFRS, or ABP.

Pursuant to P.L.2011, c.78, future retirees eligible for postemployment 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 State is legally required to pay for the OPEB benefit coverage for the participating local education employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 75 and the State is treated as a non-employer contributing entity. The State, as a non-employer contributing entity, reported a Fiscal Year 2021 total OPEB liability of \$60,007,650,970 for this special funding situation.

Additional information on Pensions and OPEB can be accessed at <https://www.state.nj.us/treasury/taxation/payments-notices.shtml>.

Total OPEB liability

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Total OPEB liability (continued)

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

For purposes of reporting required GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the District's proportionate share of allocable OPEB liability and employer OPEB expense and related revenue as of June 30, 2021 measurement date is as follows:

State's proportionate share of the OPEB liability	\$ 60,007,650,970
District's proportionate share of the State's OPEB liability	5,538,998
Employer OPEB expense and related revenue	346,397

Allocable proportionate percentage	0.0092304863%
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Changes in the total OPEB liability

	<u>Total OPEB Liability</u>
Total OPEB liability at June 30, 2020	\$ 6,480,051
Service cost	324,505
Interest cost	143,687
Change of benefit terms	(5,896)
Differences between expected and actual experience	(1,299,302)
Changes of assumptions	5,465
Member contributions	3,673
Gross benefit payments	(113,185)
Total OPEB liability at June 30, 2021	<u>\$ 5,538,998</u>

There were no changes of the benefit terms from June 30, 2020 to June 30, 2021.

Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% as of the June 30, 2020 plan measurement date to 2.16% as of the June 30, 2021 plan measurement date.

The total non-employer OPEB liability as of June 30, 2021 was determined by an actuarial valuation as of June 30, 2020, which was rolled forward to June 30, 2021. 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:

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Inflation rate 2.50%

Note 7 - Postretirement benefits (continued)
Changes in the total OPEB liability (continued)

	TPAF	PERS
	(based on years of service)	(based on year of service)
Salary increases		
Through 2026	1.55% - 4.45%	2.00% - 6.00%
Thereafter	2.75% - 5.65%	3.00% - 7.00%

Preretirement mortality rates were based on the Pub-2010 Healthy Teachers (TPAF/ABP) and General (PERS) classification headcount-weighted mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021. 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-2021. 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-2021 for current disabled retirees. Future disabled retirees was based on the Pub-2010 Safety (PFRS), General (PERS), and Teachers (TPAF/ABP) classification headcount-weighted disabled mortality table with fully generational mortality improvement projections from the central year using Scale MP-2021.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of actuarial experience studies for the periods July 1, 2015 - June 30, 2018 and July 1, 2013 - June 30, 2018 for TPAF and PERS, respectively.

Health care trend assumptions

For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.

Discount rate

The discount rate for June 30, 2021 was 2.16%. 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.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Note 7 - Postretirement benefits (continued)

Discount rate (continued)

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

The following presents the total non-employer OPEB liability as of June 30, 2021 measurement date, using the District's allocable proportionate percentage, calculated using the discount rate as disclosed above as well as what the total non-employer OPEB liability would be if it was calculated using a discount rate that is 1% point lower or 1% point higher than the current rate:

Total OPEB Liability (school retirees)

At current discount rate (2.16%)	\$ 5,538,998
At a 1% lower rate (1.16%)	6,634,850
At a 1% higher rate (3.16%)	4,676,080

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

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

Total OPEB Liability (school retirees)

Healthcare cost trend rate	\$ 5,538,998
At a 1% lower rate (1% decrease)	4,483,837
At a 1% higher rate (1% increase)	6,956,001

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

For the fiscal year ended June 30, 2021, the District recognized OPEB expense of \$346,397 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a Trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

Note 8 - Deferred compensation

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

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

Equitable
 Midland National
 Lincoln Investments

Note 9 - Interfund receivable and payables
 The composition of interfund balances as of June 30, 2022 is as follows:

Fund	Receivable Fund	Payable Fund
General fund	\$ 68,395	\$ -
Special revenue fund	-	68,395
Total	\$ 68,395	\$ 68,395

The balance due from the special revenue fund to the general fund represents a loan from the general fund of \$68,395 due to cash flow issues relating to the delayed receipt of grant revenues.

Note 10 - Contingent liabilities
 The District is involved in various legal proceedings that are incidental to its operations. These legal proceedings are not likely to have a material adverse effect on the financial position of the school district.

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

Note 11 - Risk management
 The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

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

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

Note 12 - Reserve accounts
 A capital reserve account was established by the District for the accumulation of funds for use as capital outlay expenditures in subsequent fiscal years. The capital reserve account

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

is maintained in the general fund and its activity is included in the general fund annual budget.

Note 12 - Reserve accounts (continued)

Funds placed in the capital reserve account are restricted to capital projects in the District’s approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a District may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A District may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to NJSA 19:60-2. Pursuant to NJAC 6A:26-9.1(d)1, the balance in the account cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

Districts are allowed as per N.J.S.A. 18A:7F-41(a) and 41(b) to deposit to the reserves by Board Resolution during the month of June for any unanticipated revenue and/or unexpended line-item appropriation amounts. Pursuant to this state statute, the District deposited \$100,000 to their tuition reserve account, \$100,000 to their capital reserve account and \$46,600 to maintenance reserve account by Board Resolution in June 2022 as summarized in the following schedule. The following schedule is a summarization of the reserve accounts for the current year:

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 220,207	\$ 100,000	\$ 41	\$ -	\$ -	\$ 320,248
Emergency	129,227	-	22	-	-	129,249
Maintenance	140,229	39,202	-	-	-	179,431
Tuition	146,600	100,000	-	-	46,600	200,000
Total	<u>\$ 636,263</u>	<u>\$ 239,202</u>	<u>\$ 63</u>	<u>\$ -</u>	<u>\$ 46,600</u>	<u>\$ 828,928</u>

Note 13 - Deficit balance in unrestricted net position

The District is reporting a deficit balance in unrestricted net position for governmental activities as of June 30, 2022 of (\$201,179) on Schedule A-1 Statement of Net Position. The deficit balance is the result of reporting required by GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, which allocates the proportionate share of the state’s net pension liability for PERS to each contributing entity throughout the state.

Note 14 - Recent accounting pronouncements not yet effective

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

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement is effective for reporting periods beginning after December 15, 2023. The District is evaluating the effect of the pronouncement on financial reporting.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Financial Statements

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

Note 15 - Fund balance

As described in Note 1 (O) - Fund Balance may be restricted, committed or assigned. An analysis of the general fund balance on June 30, 2022 is as follows:

Restricted	
Excess surplus - Represents amount in excess of allowable percentage of expenditures. In accordance with State statute, the excess surplus is designated for utilization in succeeding year's budgets.	\$ 12,672
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	320,248
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	129,249
Tuition reserve account - Represents funds accumulated to finance for a foreseeable future tuition adjustment pursuant to N.J.A.C. 6A:23A-17.1(f).	200,000
Maintenance reserve account - Represents funds accumulated for the required maintenance of a facility in accordance with the EFCFA (N.J.S.A. 18A:76-9).	179,431
Committed	
Year-end encumbrance - Represents fund balance committed for purchase orders that have been issued but goods or services were not received as of June 30.	21,265
Assigned Fund Balance	
Designated for subsequent year's expenditures.	26,702
Unassigned	
Undesignated - Represents fund balance which has not been restricted or designated.	280,782
Total fund balance - Budgetary basis (Exhibit C-1)	1,170,349
Last state aid payments not recognized on GAAP basis	(20,249)
Total fund balance - GAAP basis (Exhibit B-1)	\$ 1,150,100

Note 16 - Risks and uncertainties

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

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

Note 17 - Subsequent events

The District has evaluated subsequent events through February 21, 2023, which is the date the financial statements were available to be issued and no additional items were noted for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION - PART II

BUDGETARY COMPARISON SCHEDULES

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Local sources					
Local tax levy	\$ 2,885,521	\$ -	\$ 2,885,521	\$ 2,885,521	\$ -
Tuition from individuals	15,000	-	15,000	52,250	37,250
Unrestricted miscellaneous revenues	500	-	500	31,534	31,034
Interest earned on current expense emergency reserve	50	-	50	22	(28)
Interest earned on capital reserve funds	100	-	100	41	(59)
Total	2,901,171	-	2,901,171	2,969,368	68,197
State sources					
School choice aid	54,180	-	54,180	54,180	-
Categorical transportation aid	24,207	-	24,207	24,207	-
Extraordinary aid	-	-	-	29,912	29,912
Categorical special education aid	112,305	-	112,305	112,305	-
Categorical security aid	11,798	-	11,798	11,798	-
Other state aid	-	-	-	870	870
State reimbursements from Securing Our Children's Future Bond Act	-	-	-	6,986	6,986
TPAF Pension (on-behalf)	-	-	-	396,273	396,273
TPAF Non-contributory insurance	-	-	-	5,591	5,591
TPAF Social Security (reimbursed)	-	-	-	87,140	87,140
TPAF Postretirement benefits	-	-	-	93,892	93,892
TPAF Long-term disability insurance	-	-	-	223	223
Total	202,490	-	202,490	823,377	620,887
Total revenues	\$ 3,103,661	\$ -	\$ 3,103,661	\$ 3,792,745	\$ 689,084
Expenditures					
Current					
Instruction - regular program					
Salaries of teachers					
Preschool	\$ 58,235	\$ 1,295	\$ 59,530	\$ 59,440	\$ 90
Kindergarten	95,590	(4,295)	91,295	89,416	1,879
Grades 1-5	407,648	(4,173)	403,475	400,885	2,590
Grades 6-8	78,525	73	78,598	78,598	-
Home instruction					
Salaries of teacher	500	-	500	-	500
Purchased professional - educational services	10,000	(10,000)	-	-	-
Regular programs - undistributed instruction					
Other purchased services	10,500	35,388	45,888	38,446	7,442
General supplies	48,737	16,317	65,054	63,385	1,669
Textbooks	40,430	(14,152)	26,278	26,225	53
Other objects	-	887	887	610	277
Total	750,165	21,340	771,505	757,005	14,500

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Special education					
Resource room/resource center					
Salaries of teachers	\$ 145,099	\$ (5,000)	\$ 140,099	\$ 137,535	\$ 2,564
Purchased professional - educational services	750	(750)	-	-	-
General supplies	500	(500)	-	-	-
Textbooks	1,500	(1,500)	-	-	-
Total	<u>147,849</u>	<u>(7,750)</u>	<u>140,099</u>	<u>137,535</u>	<u>2,564</u>
Total special education	<u>147,849</u>	<u>(7,750)</u>	<u>140,099</u>	<u>137,535</u>	<u>2,564</u>
Basic skills/remedial					
Salaries of teachers	61,260	3,533	64,793	63,030	1,763
Purchased professional-education services	750	(750)	-	-	-
General supplies	1,000	(1,000)	-	-	-
Textbooks	1,000	(1,000)	-	-	-
Total	<u>64,010</u>	<u>783</u>	<u>64,793</u>	<u>63,030</u>	<u>1,763</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	3,800	-	3,800	2,500	1,300
Total	<u>3,800</u>	<u>-</u>	<u>3,800</u>	<u>2,500</u>	<u>1,300</u>
Total instruction regular	<u>\$ 965,824</u>	<u>\$ 14,373</u>	<u>\$ 980,197</u>	<u>\$ 960,070</u>	<u>\$ 20,127</u>
Undistributed expenditures					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - regular	\$ 358,675	\$ (15,035)	\$ 343,640	\$ 343,640	\$ -
Tuition to other LEAs within the state - special	89,895	15,000	104,895	104,895	-
Tuition to priv. school for the disabled within state	113,500	(22,547)	90,953	84,373	6,580
Tuition - other	60,000	-	60,000	60,000	-
Total	<u>622,070</u>	<u>(22,582)</u>	<u>599,488</u>	<u>592,908</u>	<u>6,580</u>
Undistributed expenditures - health services					
Salaries	62,260	4,140	66,400	64,962	1,438
Purchased professional and technical services	2,000	(750)	1,250	500	750
Other purchased services	22,000	(390)	21,610	21,185	425
Supplies and materials	2,500	(895)	1,605	495	1,110
Total	<u>88,760</u>	<u>2,105</u>	<u>90,865</u>	<u>87,142</u>	<u>3,723</u>
Undistributed expenditures - speech/ot/pt and related services					
Purchased professional - educational services	39,000	(16,074)	22,926	19,614	3,312
Supplies and materials	2,000	(1,978)	22	22	-
Total	<u>41,000</u>	<u>(18,052)</u>	<u>22,948</u>	<u>19,636</u>	<u>3,312</u>
Undistributed expenditures - other supp. service stds. - extra service					
Salaries	22,622	11,000	33,622	33,391	231
Purchased professional - educational services	55,000	13,000	68,000	44,406	23,594
Total	<u>77,622</u>	<u>24,000</u>	<u>101,622</u>	<u>77,797</u>	<u>23,825</u>

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expenditures - child study teams					
Salaries of other professional staff	\$ 106,436	\$ 2,800	\$ 109,236	\$ 108,294	\$ 942
Purchased professional - educational services	10,000	(1,100)	8,900	7,560	1,340
Other purchased services	25,000	(1,000)	24,000	24,000	-
Supplies and materials	1,000	(800)	200	105	95
Total	<u>142,436</u>	<u>(100)</u>	<u>142,336</u>	<u>139,959</u>	<u>2,377</u>
Undistributed expenditures - improvement of inst. service					
Salaries of supervisor of instruction	61,900	(5,740)	56,160	51,896	4,264
Purchased professional - educational services	1,000	-	1,000	-	1,000
Other purchased services	21,500	(3,000)	18,500	12,800	5,700
Supplies and materials	-	3,000	3,000	-	3,000
Total	<u>84,400</u>	<u>(5,740)</u>	<u>78,660</u>	<u>64,696</u>	<u>13,964</u>
Undistributed expenditures - edu. media service/sch. library					
Salaries	-	10,000	10,000	10,000	-
Purchased professional and technical services	10,000	(9,243)	757	757	-
Supplies and materials	1,000	(226)	774	469	305
Total	<u>11,000</u>	<u>531</u>	<u>11,531</u>	<u>11,226</u>	<u>305</u>
Undistributed expenditures - support service - general admin.					
Salaries	71,200	294	71,494	71,194	300
Legal services	5,000	3,924	8,924	7,382	1,542
Audit fees	12,000	250	12,250	12,250	-
Communications/telephone	3,500	(2,300)	1,200	1,135	65
Miscellaneous purchased services	4,000	685	4,685	4,685	-
General supplies	1,000	(935)	65	-	65
Miscellaneous expenditures	3,000	5,826	8,826	2,599	6,227
BOE membership dues and fees	2,000	-	2,000	1,958	42
Total	<u>101,700</u>	<u>7,744</u>	<u>109,444</u>	<u>101,203</u>	<u>8,241</u>
Undistributed expenditures - support service - school admin.					
Purchased professional and technical services	3,200	-	3,200	3,200	-
Other purchased services	500	(365)	135	-	135
Total	<u>3,700</u>	<u>(365)</u>	<u>3,335</u>	<u>3,200</u>	<u>135</u>
Undistributed expenditures - central services					
Salaries	90,914	-	90,914	90,914	-
Purchased professional services	4,000	(135)	3,865	3,865	-
Purchased technical services	3,700	2,549	6,249	6,249	-
Miscellaneous purchased services	-	1,213	1,213	1,192	21
Supplies and materials	500	(56)	444	372	72
Other objects	1,000	729	1,729	1,729	-
Total	<u>100,114</u>	<u>4,300</u>	<u>104,414</u>	<u>104,321</u>	<u>93</u>

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Undistributed expend. - required maint. for school facilities					
Cleaning, repair, and maintenance services	\$ 30,777	\$ (6,173)	\$ 24,604	\$ 22,404	\$ 2,200
Lead testing in water	1,000	-	1,000	947	53
General supplies	500	(2)	498	485	13
Total	<u>32,277</u>	<u>(6,175)</u>	<u>26,102</u>	<u>23,836</u>	<u>2,266</u>
Undistributed expenditures - custodial services					
Salaries	94,891	(10)	94,881	90,406	4,475
Cleaning, repair, and maintenance service	5,000	(4,415)	585	581	4
Other purchased property services	10,359	15,763	26,122	23,869	2,253
Insurance	25,000	(6,908)	18,092	18,092	-
Miscellaneous purchased services	3,800	585	4,385	4,385	-
General supplies	12,900	(2,350)	10,550	8,664	1,886
Energy (natural gas)	18,000	3,685	21,685	21,685	-
Energy (electricity)	18,000	(361)	17,639	17,607	32
Energy (gasoline)	500	-	500	-	500
Other objects	1,300	(624)	676	250	426
Total	<u>189,750</u>	<u>5,365</u>	<u>195,115</u>	<u>185,539</u>	<u>9,576</u>
Undistributed expenditures - security					
Cleaning, repair, and maintenance service	2,000	(1,000)	1,000	-	1,000
General supplies	2,000	1,000	3,000	2,549	451
Total	<u>4,000</u>	<u>-</u>	<u>4,000</u>	<u>2,549</u>	<u>1,451</u>
Undistributed expenditures - student transportation service					
Salaries of non-instructional aides	25,000	(13,292)	11,708	11,609	99
Management fee - ESC and CTSA trans. program	8,000	(531)	7,469	4,310	3,159
Contract service - aid in lieu pymts - non-public schools	9,000	(6,000)	3,000	3,000	-
Contract service (oth. than between home & school) - vend.	-	4,280	4,280	4,280	-
Contract service (between home & school) - joint agreements	15,000	51,277	66,277	62,471	3,806
Contract service (reg. students) - ESCs and CTSA	20,500	(20,500)	-	-	-
Contract service (spl. ed. students) - ESCs and CTSA	110,000	(53,010)	56,990	46,483	10,507
Total	<u>187,500</u>	<u>(37,776)</u>	<u>149,724</u>	<u>132,153</u>	<u>17,571</u>
Allocated benefits - employee benefits					
Regular programs - instruction					
Health benefits	248,603	(22,596)	226,007	214,848	11,159
Tuition reimbursement	10,000	(8,170)	1,830	1,830	-
Total	<u>258,603</u>	<u>(30,766)</u>	<u>227,837</u>	<u>216,678</u>	<u>11,159</u>
Special programs - instruction					
Health benefits	43,078	40,350	83,428	66,151	17,277
Total	<u>43,078</u>	<u>40,350</u>	<u>83,428</u>	<u>66,151</u>	<u>17,277</u>
Health services					
Health benefits	32,407	(500)	31,907	30,588	1,319
Tuition reimbursement	7,500	(1,605)	5,895	5,771	124
Total	<u>39,907</u>	<u>(2,105)</u>	<u>37,802</u>	<u>36,359</u>	<u>1,443</u>

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Other supp services - child study teams					
Health benefits	\$ 24,693	\$ -	\$ 24,693	\$ 23,227	\$ 1,466
Total	<u>24,693</u>	<u>-</u>	<u>24,693</u>	<u>23,227</u>	<u>1,466</u>
Improvement of instruction services					
Health benefits	3,000	(3,000)	-	-	-
Total	<u>3,000</u>	<u>(3,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Support services - central services					
Health benefits	5,000	4,735	9,735	2,818	6,917
Total	<u>5,000</u>	<u>4,735</u>	<u>9,735</u>	<u>2,818</u>	<u>6,917</u>
Custodial services					
Health benefits	32,480	-	32,480	28,723	3,757
Total	<u>32,480</u>	<u>-</u>	<u>32,480</u>	<u>28,723</u>	<u>3,757</u>
Total allocated benefits - employees	<u>\$ 406,761</u>	<u>\$ 9,214</u>	<u>\$ 415,975</u>	<u>\$ 373,956</u>	<u>\$ 42,019</u>
Unallocated benefits - employee benefits					
Social Security contributions	\$ 35,000	\$ (14,880)	\$ 20,120	\$ 15,747	\$ 4,373
Other retirement contributions - PERS	30,000	(12,279)	17,721	17,721	-
Other retirement contributions - regular	1,500	500	2,000	1,692	308
Unemployment compensation	10,000	(3,865)	6,135	6,135	-
Workmen's compensation	12,000	3,460	15,460	15,457	3
Health benefits	10,000	24,430	34,430	25,351	9,079
Tuition reimbursement	10,000	(5,000)	5,000	2,085	2,915
Other employee benefits	15,695	9,320	25,015	11,404	13,611
Total	<u>124,195</u>	<u>1,686</u>	<u>125,881</u>	<u>95,592</u>	<u>30,289</u>
On-behalf TPAF Pension contribution	-	-	-	396,273	(396,273)
On-behalf TPAF Non-contributory insurance	-	-	-	5,591	(5,591)
On-behalf TPAF Postretirement medical benefits	-	-	-	93,892	(93,892)
On-behalf TPAF Long-term disability insurance	-	-	-	223	(223)
Reimbursed TPAF Social Security contribution	-	-	-	87,140	(87,140)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>583,119</u>	<u>(583,119)</u>
Total undistributed expenditures	<u>\$ 2,217,285</u>	<u>\$ (35,845)</u>	<u>\$ 2,181,440</u>	<u>\$ 2,598,832</u>	<u>\$ (417,392)</u>
Total current	<u>\$ 3,183,109</u>	<u>\$ (21,472)</u>	<u>\$ 3,161,637</u>	<u>\$ 3,558,902</u>	<u>\$ (397,265)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - instruction	\$ -	\$ 2,082	\$ 2,082	\$ 2,082	\$ -
Undistributed expenditures - custodial services	-	15,320	15,320	7,375	7,945
Total equipment	<u>-</u>	<u>17,402</u>	<u>17,402</u>	<u>9,457</u>	<u>7,945</u>

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
General Fund
Budgetary Comparison Schedule (continued)
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Expenditures (cont'd)					
Facilities acquisition and construction service					
Architectural/engineering services	\$ -	\$ 4,220	\$ 4,220	\$ -	\$ 4,220
Total facilities acquisition and construction service	<u>-</u>	<u>4,220</u>	<u>4,220</u>	<u>-</u>	<u>4,220</u>
Total capital outlay	<u>\$ -</u>	<u>\$ 21,622</u>	<u>\$ 21,622</u>	<u>\$ 9,457</u>	<u>\$ 12,165</u>
Total expenditures	<u>\$ 3,183,109</u>	<u>\$ 150</u>	<u>\$ 3,183,259</u>	<u>\$ 3,568,359</u>	<u>\$ (385,100)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ (79,448)</u>	<u>\$ (150)</u>	<u>\$ (79,598)</u>	<u>\$ 224,386</u>	<u>\$ 303,984</u>
Fund balances, July 1	<u>945,963</u>	<u>-</u>	<u>945,963</u>	<u>945,963</u>	<u>-</u>
Fund balances, June 30	<u>\$ 866,515</u>	<u>\$ (150)</u>	<u>\$ 866,365</u>	<u>\$ 1,170,349</u>	<u>\$ 303,984</u>
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (32,998)	\$ -	\$ (32,998)	\$ (32,998)	\$ -
Increase in capital reserve	-	100,000	100,000	100,000	-
Interest deposit to capital reserve	100	-	100	41	(59)
Interest earned on emergency reserve	50	-	50	22	(28)
Increase in maintenance reserve	-	39,202	39,202	39,202	-
Increase in tuition reserve	-	100,000	100,000	100,000	-
Withdrawal from tuition reserve	(46,600)	-	(46,600)	(46,600)	-
Budgeted fund balance	-	(239,352)	(239,352)	64,719	304,071
Total	<u>\$ (79,448)</u>	<u>\$ (150)</u>	<u>\$ (79,598)</u>	<u>\$ 224,386</u>	<u>\$ 303,984</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - current year				\$ 12,672	
Capital reserve				320,248	
Emergency reserve				129,249	
Maintenance reserve				179,431	
Tuition reserve					
Year 2022-2023				100,000	
Year 2021-2022				100,000	
Committed fund balance					
Year-end encumbrances				21,265	
Assigned fund balance					
Designated for subsequent year's expenditures				26,702	
Unassigned fund balance				<u>280,782</u>	
Fund balance per budgetary basis				1,170,349	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(20,249)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 1,150,100</u>	

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Budgetary Comparison Schedule
For the Fiscal Year Ended June 30, 2022

	Unaudited			Actual	Variance Final to Actual
	Original Budget	Budget Transfers	Final Budget		
Revenues					
Federal sources	\$ 390,303	\$ (622)	\$ 389,681	\$ 219,574	\$ (170,107)
Local sources	2,000	1,064	3,064	2,438	(626)
Total revenues	<u>\$ 392,303</u>	<u>\$ 442</u>	<u>\$ 392,745</u>	<u>\$ 222,012</u>	<u>\$ (170,733)</u>
Expenditures					
Instruction					
Salaries	\$ 156,111	\$ (34,101)	\$ 122,010	\$ 59,433	\$ 62,577
Purchased professional and technical services	2,000	(2,000)	-	-	-
Other purchased services	-	45,000	45,000	45,000	-
General supplies	24,099	37,234	61,333	37,555	23,778
Total	<u>182,210</u>	<u>46,133</u>	<u>228,343</u>	<u>141,988</u>	<u>86,355</u>
Support services					
Salaries	49,996	(4,996)	45,000	-	45,000
Employee Benefits	399	(56)	343	343	-
Purchased professional and technical services	26,800	(25,154)	1,646	1,646	-
Purchased property services	1,500	(1,500)	-	-	-
Other purchased services	-	40,000	40,000	-	40,000
Tuition	-	1,884	1,884	1,884	-
General supplies	28,594	(28,594)	-	-	-
Student activities	-	442	442	442	-
Total	<u>107,289</u>	<u>(17,974)</u>	<u>89,315</u>	<u>4,315</u>	<u>85,000</u>
Capital outlay					
Construction services	72,947	-	72,947	72,947	-
Equipment	6,704	(4,564)	2,140	2,140	-
Non-instructional equipment	23,153	(23,153)	-	-	-
Total	<u>102,804</u>	<u>(27,717)</u>	<u>75,087</u>	<u>75,087</u>	<u>-</u>
Total expenditures	<u>\$ 392,303</u>	<u>\$ 442</u>	<u>\$ 392,745</u>	<u>\$ 221,390</u>	<u>\$ 171,355</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 622	\$ 622
Fund balances, July 1	1,366	-	1,366	1,366	-
Fund balances, June 30	<u>\$ 1,366</u>	<u>\$ -</u>	<u>\$ 1,366</u>	<u>\$ 1,988</u>	<u>\$ 622</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				\$ 1,988	
Fund balance per budgetary basis				<u>\$ 1,988</u>	

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to Required Supplementary Information
Budget-to-GAAP Reconciliation
For the Fiscal Year Ended June 30, 2022

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

	General Fund	Special Revenue Fund
Sources/Inflows of Resources		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 3,792,745	\$ 222,012
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures and the related revenue is recognized:		
Outstanding encumbrances - current year	-	(3,225)
Difference - Budget to GAAP		
The last state aid payment is recognized as revenue for budgetary purposes, and differs from GAAP which does not recognize this revenue until the subsequent year when the State recognizes the related expenses (GASB 33)		
State aid receivable prior year	20,088	-
State aid receivable current year	(20,249)	-
Total revenues (GAAP basis)	\$ 3,792,584	\$ 218,787
Uses/Outflows of Resources		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 3,568,359	\$ 221,390
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for financial reporting purposes:		
Outstanding encumbrances - current year	-	(3,225)
Total expenditures (GAAP basis)	\$ 3,568,359	\$ 218,165

See independent auditors' report.

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

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

	District's proportion of the net pension liability (asset)		District's covered employee payroll	District's proportion of the net pension liability (asset)	Plan fiduciary
	Percentage	Value		as a percentage of its covered employee payroll	net position as a percentage of the total pension liability
2013	0.0019837300%	\$ 379,130	\$ 142,170	266.67%	48.72%
2014	0.0025854407%	484,065	159,982	302.57%	52.08%
2015	0.0024849610%	557,824	203,156	274.58%	47.93%
2016	0.0030135559%	892,529	133,654	667.79%	40.14%
2017	0.0019369745%	450,897	136,334	330.73%	48.10%
2018	0.0019200200%	378,042	147,237	256.76%	53.60%
2019	0.0025583285%	460,972	193,945	237.68%	56.27%
2020	0.0027392498%	446,700	110,890	402.83%	58.32%
2021	0.0015131718%	179,258	115,065	155.79%	70.33%
2022	N/A	N/A	117,642	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 14,882	\$ (14,882)	\$ -	\$ 142,170	10.47%
2014	14,947	(14,947)	-	159,982	9.34%
2015	21,314	(21,314)	-	203,156	10.49%
2016	21,364	(21,364)	-	133,654	15.98%
2017	27,174	(27,174)	-	136,334	19.93%
2018	17,944	(17,944)	-	147,237	12.19%
2019	19,080	(19,080)	-	193,945	9.84%
2020	24,885	(24,885)	-	110,890	22.44%
2021	29,966	(29,966)	-	115,065	26.04%
2022	17,721	(17,721)	-	117,642	15.06%

N/A = Information not available

See independent auditors' report.

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

	Proportionate share of net pension liability (asset)			Total	District's covered employee payroll	District's proportion of the net pension liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as as a percentage of the total pension liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	0.00%	\$ -	\$ 4,743,236	\$ 4,743,236	\$ 669,552	0.00%	33.76%
2014	0.00%	-	4,006,348	4,006,348	764,613	0.00%	33.64%
2015	0.00%	-	5,125,559	5,125,559	886,676	0.00%	28.71%
2016	0.00%	-	6,196,691	6,196,691	970,105	0.00%	22.33%
2017	0.00%	-	5,920,127	5,920,127	948,699	0.00%	25.41%
2018	0.00%	-	6,590,250	6,590,250	1,014,499	0.00%	26.49%
2019	0.00%	-	5,357,745	5,357,745	1,169,573	0.00%	26.95%
2020	0.00%	-	6,843,561	6,843,561	1,147,820	0.00%	24.60%
2021	0.00%	-	5,115,727	5,115,727	1,099,334	0.00%	35.52%
2022	N/A	N/A	N/A	N/A	1,175,347	N/A	N/A

N/A = Information not available

See independent auditors' report.

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

	Contractually required contribution	Contributions in relation to the contractually required contribution	Contribution deficiency (excess)	District's covered employee payroll	Contributions as a percentage of covered employee payroll
2013	\$ 60,643	\$ (60,643)	\$ -	\$ 669,552	9.06%
2014	31,711	(31,711)	-	764,613	4.15%
2015	43,843	(43,843)	-	886,676	4.94%
2016	63,068	(63,068)	-	970,105	6.50%
2017	98,763	(98,763)	-	948,699	10.41%
2018	156,255	(156,255)	-	1,014,499	15.40%
2019	175,294	(175,294)	-	1,169,573	14.99%
2020	175,531	(175,531)	-	1,147,820	15.29%
2021	235,505	(235,505)	-	1,099,334	21.42%
2022	311,839	(311,839)	-	1,175,347	26.53%

N/A = Information not available

See independent auditors' report.

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

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

	Proportionate share of other postemployment employee benefits liability (asset)			Total	District's covered employee payroll	District's proportion of the other postemployment employee liability (asset) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total other post employment employee benefits liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2014	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2017	0.00%	\$ -	\$ 4,896,131	\$ 4,896,131	\$ 1,085,033	0.00%	0.00%
2018	0.00%	-	3,957,720	3,957,720	1,161,736	0.00%	0.00%
2019	0.00%	-	3,808,033	3,808,033	1,363,518	0.00%	0.00%
2020	0.00%	-	6,480,051	6,480,051	1,258,710	0.00%	0.00%
2021	0.00%	-	5,538,998	5,538,998	1,214,399	0.00%	0.00%
2022	N/A	N/A	N/A	N/A	N/A	N/A	N/A

N/A = Information not available

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Required Supplementary Information - Part III
(Unaudited)
June 30, 2022

- Note 1 - Special funding situation - TPAF and other postretirement benefits
The participating employer allocations included in the supplemental Schedule of Employer Special Funding Allocations and the supplemental Schedule of Special Funding Amounts by Employer for each local employer are provided as each local employer is required to record in their financial statements, as an expense and corresponding revenue, their proportionate share of the pension expense and other postretirement benefits (OPEB) expense allocated to the State of New Jersey (the State) under the special-funding situation and include their proportionate share of the net pension liability and OPEB liability in their respective notes to their financial statements. For this purpose, the proportionate share was developed based on actual contributions made to the Teachers' Pension and Annuity Fund and for OPEB allocated to employers based upon covered payroll and adjusted by expected State Early Retirement Incentive contributions for the respective fiscal year.
- Note 2 - Changes in assumptions - TPAF
The discount rate was 5.40% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% in State fiscal year 2020 and 2.75% in State fiscal year 2021.
- Note 3 - Changes in assumptions - PERS
The discount rate was 7.00% in State fiscal year 2020 and 7.00% in State fiscal year 2021. The inflation rate was 2.75% for State fiscal year 2020 and 2.75% for State fiscal year 2021.
- Note 4 - Changes in assumptions - other postretirement employee benefits
The other postretirement employee benefits discount rate decreased from 2.21% in State fiscal year 2020 to 2.16% in State fiscal year 2021. The inflation rate was 2.50% for State fiscal year 2020 and 2021.
- Note 5 - Changes in healthcare trend assumptions - other postretirement employee benefits
For pre-Medicare medical benefits, the trend rate is initially 5.65% and decreases to a 4.50% long-term trend rate after seven years. For post-65 medical benefits, the actual fully insured Medicare Advantage trend rates for fiscal year 2022 through 2023 are reflected. For PPO the trend is initially 5.74% in fiscal year 2024, increasing to 12.93% in fiscal year 2025 and decreases to 4.50% after 11 years. For HMO the trend is initially 6.01% in fiscal year 2024, increasing to 15.23% in fiscal year 2025 and decreases to 4.5% after 11 years. For prescription drug benefits, the initial trend rate is 6.75% and decreases to a 4.50% long-term trend rate after seven years. For the Medicare Part B reimbursement, the trend rate is 5.00%.
- Note 6 - Changes in benefit term assumptions - other postretirement employee benefits
There was a decrease in liability from June 30, 2021 to June 30, 2022 due to employers adopting Chapter 44 provisions.

REQUIRED SUPPLEMENTARY INFORMATION - PART III

SPECIAL REVENUE FUND

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

LEBANON BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis
For the Fiscal Year Ended June 30, 2022

	Total Brought Forward	ESSA Title IIA	IDEA Basic	IDEA Preschool	ARP IDEA Basic	Total
Revenues						
Federal sources	\$ 188,392	\$ 1,646	\$ 23,637	\$ 1,884	\$ 4,015	\$ 219,574
Local sources	2,438	-	-	-	-	2,438
Total revenues	<u>\$ 190,830</u>	<u>\$ 1,646</u>	<u>\$ 23,637</u>	<u>\$ 1,884</u>	<u>\$ 4,015</u>	<u>\$ 222,012</u>
Expenditures						
Instruction						
Salaries	\$ 31,781	\$ -	\$ 23,637	\$ -	\$ 4,015	\$ 59,433
Other purchased services	45,000	-	-	-	-	45,000
Supplies and materials	37,555	-	-	-	-	37,555
Total	<u>114,336</u>	<u>-</u>	<u>23,637</u>	<u>-</u>	<u>4,015</u>	<u>141,988</u>
Support services						
Tuition	-	-	-	1,884	-	1,884
Employee benefits	343	-	-	-	-	343
Purchased professional and technical services	-	1,646	-	-	-	1,646
Student activities	442	-	-	-	-	442
Total	<u>785</u>	<u>1,646</u>	<u>-</u>	<u>1,884</u>	<u>-</u>	<u>4,315</u>
Capital Outlay						
Construction services	72,947	-	-	-	-	72,947
Instructional equipment	2,140	-	-	-	-	2,140
Total	<u>75,087</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,087</u>
Total expenditures	<u>\$ 190,208</u>	<u>\$ 1,646</u>	<u>\$ 23,637</u>	<u>\$ 1,884</u>	<u>\$ 4,015</u>	<u>\$ 221,390</u>
Excess (deficiency) of revenues over (under) expenditures	\$ 622	\$ -	\$ -	\$ -	\$ -	\$ 622
Fund balances, July 1	1,366	-	-	-	-	1,366
Fund balances, June 30	<u>\$ 1,988</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,988</u>

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2022

	Total Brought Forward	ARP IDEA Preschool	ARP ESSER Non-title II	ARP Learning Acceleration	CRRSA Learning Acceleration	Total Carried Forward
Revenues						
Federal sources	\$ 58,321	\$ 343	\$ 72,947	\$ 31,781	\$ 25,000	\$ 188,392
Local sources	2,438	-	-	-	-	2,438
Total revenues	\$ 60,759	\$ 343	\$ 72,947	\$ 31,781	\$ 25,000	\$ 190,830
Expenditures						
Instruction						
Salaries	\$ -	\$ -	\$ -	\$ 31,781	\$ -	\$ 31,781
Other purchased services	45,000	-	-	-	-	45,000
Supplies and materials	12,555	-	-	-	25,000	37,555
Total	57,555	-	-	31,781	25,000	114,336
Support services						
Tuition	-	-	-	-	-	-
Employee benefits	-	343	-	-	-	343
Purchased professional and technical services	-	-	-	-	-	-
Student activities	442	-	-	-	-	442
Total	442	343	-	-	-	785
Capital Outlay						
Construction services	-	-	72,947	-	-	72,947
Instructional equipment	2,140	-	-	-	-	2,140
Total	2,140	-	72,947	-	-	75,087
Total expenditures	\$ 60,137	\$ 343	\$ 72,947	\$ 31,781	\$ 25,000	\$ 190,208
Excess (deficiency) of revenues over (under) expenditures	\$ 622	\$ -	\$ -	\$ -	\$ -	\$ 622
Fund balances, July 1	1,366	-	-	-	-	1,366
Fund balances, June 30	\$ 1,988	\$ -	\$ -	\$ -	\$ -	\$ 1,988

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Special Revenue Fund
Combining Schedule of Program Revenues
and Expenditures - Budgetary Basis (continued)
For the Fiscal Year Ended June 30, 2022

	CRRSA Mental Health	CRRSA ESSER II Non Title	Other Local	Student Activities	Total Carried Forward
Revenues					
Federal sources	\$ 45,000	\$ 13,321	\$ -	\$ -	\$ 58,321
Local sources	-	-	1,374	1,064	2,438
Total revenues	<u>\$ 45,000</u>	<u>\$ 13,321</u>	<u>\$ 1,374</u>	<u>\$ 1,064</u>	<u>\$ 60,759</u>
Expenditures					
Instruction					
Salaries	\$ -	\$ -	\$ -	\$ -	\$ -
Other purchased services	45,000	-	-	-	45,000
Supplies and materials	-	11,181	1,374	-	12,555
Total	<u>45,000</u>	<u>11,181</u>	<u>1,374</u>	<u>-</u>	<u>57,555</u>
Support services					
Tuition	-	-	-	-	-
Employee benefits	-	-	-	-	-
Purchased professional and technical services	-	-	-	-	-
Student activities	-	-	-	442	442
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>442</u>	<u>442</u>
Capital Outlay					
Construction services	-	-	-	-	-
Instructional equipment	-	2,140	-	-	2,140
Total	<u>-</u>	<u>2,140</u>	<u>-</u>	<u>-</u>	<u>2,140</u>
Total expenditures	<u>\$ 45,000</u>	<u>\$ 13,321</u>	<u>\$ 1,374</u>	<u>\$ 442</u>	<u>\$ 60,137</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 622	\$ 622
Fund balances, July 1	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,366</u>	<u>1,366</u>
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,988</u>	<u>\$ 1,988</u>

See independent auditors' report.

CAPITAL PROJECTS FUND

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

(NOT APPLICABLE TO THIS REPORT)

PROPRIETARY FUND

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

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

FIDUCIARY FUNDS

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

(NOT APPLICABLE TO THIS REPORT)

LONG-TERM DEBT SCHEDULES

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

(NOT APPLICABLE TO THIS REPORT)

STATISTICAL SECTION

LEBANON BOROUGH SCHOOL DISTRICT
Statistical Section J Series

CONTENTS	PAGE
FINANCIAL TRENDS	
These schedules contain trend information to help the reader understand how the District's financial performance and wellbeing have changed over time.	J-1 to J-5
REVENUE CAPACITY	
These schedules contain trend information to help the reader assess the District's most significant local revenue sources, the property tax.	J-6 to J-9
DEBT CAPACITY	
These schedules contain trend information to help the reader assess the affordability of the District's current levels of outstanding debt and the District's ability to issue additional debt in the future.	J-10 to J-13
DEMOGRAPHIC AND ECONOMIC INFORMATION	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the District's financial activities take place.	J-14 to J-15
OPERATING INFORMATION	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
Sources: Unless otherwise noted, the information in these schedules are derived from the Annual Comprehensive Financial Reports (ACFR) for the relevant year.	
The District implemented GASB Statement No. 84 in the fiscal year ending June 30, 2021. Schedules presenting information relating to the implementation of GASB Statement No. 84 include information beginning in that year.	

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Governmental activities										
Net investment in capital assets	\$ 1,875,601	\$ 1,840,060	\$ 1,976,950	\$ 1,951,718	\$ 1,895,219	\$ 1,916,125	\$ 1,831,305	\$ 1,788,479	\$ 1,728,619	\$ 1,713,981
Restricted	597,951	599,825	445,130	469,860	609,275	562,016	570,709	573,808	637,629	830,916
Unrestricted	314,718	(145,116)	(184,173)	(226,499)	(273,276)	(306,479)	(331,127)	(325,531)	(297,415)	(201,179)
Total governmental activities	<u>\$ 2,788,270</u>	<u>\$ 2,294,769</u>	<u>\$ 2,237,907</u>	<u>\$ 2,195,079</u>	<u>\$ 2,231,218</u>	<u>\$ 2,171,662</u>	<u>\$ 2,070,887</u>	<u>\$ 2,036,756</u>	<u>\$ 2,068,833</u>	<u>\$ 2,343,718</u>
Business-type activities										
Net investment in capital assets	\$ -	\$ -	\$ 2,987	\$ 2,727	\$ 2,468	\$ 2,208	\$ 1,948	\$ 1,688	\$ 1,428	\$ 1,168
Unrestricted	7,756	5,323	1,569	1,234	1,179	1,220	1,444	1,672	1,672	2,014
Total business-type activities	<u>\$ 7,756</u>	<u>\$ 5,323</u>	<u>\$ 4,556</u>	<u>\$ 3,961</u>	<u>\$ 3,647</u>	<u>\$ 3,428</u>	<u>\$ 3,392</u>	<u>\$ 3,360</u>	<u>\$ 3,100</u>	<u>\$ 3,182</u>
District-wide										
Net investment in capital assets	\$ 1,875,601	\$ 1,840,060	\$ 1,979,937	\$ 1,954,445	\$ 1,897,687	\$ 1,918,333	\$ 1,833,253	\$ 1,790,167	\$ 1,730,047	\$ 1,715,149
Restricted	597,951	599,825	445,130	469,860	609,275	562,016	570,709	573,808	637,629	830,916
Unrestricted	322,474	(139,793)	(182,604)	(225,265)	(272,097)	(305,259)	(329,683)	(323,859)	(295,743)	(199,165)
Total district-wide	<u>\$ 2,796,026</u>	<u>\$ 2,300,092</u>	<u>\$ 2,242,463</u>	<u>\$ 2,199,040</u>	<u>\$ 2,234,865</u>	<u>\$ 2,175,090</u>	<u>\$ 2,074,279</u>	<u>\$ 2,040,116</u>	<u>\$ 2,071,933</u>	<u>\$ 2,346,900</u>

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

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Expenses										
Governmental activities										
Instruction										
Regular	\$ 965,736	\$ 1,027,792	\$ 1,123,180	\$ 1,171,939	\$ 1,501,930	\$ 1,668,388	\$ 1,431,256	\$ 1,402,236	\$ 1,762,571	\$ 1,694,371
Special education	115,613	64,029	128,670	146,752	168,419	192,037	355,791	378,123	396,063	330,076
Other special education	31,277	36,665	87,030	97,009	114,841	135,713	131,899	158,477	169,848	208,183
Other instruction	2,681	3,395	2,761	6,134	7,431	27,383	2,400	2,607	1,463	2,608
Support services										
Tuition	377,117	330,470	394,890	490,732	633,971	660,986	671,384	594,490	655,487	594,792
Student and instruction related services	359,387	565,805	639,257	643,825	598,406	687,912	675,535	631,302	699,628	659,826
General and business administrative services	398,048	433,000	401,782	386,294	269,930	307,044	348,496	363,637	351,806	337,179
School administration	122,059	27,149	1,242	1,271	1,277	1,296	1,299	4,814	3,555	3,560
Plant operations and maintenance	188,054	199,797	203,325	220,065	241,928	234,232	224,892	229,716	265,744	240,510
Pupil transportation	51,416	47,439	55,140	58,341	69,933	98,789	118,529	161,831	124,600	132,153
Total governmental activities expenses	<u>2,611,388</u>	<u>2,735,541</u>	<u>3,037,277</u>	<u>3,222,362</u>	<u>3,608,066</u>	<u>4,013,780</u>	<u>3,961,481</u>	<u>3,927,233</u>	<u>4,430,765</u>	<u>4,203,258</u>
Business-type activities										
Milk service	670	3,534	1,684	980	731	855	608	358	260	799
Child care program	-	-	-	-	-	18,789	27,980	1,555	-	4
Total business-type activities	<u>670</u>	<u>3,534</u>	<u>1,684</u>	<u>980</u>	<u>731</u>	<u>19,644</u>	<u>28,588</u>	<u>1,913</u>	<u>260</u>	<u>803</u>
Total district expenses	<u>\$ 2,612,058</u>	<u>\$ 2,739,075</u>	<u>\$ 3,038,961</u>	<u>\$ 3,223,342</u>	<u>\$ 3,608,797</u>	<u>\$ 4,033,424</u>	<u>\$ 3,990,069</u>	<u>\$ 3,929,146</u>	<u>\$ 4,431,025</u>	<u>\$ 4,204,061</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Program revenues										
Governmental activities										
Charges for services										
Regular instruction	\$ 10,600	\$ 18,800	\$ 14,490	\$ 15,595	\$ 56,204	\$ 35,569	\$ 35,750	\$ 16,325	\$ 15,875	\$ 52,250
Special education instruction related services	-	-	20	17	22	-	-	-	136	1,064
General and business administrative services	-	-	1	1	-	-	-	-	-	-
Plant operations and maintenance	120	120	711	120	120	130	130	120	120	120
Operating grants and contributions	53,511	55,951	44,241	51,283	56,977	54,550	55,667	54,687	50,365	217,723
Capital grants and contributions	-	-	81,206	14,315	5,533	-	-	-	-	-
Total governmental activities	<u>64,231</u>	<u>74,871</u>	<u>140,669</u>	<u>81,331</u>	<u>118,856</u>	<u>90,249</u>	<u>91,547</u>	<u>71,132</u>	<u>66,496</u>	<u>271,157</u>
Business-type activities										
Charges for services										
Milk service	992	1,076	897	380	411	622	554	310	-	885
Childcare program	-	-	-	-	-	6,200	16,405	-	-	-
Total business-type activities	<u>992</u>	<u>1,076</u>	<u>897</u>	<u>380</u>	<u>411</u>	<u>6,822</u>	<u>16,959</u>	<u>310</u>	<u>-</u>	<u>885</u>
Total district-wide program revenues	<u>\$ 65,223</u>	<u>\$ 75,947</u>	<u>\$ 141,566</u>	<u>\$ 81,711</u>	<u>\$ 119,267</u>	<u>\$ 97,071</u>	<u>\$ 108,506</u>	<u>\$ 71,442</u>	<u>\$ 66,496</u>	<u>\$ 272,042</u>
Net (expense) revenues										
Governmental activities	\$ (2,547,157)	\$ (2,660,670)	\$ (2,896,608)	\$ (3,141,031)	\$ (3,489,210)	\$ (3,923,531)	\$ (3,869,934)	\$ (3,856,101)	\$ (4,364,269)	\$ (3,932,101)
Business-type activities	322	(2,458)	(787)	(600)	(320)	(12,822)	(11,629)	(1,603)	(260)	82
Total district-wide net expenses	<u>\$ (2,546,835)</u>	<u>\$ (2,663,128)</u>	<u>\$ (2,897,395)</u>	<u>\$ (3,141,631)</u>	<u>\$ (3,489,530)</u>	<u>\$ (3,936,353)</u>	<u>\$ (3,881,563)</u>	<u>\$ (3,857,704)</u>	<u>\$ (4,364,529)</u>	<u>\$ (3,932,019)</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General revenues and other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 2,268,599	\$ 2,172,561	\$ 2,237,738	\$ 2,381,237	\$ 2,602,777	\$ 2,654,833	\$ 2,707,930	\$ 2,828,942	\$ 2,885,521	\$ 2,885,521
Unrestricted grants and contributions	364,796	354,521	593,769	711,997	917,479	1,205,207	1,060,063	984,396	1,503,260	1,289,988
Investment earnings	4,028	4,270	3,159	1,203	4,404	10,371	11,733	7,968	241	213
Miscellaneous income	674	-	4,780	3,766	689	6,086	905	989	7,324	31,264
Special item-proceeds on disposition of assets	-	-	300	-	-	-	-	-	-	-
Transfer	-	-	-	-	-	(12,522)	(11,472)	(1,555)	-	-
Total governmental activities	<u>2,638,097</u>	<u>2,531,352</u>	<u>2,839,746</u>	<u>3,098,203</u>	<u>3,525,349</u>	<u>3,863,975</u>	<u>3,769,159</u>	<u>3,820,740</u>	<u>4,396,346</u>	<u>4,206,986</u>
Business-type activities										
Investment earnings	27	25	8	5	6	51	121	16	-	-
Miscellaneous income	-	-	12	-	-	30	-	-	-	-
Transfer	-	-	-	-	-	12,522	11,472	1,555	-	-
Total business-type activities	<u>27</u>	<u>25</u>	<u>20</u>	<u>5</u>	<u>6</u>	<u>12,603</u>	<u>11,593</u>	<u>1,571</u>	<u>-</u>	<u>-</u>
Total district-wide	<u>\$ 2,638,124</u>	<u>\$ 2,531,377</u>	<u>\$ 2,839,766</u>	<u>\$ 3,098,208</u>	<u>\$ 3,525,355</u>	<u>\$ 3,876,578</u>	<u>\$ 3,780,752</u>	<u>\$ 3,822,311</u>	<u>\$ 4,396,346</u>	<u>\$ 4,206,986</u>
Change in net position										
Governmental activities	\$ 90,940	\$ (129,318)	\$ (56,862)	\$ (42,828)	\$ 36,139	\$ (59,556)	\$ (100,775)	\$ (35,361)	\$ 32,077	\$ 274,885
Business-type activities	349	(2,433)	(767)	(595)	(314)	(219)	(36)	(32)	(260)	82
Total district	<u>\$ 91,289</u>	<u>\$ (131,751)</u>	<u>\$ (57,629)</u>	<u>\$ (43,423)</u>	<u>\$ 35,825</u>	<u>\$ (59,775)</u>	<u>\$ (100,811)</u>	<u>\$ (35,393)</u>	<u>\$ 31,817</u>	<u>\$ 274,967</u>

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General fund										
Restricted	\$ 715,411	\$ 616,878	\$ 334,238	\$ 363,388	\$ 609,275	\$ 562,016	\$ 570,709	\$ 573,808	\$ 636,263	\$ 841,600
Committed	1,741	16,600	3,490	13,112	33,014	21,661	27,183	17,695	32,998	21,265
Assigned	-	1,600	-	-	-	23,263	-	-	-	26,702
Unassigned	234,231	234,587	231,514	229,553	240,607	230,813	229,835	243,103	256,614	260,533
Total general fund	<u>\$ 951,383</u>	<u>\$ 869,665</u>	<u>\$ 569,242</u>	<u>\$ 606,053</u>	<u>\$ 882,896</u>	<u>\$ 837,753</u>	<u>\$ 827,727</u>	<u>\$ 834,606</u>	<u>\$ 925,875</u>	<u>\$ 1,150,100</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,230	\$ 1,366	\$ 1,988
Capital projects fund	-	-	127,945	106,472	-	-	-	-	-	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 127,945</u>	<u>\$ 106,472</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,230</u>	<u>\$ 1,366</u>	<u>\$ 1,988</u>
								*		

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

* as restated

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues										
Tax levy	\$ 2,268,599	\$ 2,172,561	\$ 2,237,738	\$ 2,381,237	\$ 2,602,777	\$ 2,654,833	\$ 2,707,930	\$ 2,828,942	\$ 2,885,521	\$ 2,885,521
Tuition charges	10,600	18,800	14,330	15,355	21,500	35,569	35,750	16,325	15,875	52,250
Interest earnings	4,028	4,270	3,159	1,203	4,404	10,371	11,733	7,968	241	213
Miscellaneous	794	8,216	5,791	4,886	8,190	8,784	2,635	1,109	13,260	33,822
State sources	364,796	354,521	378,190	399,035	451,884	536,708	555,131	614,868	729,007	823,216
State sources - capital projects	-	-	81,206	14,315	5,533	-	-	-	-	-
Federal sources	53,511	47,855	44,241	50,283	49,596	51,982	54,067	54,687	44,685	216,349
Total revenues	2,702,328	2,606,223	2,764,655	2,866,314	3,143,884	3,298,247	3,367,246	3,523,899	3,688,589	4,011,371
Expenditures										
Instruction										
Regular instruction	666,093	706,976	656,588	657,657	707,209	736,896	680,514	738,479	772,320	757,005
Special education instruction	58,446	31,270	48,981	50,210	52,933	53,700	151,501	145,406	133,562	137,535
Other special instruction	24,919	30,335	59,730	63,010	63,796	64,460	66,726	90,804	63,727	63,030
School sponsored/other instructional	2,150	2,675	2,100	4,500	4,700	2,200	2,300	2,500	1,400	2,500
Support services										
Tuition	375,224	330,470	394,890	490,732	633,971	660,986	669,481	594,490	653,606	592,908
Student and inst related services	242,715	395,480	382,248	351,775	317,664	366,467	373,525	388,276	375,167	400,456
General administration	309,412	284,790	191,434	179,310	84,854	87,350	136,770	145,343	97,153	101,202
School administration services	98,138	20,813	984	1,008	1,008	1,032	1,032	4,402	3,190	3,200
Central services	54,271	101,612	104,478	87,169	87,340	92,504	94,366	97,457	100,412	104,321
Plant operations and maintenance	153,800	162,341	158,844	169,115	170,433	173,711	175,650	173,757	192,083	211,924
Pupil transportation	51,416	47,439	55,140	58,341	69,933	98,789	118,529	161,831	124,600	132,153
Employee benefits	304,111	343,540	449,769	424,530	447,275	498,688	499,626	468,542	502,561	469,549
On-behalf TPAF Pension and Social Security contribution	181,898	145,199	182,193	212,698	249,526	334,789	338,583	401,703	496,833	583,119
Capital outlay		29,050	2,499	13,850	25,894	104,746	1,530	49,018	28,975	9,457
Special revenue funds	53,511	55,951	44,241	51,283	56,977	54,550	55,667	54,687	50,365	218,165
Capital projects	-	-	203,014	35,788	-	-	-	-	-	-
Total expenditures	2,576,104	2,687,941	2,937,133	2,850,976	2,973,513	3,330,868	3,365,800	3,516,695	3,595,954	3,786,524

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Excess (deficiency) of revenues over (under) expenditures	\$ 126,224	\$ (81,718)	\$ (172,478)	\$ 15,338	\$ 170,371	\$ (32,621)	\$ 1,446	\$ 7,204	\$ 92,635	\$ 224,847
Other financing uses										
Transfers out	-	-	-	-	-	(12,522)	(11,472)	(1,555)	-	-
Net change in fund balances	<u>\$ 126,224</u>	<u>\$ (81,718)</u>	<u>\$ (172,478)</u>	<u>\$ 15,338</u>	<u>\$ 170,371</u>	<u>\$ (45,143)</u>	<u>\$ (10,026)</u>	<u>\$ 5,649</u>	<u>\$ 92,635</u>	<u>\$ 224,847</u>
Debt service as a percentage of non-capital expenditures	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Interest income	\$ 4,028	\$ 4,028	\$ 3,159	\$ 1,203	\$ 4,404	\$ 10,371	\$ 11,733	\$ 7,968	\$ 241	\$ 213
Tuition	10,600	10,600	14,330	15,595	21,500	35,569	35,750	16,325	15,875	52,250
Refunds	-	-	-	-	-	-	-	-	-	-
Rental	-	-	591	120	120	120	120	120	120	120
Prior year										
Refunds	-	-	-	-	75	1,944	843	987	7,103	31,081
Outstanding checks canceled	-	-	-	-	20	-	-	-	-	-
Accounts payable canceled	-	-	3,632	-	-	-	-	-	-	-
Excess payroll balance canceled	-	-	1,000	-	-	-	-	-	-	-
I-pad sales	-	-	-	-	-	3,520	50	-	-	-
E-rate telephone reimbursements	674	-	-	-	-	-	-	-	-	-
Miscellaneous	120	120	568	4,526	594	632	22	2	221	183
Annual totals	<u>\$ 15,422</u>	<u>\$ 14,748</u>	<u>\$ 23,280</u>	<u>\$ 21,444</u>	<u>\$ 26,713</u>	<u>\$ 52,156</u>	<u>\$ 48,518</u>	<u>\$ 25,402</u>	<u>\$ 23,560</u>	<u>\$ 83,847</u>

Source: District Records

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

See independent auditors' report.

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

	Fiscal Year Ended June 30,									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Vacant land	\$ 3,382,200	\$ 1,541,600	\$ 1,529,600	\$ 1,420,900	\$ 1,418,900	\$ 1,418,900	\$ 1,418,900	\$ 1,418,900	\$ 1,418,900	\$ 1,418,900
Residential	152,148,400	154,328,000	154,414,600	154,290,900	154,509,500	154,498,600	154,487,900	154,588,700	162,966,200	163,619,900
Farm regular	681,000	681,000	681,000	681,000	681,000	681,000	681,000	681,000	681,000	681,000
Q Farm	29,923	29,923	29,923	29,923	29,923	29,923	29,923	29,923	29,923	29,923
Commercial	88,706,900	88,137,700	88,252,700	80,913,300	80,837,600	80,581,700	85,648,200	84,265,800	76,765,800	76,472,300
Industrial	8,172,380	8,172,380	8,713,980	8,713,980	8,713,980	8,713,980	8,713,980	8,713,980	8,713,980	8,713,980
Apartment	19,915,800	21,079,800	26,106,800	26,106,800	28,141,000	28,141,000	29,141,000	29,141,000	29,637,000	29,637,000
Total assessed value	273,036,603	273,970,403	279,728,603	272,156,803	274,331,903	274,065,103	280,120,903	278,839,303	280,212,803	280,573,003
Public utilities (a)	659,123	-	-	-	-	-	-	-	-	-
Net valuation taxable	\$ 273,695,726	\$ 273,970,403	\$ 279,728,603	\$ 272,156,803	\$ 274,331,903	\$ 274,065,103	\$ 280,120,903	\$ 278,839,303	\$ 280,212,803	\$ 280,573,003
Estimated actual county equalized value	\$ 277,132,165	\$ 262,423,758	\$ 280,317,269	\$ 269,916,496	\$ 281,020,183	\$ 277,169,400	\$ 296,926,969	\$ 282,827,166	\$ 286,457,578	\$ 287,973,933
Percentage of net valuation to estimated actual equalized value	98.76%	104.40%	99.79%	100.83%	97.62%	98.88%	94.34%	98.59%	97.82%	97.43%
Total direct school tax rate (b)	\$ 0.794	\$ 0.817	\$ 0.851	\$ 0.957	\$ 0.968	\$ 0.989	\$ 1.010	\$ 1.035	\$ 1.030	\$ 1.029

Source: Municipal Tax Assessor

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

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

See independent auditors' report.

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

Assessment Year	School District Direct Rate			Regional School Rate	Overlapping Rates		Total Direct & Overlapping Tax Rate
	Basic Rate (a)	General Obligation Debt Service (b)	(From J-6) Total Direct School Tax Rate		Municipality	County	
2013	\$ 0.794	\$ -	\$ 0.794	\$ 0.611	\$ 0.297	\$ 0.361	\$ 2.063
2014	0.817	-	0.817	0.626	0.330	0.354	2.127
2015	0.851	-	0.851	0.588	0.356	0.371	2.166
2016	0.957	-	0.957	0.570	0.389	0.368	2.284
2017	0.968	-	0.968	0.498	0.406	0.377	2.249
2018	0.989	-	0.989	0.476	0.439	0.386	2.290
2019	1.010	-	1.010	0.549	0.454	0.408	2.421
2020	1.035	-	1.035	0.611	0.471	0.383	2.500
2021	1.030	-	1.030	0.582	0.469	0.385	2.466
2022	1.029	-	1.029	0.612	0.483	0.387	2.511

Sources: Municipal Tax Collector

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

- (a) The District's basic tax rate is calculated from the A4F Form which is submitted with the budget and the net valuation taxable.
- (b) Rates for debt service are based on each year's requirements.

See independent auditors' report.

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

	2022			2013		
	Taxable Assessed Value	Rank	% of Total District Net Assessed Value	Taxable Assessed Value	Rank	% of Total District Net Assessed Value
	Presidential Lakes Inv LLC	\$ 27,000,000	1	9.62%	\$ -	
600 Corporate Drive LLC	8,500,000	2	3.03%	-		-
Camelot Ridge LLC	8,486,800	3	3.02%	9,424,000	4	3.44%
KRE HIP Court Lebanon	6,000,000	4	2.14%	-		-
Architectural Holdings LLC	5,700,000	5	2.03%	6,880,900	6	2.51%
Cokesbury Road Industrial Park LLC	5,500,000	6	1.96%	5,788,100	7	2.11%
Hunterdon Plaza Associates LLC	5,050,000	7	1.80%	5,050,000	9	1.85%
Hunterdon Executive Center LLC	5,000,000	8	1.78%	-		-
Moglia, Joseph P & Daughters LLC	4,990,500	9	1.78%	5,272,900	8	1.93%
111 Cokesbury LLC	3,885,380	10	1.38%	-		-
Presidential Place at Lebanon LLC	-		-	18,938,800	1	6.92%
Wells Operating Part LP	-		-	17,500,000	2	6.39%
JC 2002-C3 100-200 Corp	-		-	12,000,000	3	4.38%
IA Orchard Hotels Lebanon LLC	-		-	7,382,800	5	2.70%
KBT NJ LLC	-		-	3,878,880	10	1.42%
	<u>\$ 80,112,680</u>		<u>28.54%</u>	<u>\$ 92,116,380</u>		<u>33.65%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

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

Year Ending June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2013	\$ 2,268,599	\$ 2,268,599	100.00%
2014	2,172,561	2,172,561	100.00%
2015	2,237,738	2,237,738	100.00%
2016	2,381,237	2,381,237	100.00%
2017	2,602,777	2,602,777	100.00%
2018	2,654,833	2,654,833	100.00%
2019	2,707,930	2,707,930	100.00%
2020	2,828,942	2,828,942	100.00%
2021	2,885,521	2,885,521	100.00%
2022	2,885,521	2,885,521	100.00%

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

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

See independent auditors' report.

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

Fiscal Year Ended June 30,	Governmental Activities			Bond Anticipation Notes (BANs)	Business-Type Activities Leases	Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Leases					
2013	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	N/A	N/A
2014	-	-	-	-	-	-	N/A	N/A
2015	-	-	-	-	-	-	N/A	N/A
2016	-	-	-	-	-	-	N/A	N/A
2017	-	-	-	-	-	-	N/A	N/A
2018	-	-	-	-	-	-	N/A	N/A
2019	-	-	-	-	-	-	N/A	N/A
2020	-	-	-	-	-	-	N/A	N/A
2021	-	-	-	-	-	-	N/A	N/A
2022	-	-	-	-	-	-	N/A	N/A

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

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

N/A - Not Applicable

See independent auditors' report.

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

Fiscal Year Ended June 30,	General Bonded Debt Outstanding			% of Actual Taxable Value of Property (a)	Per Capita (b)
	General Obligation Bonds	Deductions	Net General Bonded Debt Outstanding		
2013	\$ -	\$ -	\$ -	N/A	N/A
2014	-	-	-	N/A	N/A
2015	-	-	-	N/A	N/A
2016	-	-	-	N/A	N/A
2017	-	-	-	N/A	N/A
2018	-	-	-	N/A	N/A
2019	-	-	-	N/A	N/A
2020	-	-	-	N/A	N/A
2021	-	-	-	N/A	N/A
2022	-	-	-	N/A	N/A

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

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

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

N/A - Not Applicable

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Direct and Overlapping Governmental Activities Debt
As of December 31, 2021

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated % Applicable (a)</u>	<u>Estimated Share of Debt</u>
Debt repaid with property taxes			
Municipality	\$ 4,217,400	100.00%	\$ 4,217,400
Regional High School	7,545,000	3.40%	256,427
County general obligation debt	96,226,693	1.29%	<u>1,236,894</u>
Subtotal, overlapping debt			5,710,721
School district direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 5,710,721</u></u>

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

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

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

See independent auditors' report.

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

Legal Debt Margin Calculation for Fiscal Year 2022

		Equalized Valuation Basis	
		2021	\$ 287,604,232
		2020	285,053,469
		2019	284,127,095
			<u>\$ 856,784,796</u>
	Average equalized valuation of taxable property		<u>\$ 285,594,932</u>
	Debt limit (3.0% of average equalization value) (a)		\$ 8,567,848
	Total net debt applicable to limit		<u>-</u>
	Legal debt margin		<u>\$ 8,567,848</u>

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 8,335,372	\$ 8,466,191	\$ 8,520,742	\$ 8,596,884	\$ 8,567,848
Total net debt applicable	-	-	-	-	-
Legal debt margin	<u>\$ 8,335,372</u>	<u>\$ 8,466,191</u>	<u>\$ 8,520,742</u>	<u>\$ 8,596,884</u>	<u>\$ 8,567,848</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

	Fiscal Year				
	2013	2014	2015	2016	2017
Debt limit	\$ 8,695,624	\$ 8,261,643	\$ 8,110,519	\$ 8,135,022	\$ 8,306,449
Total net debt applicable	-	-	-	-	-
Legal debt margin	<u>\$ 8,695,624</u>	<u>\$ 8,261,643</u>	<u>\$ 8,110,519</u>	<u>\$ 8,135,022</u>	<u>\$ 8,306,449</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%	0.00%

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

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

See independent auditors' report.

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

Year	Population (a)	Personal Income (b)	Per Capita Personal Income (c)	Unemployment Rate (d)
2013	1,698	\$ 127,993,542	\$ 75,379	6.3%
2014	1,693	127,338,995	75,215	5.3%
2015	1,686	132,961,332	78,862	4.6%
2016	1,672	135,400,232	80,981	3.8%
2017	1,666	139,549,158	83,763	3.5%
2018	1,668	141,633,216	84,912	3.7%
2019	1,659	145,882,506	87,934	3.3%
2020	1,648	151,527,008	91,946	9.2%
2021	1,638	155,754,144	95,088	5.5%
2022	1,666	N/A	N/A	N/A

Sources:

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

N/A Information is not available

See independent auditors' report.

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

2022

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

2013

Employer	Employees	Rank	Percentage of Total Municipal Employment
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INFORMATION IS NOT AVAILABLE FOR THIS SCHOOL DISTRICT

See independent auditors' report.

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

Function/Program	<u>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>2022</u>
Instruction										
Regular	10.7	9.6	9.4	9.4	11.5	13.3	10.5	10.5	10.5	10.8
Special education	2.0	1.0	1.0	2.0	2.0	1.6	3.0	3.0	3.0	3.0
Support services										
Student and instruction related services	3.8	4.0	4.4	4.4	4.0	3.5	4.0	4.0	4.0	4.0
General administration	0.6	3.0	3.0	3.0	3.0	2.0	2.0	2.0	2.0	2.0
School administration services	0.6	-	-	-	-	1.0	1.0	1.8	1.8	1.8
Plant operations and maintenance	1.0	1.0	1.0	1.5	1.5	1.5	1.0	1.5	1.5	1.5
Total	<u>18.7</u>	<u>18.6</u>	<u>18.8</u>	<u>20.3</u>	<u>22.0</u>	<u>22.9</u>	<u>21.5</u>	<u>22.8</u>	<u>22.8</u>	<u>23.1</u>

Source: District Personnel Records

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Operating Statistics
Last Ten Fiscal Years

Fiscal Year	June 30 Enrollment	Operating Expenditures (a)	Cost Per Pupil	Percentage Change	Teaching Staff (b)	Teacher Ratio	Average Daily Enrollment (ADE) (c)	Average Daily Attendance (ADA) (c)	% Change in Average Daily Enrollment	Student Attendance Percentage
2013	79	\$ 2,576,104	\$ 32,609	12.55%	13	1 to 6.08	76.0	74.1	-7.43%	97.50%
2014	91	2,658,891	29,219	-10.40%	14	1 to 6.50	91.0	87.2	19.74%	95.82%
2015	90	2,731,620	30,351	3.87%	14	1 to 6.43	92.4	88.7	1.56%	95.99%
2016	102	2,801,338	27,464	-9.51%	15	1 to 6.80	97.8	94.7	5.82%	96.87%
2017	102	2,947,619	28,898	5.22%	12	1 to 8.50	102.7	99.9	5.01%	97.27%
2018	109	3,226,122	29,597	2.42%	13	1 to 8.20	109.8	106.7	6.92%	97.13%
2019	105	3,364,270	32,041	8.26%	14	1 to 7.78	106.4	102.3	-3.11%	96.15%
2020	105	3,467,677	33,025	3.07%	14	1 to 7.78	105.2	101.9	-1.13%	96.88%
2021	95	3,566,979	37,547	13.69%	14	1 to 6.79	96.8	94.6	-7.98%	97.69%
2022	100	3,777,067	37,771	0.60%	14	1 to 7.14	97.0	90.8	0.20%	93.60%

Source: District Records

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

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
School Building Information
Last Ten Fiscal Years

<u>District Building</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>2022</u>
<u>Lebanon Borough School (1989)</u>										
Square feet	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369	31,369
Capacity (students)	143	143	143	143	143	143	143	143	143	143
Enrollment	79	91	90	102	99	104	105	105	95	100

Number of Schools at June 30, 2022
 Elementary and Middle = 1

Source: District Facilities Office

N/A = Not Available

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

See independent auditors' report.

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

Undistributed expenditures - Required maintenance for school facilities

<u>Fiscal Year</u>	<u>Amount</u>
2013	\$ 27,229
2014	13,374
2015	18,541
2016	17,050
2017	19,393
2018	14,631
2019	22,002
2020	21,461
2021	19,415
2022	23,836
Total school facilities	<u>\$ 196,932</u>

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

Source: District Records

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Insurance Schedule
June 30, 2022
(Unaudited)

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

Source: District Records

See independent auditors' report.

SINGLE AUDIT SECTION

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART I**



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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, the financial statements of the governmental activities, the business-type activities, and the aggregate remaining fund information of the Lebanon Borough School District (the District) in the County of Hunterdon, as of and for the year ended June 30, , and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 21, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



BKC, CPAs, PC



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

February 21, 2023
Flemington, New Jersey



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

**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control Over Compliance Required by the
New Jersey OMB Circular 15-08**

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Lebanon Borough School District's (the District) compliance with the types of compliance requirements as subject to audit in the New Jersey 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, 2022. The District's major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2022.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements as prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB's Circulars 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the New Jersey OMB's Circulars 15-08 will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the audit requirements prescribed by the Office of School Finance, Department of Education, State of New Jersey, and New Jersey OMB Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the New Jersey OMB's Circulars 15-08, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow Management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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.

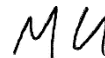
Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant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

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

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



BKC, CPAs, PC



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

February 21, 2023
Flemington, New Jersey

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of Federal Awards, Schedule A
For the Fiscal Year Ended June 30, 2022

Grantor/Program Title	Federal CFDA Number	FAIN Number	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Adjustment	Repayment of Prior Year Balance	Balance June 30, 2022					
					From	To	Deferred Rev. (Accts. Rec)	Carryover Amount					Accounts Receivable	Deferred Revenue	Due to Grantor			
U.S. Department of Education passed through State Department of Education Special revenue fund																		
Special education cluster (IDEA)																		
IDEA Basic	84.027	H027A190100	IDEA-2590-20	\$ 28,560	07/01/19	06/30/20	\$ (1)	\$ -	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -			
IDEA Basic	84.027	H027A200100	IDEA-2590-21	28,984	07/01/20	06/30/21	(10,640)	-	10,640	-	-	-	-	-	-			
IDEA Basic	84.027	H027A210100	IDEA-2590-22	28,050	07/01/21	06/30/22	-	-	20,650	23,637	-	-	(2,987)	-	-			
IDEA Preschool	84.173	H173A210114	IDEA-2590-22	1,884	07/01/21	06/30/22	-	-	1,884	1,884	-	-	-	-	-			
Total special education cluster (IDEA)							(10,641)	-	33,175	25,521	-	-	(2,987)	-	-			
Title II A	84.367A	S367A210029	ESSA-2590-22	1,646	07/01/21	06/30/22	-	-	1,275	1,646	-	-	(371)	-	-			
COVID-19																		
ARP IDEA Basic	84.027X	H027X210100	ARP-2590-22	4,015	07/01/21	06/30/22	-	-	4,015	4,015	-	-	-	-	-			
ARP IDEA Preschool	84.173X	H173X210114	ARP-2590-22	343	07/01/21	06/30/22	-	-	343	343	-	-	-	-	-			
CRRSA - ESSER II	84.425D	S425D210027	CRRSA-2590-23	36,474	03/13/20	09/30/23	-	-	26,640	13,321	-	-	-	13,319	-			
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA-2590-23	25,000	03/13/20	09/30/23	-	-	23,852	25,000	-	-	(1,148)	-	-			
CRRSA - Mental Health	84.425D	S425D210027	CRRSA-2590-23	45,000	03/13/20	09/30/23	-	-	41,806	45,000	-	-	(3,194)	-	-			
ARP - ESSER																		
ARP - ESSER	84.425U	S425U210027	ESSER-2590-24	72,974	03/13/20	09/30/24	-	-	-	72,947	-	-	(72,947)	-	-			
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ESSER-2590-24	50,000	03/13/20	09/30/24	-	-	26,364	31,781	-	-	(5,417)	-	-			
Total special revenue fund							(10,641)	-	157,470	219,574	-	-	(86,064)	13,319	-			
Total Federal Awards							\$ (10,641)	\$ -	\$ 157,470	\$ 219,574	\$ -	\$ -	\$ (86,064)	\$ 13,319	\$ -			

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Expenditures of State Financial Assistance, Schedule B
For the Fiscal Year Ended June 30, 2022

Grantor/Program Title	Project Number	Program or Award Amount	Grant Period		Balance June 30, 2021		Cash Received	Budgetary Expenditure	Repayment of Prior Year Balance	Balance June 30, 2022			Memo	
			From	To	Deferred Rev. (Accts. Rec)	Due to Grantor				Accounts Receivable	Deferred Revenue	Due to Grantor	Budgetary Receivable	Cumulative Expenditure
State Department of Education														
General fund														
Special Education Categorical Aid	22-495-034-5120-089	\$ 112,305	07/01/21	06/30/22	\$ -	\$ -	\$ 101,074	\$ 112,305	\$ -	\$ -	\$ -	\$ -	\$ 11,231	\$ 112,305
Security Aid	22-495-034-5120-084	11,798	07/01/21	06/30/22	-	-	10,618	11,798	-	-	-	-	1,180	11,798
Transportation Aid	22-495-034-5120-014	24,207	07/01/21	06/30/22	-	-	21,786	24,207	-	-	-	-	2,421	24,207
School Choice Aid	22-495-034-5120-068	54,180	07/01/21	06/30/22	-	-	48,763	54,180	-	-	-	-	5,417	54,180
Extraordinary Special Education Costs Aid	21-495-034-5120-044	25,542	07/01/20	06/30/21	(25,542)	-	25,542	-	-	-	-	-	-	25,542
Extraordinary Special Education Costs Aid	22-495-034-5120-044	29,912	07/01/21	06/30/22	-	-	-	29,912	-	(29,912)	-	-	-	29,912
Non-Public Transportation Aid	21-495-034-5120-014	1,160	07/01/20	06/30/21	(1,160)	-	1,160	-	-	-	-	-	-	1,160
Non-Public Transportation Aid	22-495-034-5120-014	870	07/01/21	06/30/22	-	-	-	870	-	(870)	-	-	-	870
Securing Our Children's Future Bond Act	22-100-082-2000-A92	11,711	07/01/20	06/30/22	(4,725)	-	11,711	6,986	-	-	-	-	-	11,711
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002	396,273	07/01/21	06/30/22	-	-	396,273	396,273	-	-	-	-	-	396,273
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004	5,591	07/01/21	06/30/22	-	-	5,591	5,591	-	-	-	-	-	5,591
On-Behalf TPAF Pension Contribution - Post Retirement Medical	22-495-034-5094-001	93,892	07/01/21	06/30/22	-	-	93,892	93,892	-	-	-	-	-	93,892
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004	223	07/01/21	06/30/22	-	-	223	223	-	-	-	-	-	223
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	87,140	07/01/21	06/30/22	-	-	78,234	87,140	-	(8,906)	-	-	-	87,140
Total general fund					<u>(31,427)</u>	<u>-</u>	<u>794,867</u>	<u>823,377</u>	<u>-</u>	<u>(39,688)</u>	<u>-</u>	<u>-</u>	<u>20,249</u>	<u>854,804</u>
Total State Financial Assistance					<u>\$ (31,427)</u>	<u>\$ -</u>	<u>\$ 794,867</u>	<u>823,377</u>	<u>\$ -</u>	<u>\$ (39,688)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,249</u>	<u>\$ 854,804</u>
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002							396,273						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004							5,591						
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001							93,892						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-004							223						
Total for State Financial Assistance - Major Program Determination								<u>\$ 327,398</u>						

See independent auditors' report.

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

Note 1 - General

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

Note 2 - Basis of accounting

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

Note 3 - Relationship of financial statements

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

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

The net adjustment to reconcile from the budgetary basis to the GAAP basis is \$(161) for the general fund and \$(3,225) 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.

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

	Federal	State	Total
General fund	\$ -	\$ 823,216	\$ 823,216
Special revenue fund	216,349	-	216,349
Total awards and financial assistance	<u>\$ 216,349</u>	<u>\$ 823,216</u>	<u>\$ 1,039,565</u>

LEBANON BOROUGH SCHOOL DISTRICT
Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance
For the Fiscal Year Ended June 30, 2022

- Note 4 - Relationship to federal and state financial reports
Amounts reported in the accompanying schedules agree with the amounts reported in the related federal and state financial reports.
- Note 5 - Other
The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the year ended June 30, 2022. TPAF Social Security Contribution represents the amount reimbursed by the state for the employer's share of Social Security Contributions for TPAF members for the fiscal year ended June 30, 2022.
- Note 6 - Indirect costs
The District has elected not to utilize the 10% de minimis indirect cost rate.

**OTHER REPORTING REQUIRED BY
GOVERNMENT AUDITING STANDARDS - PART II**

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued Unmodified

Internal Control Over Financial Reporting:

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

Noncompliance material to basic financial statements noted?

Yes No

Federal Awards

Not Applicable

Internal Control Over Major Programs:

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

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

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

Yes No

Identification of Major Programs:

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

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

Did the auditee qualify as a low-risk auditee?

Yes No

**LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022**

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

State Awards

What was the dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Did the auditee qualify as a low-risk auditee? Yes No

Internal Control Over Major Programs:

- 1. Were material weakness(es) identified? Yes No
- 2. Were there significant deficiencies identified that are not considered to be material weaknesses? Yes None reported

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

Were any audit findings disclosed that are required to be reported in accordance with NJ OMB Circular Letter 15-08 as applicable? Yes No

Identification of Major Programs:

<u>State Grant/Project Numbers</u>	<u>Name of State Program</u>
	<i>State Aid Public Cluster:</i>
<i>22-495-034-5120-089</i>	<i>Special Education Categorical Aid</i>
<i>22-495-034-5120-084</i>	<i>Security Aid</i>
<i>22-495-034-5120-068</i>	<i>School Choice Aid</i>

LEBANON BOROUGH SCHOOL DISTRICT
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2022

Section II - Financial Statement Findings

There were no findings or questioned costs for the fiscal year ended June 30, 2022.

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

There were no findings or questioned costs for the fiscal year ended June 30, 2022.

**LEBANON BOROUGH SCHOOL DISTRICT
Summary Schedule of Prior Year Audit Findings
And Questioned Costs as Prepared by Management
For the Fiscal Year Ended June 30, 2022**

Status of Prior Year Findings

There were no prior year findings or questioned costs.