

**LEBANON TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE  
FINANCIAL REPORT**

**JUNE 30, 2022**

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



**LEBANON TOWNSHIP  
SCHOOL DISTRICT**

**ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**For the Fiscal Year Ended June 30, 2022**

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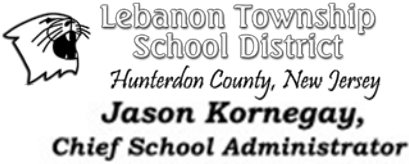
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SCHOOL DISTRICT**

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## Lebanon Township Board of Education

Kelly Morris, School Business Administrator  
70 Bunnvale Road, Califon, NJ 07830 | (908) 638-4521 | www.lebtwpk8.org

*Empowering People. Dedicated to Learning. Committed to Growth.*

March 8, 2023

Honorable President and Members of the Board of Education  
Lebanon Township School District  
70 Bunnvale Road  
Califon, NJ 07830

Dear Honorable President and Board Members:

The Annual Comprehensive Financial Report of the Lebanon Township School District for the fiscal year ending June 30, 2022 is hereby submitted. Responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the Management of the District. To the best of our knowledge and belief, the data presented in this report is accurate in all material aspects and is reported in a manner designed to present, fairly, the financial position and results of the 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, Introduction, Financial, Statistical and Single audit. The Introduction Section also includes the Letter of Transmittal, the District's Organizational Chart, Roster of Officials, and Consultants and Advisors. The Financial Section includes the Basic Financial Statements and schedules, as well as the auditor's report, therein. The Statistical Section includes 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 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 Circular 15-08, *Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid*. Information related to the single audit, including the auditor's reports on internal control structure and compliance with applicable law and regulations and findings are included in the Single Audit Section of this report.

**1. REPORTING ENTITY AND ITS SERVICES:** Lebanon Township School District is an independent reporting entity within the criteria adopted by the Governmental Accounting Standards Board (GASB) as stated by Statement No. 14. All funds and account groups of the District are included in this report.

The District provides a full range of educational services appropriate to grade levels preschool to twelve as well as special education. The District completed the 2021-2022 fiscal year with an average daily enrollment of 586.2 students, which is a 1.99% decrease from the previous year's enrollment. The following details the change in the student enrollment of the over the last ten years.

<u>Fiscal Year</u>	<u>Average Daily Enrollment</u>	<u>Percent Change</u>
2012-2013	709.9	-3.31%
2013-2014	724.6	2.07%
2014-2015	687.5	-5.12%
2015-2016	659.5	-4.07%
2016-2017	624.2	-5.35%
2017-2018	590.5	-5.40%
2018-2019	626.5	6.10%
2019-2020	623.8	-0.43%
2020-2021	574.7	-7.87%
2021-2022	586.2	1.99%

2. **ECONOMIC CONDITION AND OUTLOOK:** The Lebanon Township area is largely residential. There are relatively few business enterprises on the tax rolls. The Lebanon Township School District is in a sound financial position with reserves sufficient to maintain its facilities and provide a strong educational program for the benefit of all township residents. However, the anticipated continuation of reduction in State Aid over the next few years may continue to create financial burdens in order to continue to provide our current educational programs.
  
3. **MAJOR INITIATIVES:** The Lebanon Township School District continues to dedicate resources toward providing the best possible education for our students. We have made a commitment to continue to use a balance of responsible assessment programs, current technology, and sound instructional methods. In order to support these initiatives, the district has dedicated resources for professional development activities for staff members. In an effort to ensure that our students are able to compete in an increasingly complex work world, we continue to invest in technology for our classrooms. Our students have access to individual electronic devices as well as classroom-based technology. Investing in hardware and human resources for the teaching of technology will serve our students well as they enter high school and, ultimately, the world of work.

Our district has for many years sought opportunities to share services with other districts in order to maintain program efficacy and to act in a fiscally responsible manner. We continue this commitment with several shared services agreements. One such agreement is for the provision of educational delivery to all Hampton Borough students in grades 6th through 8th through a send/receive tuition agreement. We also offer programs for special needs students from other districts on a tuition basis. In addition, we partner closely with the Hunterdon County Educational Services Commission for our transportation and technology support needs through shared agreements/jointures.

Finally, we continue to work in partnership with the Lebanon Township municipality for various facilities and grounds related tasks. We are proud of our schools and continue to look for new ways to share our expertise and save taxpayer money through the expertise of other local government organizations.

4. **INTERNAL 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 is compiled to allow

for the preparation of financial statements in the conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance 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 the costs and benefits requires estimates and judgements by Management.

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

As a part of the District's single audit described earlier, tests are made to determine the adequacy of the internal structure, including the 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 Board of Education. Annual appropriated budgets are adopted for the general fund, the special revenue funds, and the debt service fund.

An encumbrance accounting system is used to record outstanding purchase commitments on a line by line basis.

6. **ACCOUNTING SYSTEM AND REPORTS:** The District's accounting records reflect generally accepted 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 sections 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 a large part by the State as detailed in the Notes to the Financial Statements, Note 3. The District has adopted a cash management plan requiring it to deposit public funds in public depositories protected from loss under provisions of the Government Unit Deposit Protection Act (GUDPA). GUDPA was enacted 1970 to protect government units from a loss of funds in deposits with failed banking institutions in New Jersey. The law requires government units to deposit public funds only in public depositories located in New Jersey, where 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 District selected the accounting firm of BKC, CPAs, PC. In addition to meeting the requirements set forth in the statute, the audit was also designed to meet the requirements of the Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirement, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Treasury OMB Circular Letter 15-08, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments. The auditor's report on the general-purpose financial statements and schedules are included in the Financial Section of the 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 sincere appreciation to the members of the Lebanon Township Board of Education for their dedication to providing fiscal accountability to the citizens and taxpayers of the District and 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 the District's Staff.

Respectfully Submitted,



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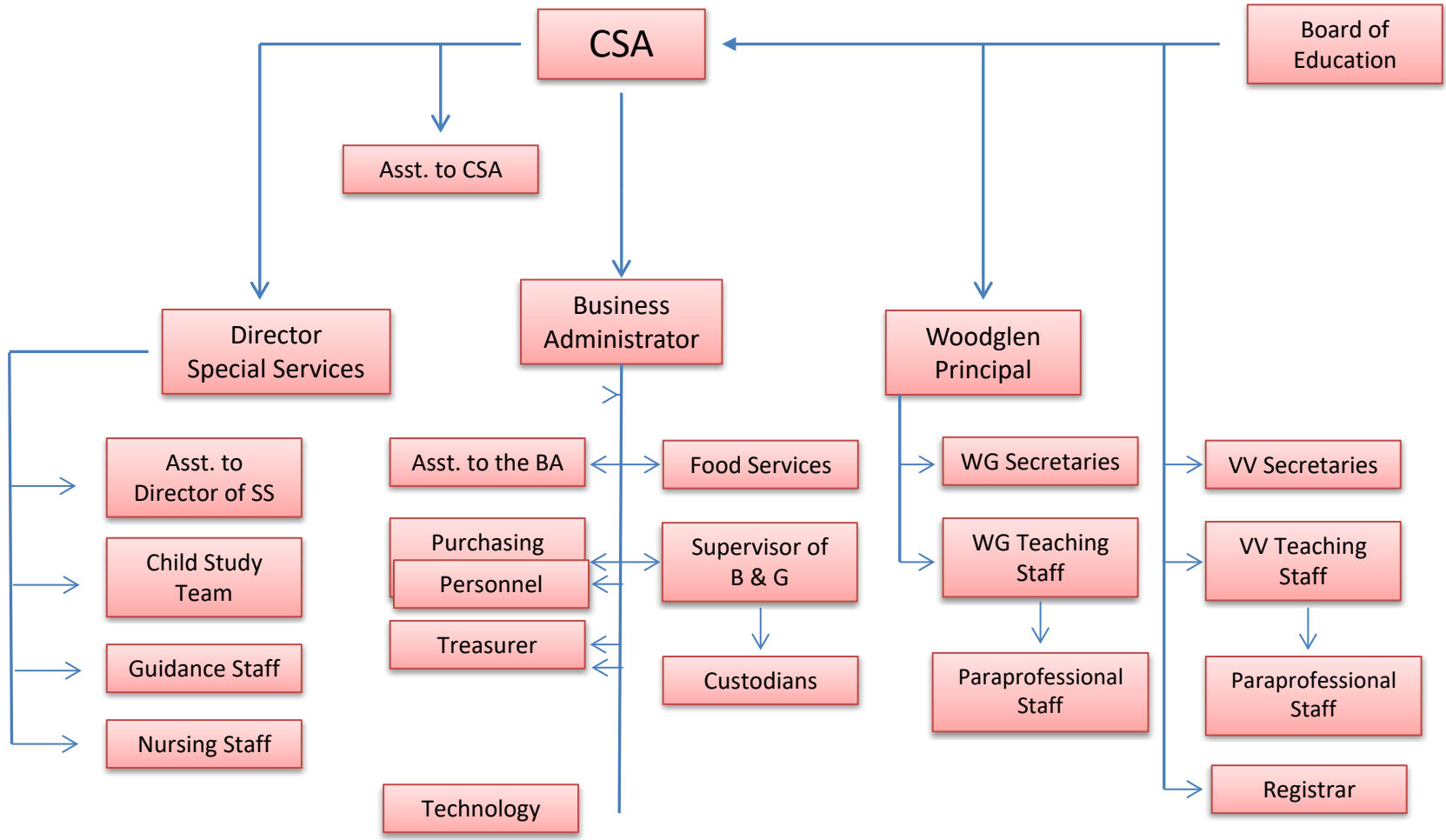
Jason Kornegay  
Superintendent



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Kelly Morris  
School Business Administrator/Board Secretary

# Lebanon Township School District Organizational Chart



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Roster of Officials**  
**June 30, 2022**

<b>Members of the Board of Education</b>	<b>Title</b>	<b>Term Expires</b>
Stephanie Cahill	President	2022
Barton Lagomarsino	Vice President	2024
Erica Balzer		2022
Ben Damiano		2022
Darek Merkel		2023
Ronald Pojedinec		2023
Kiersten Robbins		2023
Michele Korfin		2024
Karen Williams		2024

<b>Other Officials</b>	<b>Title</b>
Jason Kornegay	Chief School Administrator
Abigail J. Postma	Board Secretary/School Business Administrator (July 01, 2021 – September 20, 2021)
Kelly Morris	Board Secretary/School Business Administrator (October 11, 2021 – June 30, 2022)
Gregory Della Pia	Treasurer

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Consultants and Advisors**  
**June 30, 2022**

**AUDIT FIRM**

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

**BOARD ATTORNEY**

Comegno Law Group  
521 Pleasant Valley Avenue  
Moorestown, NJ 08057

**OFFICIAL DEPOSITORY**

Investors Bank  
55 Old Highway 22  
Clinton, NJ 08809



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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## Independent Auditors' Report

Honorable President and  
Members of the Board of Education  
Lebanon Township School District  
Califon, 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 Township 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 March 8, 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

March 8, 2023  
Flemington, New Jersey



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

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

**Financial Highlights**

**Key financial highlights for 2022 are as follows:**

- In total, net position increased \$1,477,934 which represents a 20.93% increase from fiscal year 2021.
- General revenues accounted for \$18,481,898 in revenue or 94.02% of total revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$1,175,855 or 5.98% to total revenues of \$19,657,753.
- The School District had \$18,179,099 in expenses; only \$1,175,855 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily property taxes) of \$18,481,898 were adequate to provide for these programs.
- Among major funds, the general fund had \$16,661,314 in revenues, \$15,643,014 in expenditures. The general fund's balance increased \$1,018,300 from 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 Township School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Lebanon Township School District, the general fund is by far the most significant fund.

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

**Reporting the School District as a Whole**

**Statement of Net Position and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 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 of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net position and changes in 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. No 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, capital projects fund and debt service 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 provided.

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

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position at June 30, 2022 compared to June 30, 2021.

**Table 1**  
**Net Position**

	06/30/2022	06/30/2021	Variance	
			Dollars	Percent
<b>Assets</b>				
Current & other assets	\$ 7,504,612	\$ 6,536,560	\$ 968,052	14.81%
Capital assets	4,473,906	4,589,835	(115,929)	-2.53%
Total assets	11,978,518	11,126,395	852,123	7.66%
<b>Deferred pension activity</b>				
Total deferred outflow of resources	459,904	502,255	(42,351)	-8.43%
<b>Liabilities</b>				
Long-term liabilities	2,265,359	2,849,224	(583,865)	-20.49%
Other liabilities	163,943	270,731	(106,788)	-39.44%
Total liabilities	2,429,302	3,119,955	(690,653)	-22.14%
<b>Deferred pension activity</b>				
Total deferred inflow of resources	1,468,840	1,446,349	22,491	1.56%
<b>Net position</b>				
Net investment in capital assets	4,473,906	4,589,835	(115,929)	-2.53%
Restricted	2,927,806	5,377,742	(2,449,936)	-45.56%
Unrestricted	1,138,568	(2,905,231)	4,043,799	139.19%
Total net position	\$ 8,540,280	\$ 7,062,346	\$ 1,477,934	20.93%

Total assets increased \$852,123. Cash and cash equivalents increased by \$522,350, receivables and other assets increased by \$445,702, and capital assets decreased by \$115,929. 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 \$4,043,799.

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

The negative balance in unrestricted net position 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 shows the changes in net position for fiscal year ended June 30, 2022 compared to June 30, 2021.

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

	06/30/2022	06/30/2021	Variance	
			Dollars	Percent
Revenues				
Program revenues				
Changes for services	\$ 540,543	\$ 605,648	\$ (65,105)	-10.75%
Operating grants	635,312	363,823	271,489	74.62%
General revenues				
Property taxes	10,744,210	10,533,540	210,670	2.00%
Unrestricted grants	7,703,009	5,407,709	2,295,300	42.44%
Other	34,679	81,811	(47,132)	-57.61%
Total revenues	<u>19,657,753</u>	<u>16,992,531</u>	<u>2,665,222</u>	15.68%
Program expenses				
Instruction				
Regular	7,469,212	6,277,071	1,192,141	18.99%
Special	3,496,600	2,759,409	737,191	26.72%
Other Special	310,517	194,701	115,816	59.48%
Other	116,624	82,824	33,800	40.81%
Support services				
Tuition	154,661	103,135	51,526	49.96%
Student & instructional related services	3,285,097	2,772,065	513,032	18.51%
General & business administration	709,942	749,251	(39,309)	-5.25%
School administration	660,778	806,682	(145,904)	-18.09%
Plant operations & maintenance	1,149,442	2,102,547	(953,105)	-45.33%
Transportation	557,204	544,909	12,295	2.26%
Transfer to charter school	15,022	-	15,022	*
Food service	251,835	131,476	120,359	91.54%
Interest on long term debt	2,165	2,165	-	0.00%
Total expenses	<u>18,179,099</u>	<u>16,526,235</u>	<u>1,652,864</u>	10.00%
Increase (decrease) before special items	1,478,654	466,296	1,012,358	217.11%
Special items				
Gain (loss) on disposal of equipment	(720)	-	(720)	*
Change in net position	<u>\$ 1,477,934</u>	<u>\$ 466,296</u>	<u>\$ 1,011,638</u>	216.95%

\* Undefined

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

**Governmental Activities**

The unique nature of property taxes in New Jersey creates the need to routinely seek voter approval for the School District operations. Property taxes made up 55.63% of revenues for governmental activities for the Lebanon Township School District for fiscal year 2022.

Instruction comprises 62.67% of the District's expenses. Support service expenses and interest on debt make up 37.33% of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 show the total cost of services and the net cost of services for 2022 and 2021. That is, it identifies the cost of these services supported by tax revenue and unrestricted state entitlements.

Table 3 provides a summary of the School District's cost of governmental services in fiscal year ending June 30, 2022 compared to June 30, 2021.

**Table 3**  
**Cost of Governmental Services**

	Total Cost of Services		Net Cost of Services	
	06/30/2022	06/30/2021	06/30/2022	06/30/2021
Instruction	\$ 11,392,953	\$ 9,561,764	\$ 10,787,250	\$ 5,491,125
Support services				
Tuition	154,661	103,135	-	68,588
Student & instructional staff	3,285,097	2,772,065	3,233,627	1,826,953
General & business administration	709,942	749,251	709,942	498,274
School administration	660,778	806,682	660,778	536,468
Plant operations & maintenance	1,149,442	2,102,547	1,135,200	1,398,256
Pupil transportation	557,204	544,909	547,689	362,381
Transfer to charter school	15,022	-	15,022	-
Food services	251,835	131,476	(88,429)	(21,096)
Interest on long-term debt	2,165	2,165	2,165	2,165
Total expenses	<u>\$ 18,179,099</u>	<u>\$ 16,773,994</u>	<u>\$ 17,003,244</u>	<u>\$ 10,163,114</u>

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

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

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

General administration, school administration and business administration 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 a safe and 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.

Interest and fiscal charges involve 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 general revenue support is 98.22%. The community, as a whole, is the primary support or funding source for the Lebanon Township School District.

### **The School District's Funds**

Information about the School District's major funds starts in the section entitled Fund Financial Statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$16,993,755 and expenditures of \$16,008,724. The net positive change in fund balance for the year was most significant in the general fund, reflecting an increase of \$1,018,300.

### **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. The budgeting systems are designed to tightly control total program budgets but provide the flexibility for program management.

For the general fund, budgetary basis revenues and other financing sources were \$13,573,096, \$611,651 over original budgeted estimates of \$12,961,445.

The general fund revenues of the School District exceeded expenditures by \$993,556. The financial position of the School District highlights the dependency on the tax levy as well as the limitations of the 2% cap.

**LEBANON TOWNSHIP 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 \$4,473,906 invested in land, building, furniture and equipment. Table 4 provides a summary of the School District's capital assets net of depreciation for the fiscal year ended June 30, 2022 compared to June 30, 2021.

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

	06/30/2022	06/30/2021	Variance	
			Dollars	Percent
Land	\$ 61,672	\$ 61,672	\$ -	0.00%
Land improvements	122,641	-	122,641	100.00%
Building & improvements	3,984,651	4,191,312	(206,661)	-4.93%
Furniture & equipment	304,942	336,851	(31,909)	-9.47%
	<u>\$ 4,473,906</u>	<u>\$ 4,589,835</u>	<u>\$ (115,929)</u>	<u>-2.53%</u>

Overall capital assets decreased by \$115,929 from fiscal year 2021 to fiscal year 2022. Increases in capital assets were offset by depreciation expenses for the year.

**Long-term liabilities**

At June 30, 2022, the School District had \$2,265,359 in long-term liabilities. This amount is detailed in Table 5 below for June 30, 2022 compared to June 30, 2021.

**Table 5**  
**Long-term Liabilities**

	06/30/2022	06/30/2021	Variance	
			Dollars	Percent
Compensated absences liability	\$ 275,051	\$ 250,223	\$ 24,828	9.92%
Net pension liability	1,990,308	2,599,001	(608,693)	-23.42%
	<u>\$ 2,265,359</u>	<u>\$ 2,849,224</u>	<u>\$ (583,865)</u>	<u>-20.49%</u>

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

**For the Future**

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

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

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

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

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



**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 TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and cash equivalents	\$ 3,780,888	\$ 82,909	\$ 3,863,797
Due from other funds	-	22,873	22,873
Receivables, net	646,504	29,668	676,172
Inventory	-	8,236	8,236
<b>Restricted assets</b>			
Capital projects account - cash	98,044	-	98,044
Capital reserve account - cash	1,825,443	-	1,825,443
Emergency reserve - cash	250,000	-	250,000
Maintenance reserve - cash	542,211	-	542,211
Student activities - cash	32,064	-	32,064
Unemployment claims - cash	185,772	-	185,772
<b>Capital assets, net</b>			
Land	61,672	-	61,672
Construction in progress	122,641	-	122,641
Other capital assets, net of depreciation	4,250,309	39,284	4,289,593
Total assets	<u>11,795,548</u>	<u>182,970</u>	<u>11,978,518</u>
<b>Deferred outflows of resources</b>			
Deferred amount on pension activity	459,904	-	459,904
<b>Liabilities</b>			
Accounts payable	97,548	-	97,548
Due to other funds	22,873	-	22,873
Payroll deductions and withholdings payable	10,066	-	10,066
Unearned revenue	10,262	17,466	27,728
Unemployment compensation claims payable	5,728	-	5,728
<b>Long-term liabilities</b>			
Due beyond one year	2,265,359	-	2,265,359
Total liabilities	<u>2,411,836</u>	<u>17,466</u>	<u>2,429,302</u>
<b>Deferred inflows of resources</b>			
Deferred amount on pension liability	1,468,840	-	1,468,840

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Net Position (continued)**  
**June 30, 2022**

	Governmental Activities	Business-Type Activities	Total
Net position			
Net investment in capital assets	\$ 4,434,622	\$ 39,284	\$ 4,473,906
Restricted for			
Capital projects	98,044	-	98,044
Capital reserve	1,825,443	-	1,825,443
Emergency reserve	250,000	-	250,000
Maintenance reserve	542,211	-	542,211
Student Activities	32,064	-	32,064
Unemployment claims	180,044	-	180,044
Unrestricted	1,012,348	126,220	1,138,568
Total net position	<u>\$ 8,374,776</u>	<u>\$ 165,504</u>	<u>\$ 8,540,280</u>

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Statement of Activities**  
**For the 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
<b>Governmental activities</b>								
Instruction								
Regular	\$ 3,685,874	\$ 3,783,338	\$ 493,635	\$ 81,435	\$ -	\$ (6,894,142)	\$ -	\$ (6,894,142)
Special education	1,800,910	1,695,690	-	4,137	-	(3,492,463)	-	(3,492,463)
Other special education	122,367	188,150	-	26,496	-	(284,021)	-	(284,021)
Other instruction	112,952	3,672	-	-	-	(116,624)	-	(116,624)
Support services								
Tuition	154,661	-	-	154,661	-	-	-	-
Students and instruction related services	1,753,821	1,531,276	37,393	14,077	-	(3,233,627)	-	(3,233,627)
General and business administration services	495,958	213,984	-	-	-	(709,942)	-	(709,942)
School administration services	344,709	316,069	-	-	-	(660,778)	-	(660,778)
Plant operations and maintenance	974,891	174,551	-	14,242	-	(1,135,200)	-	(1,135,200)
Pupil transportation	557,204	-	9,515	-	-	(547,689)	-	(547,689)
Transfer to charter school	15,022	-	-	-	-	(15,022)	-	(15,022)
Interest on long-term debt	2,165	-	-	-	-	(2,165)	-	(2,165)
Total governmental activities	<u>10,020,534</u>	<u>7,906,730</u>	<u>540,543</u>	<u>295,048</u>	<u>-</u>	<u>(17,091,673)</u>	<u>-</u>	<u>(17,091,673)</u>
Business-type activities								
Food service	251,835	-	-	340,264	-	-	88,429	88,429
Total business-type activities	<u>251,835</u>	<u>-</u>	<u>-</u>	<u>340,264</u>	<u>-</u>	<u>-</u>	<u>88,429</u>	<u>88,429</u>
Total primary government	<u>\$ 10,272,369</u>	<u>\$ 7,906,730</u>	<u>\$ 540,543</u>	<u>\$ 635,312</u>	<u>\$ -</u>	<u>(17,091,673)</u>	<u>88,429</u>	<u>(17,003,244)</u>
General revenues, special items and transfers								
						10,744,210	-	10,744,210
						7,703,009	-	7,703,009
						11,915	-	11,915
						19,525	3,239	22,764
						(720)	-	(720)
						<u>18,477,939</u>	<u>3,239</u>	<u>18,481,178</u>
						1,386,266	91,668	1,477,934
						6,988,510	73,836	7,062,346
						<u>\$ 8,374,776</u>	<u>\$ 165,504</u>	<u>\$ 8,540,280</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 TOWNSHIP SCHOOL DISTRICT**  
**Governmental Funds**  
**Balance Sheet**  
**June 30, 2022**

	General Fund	Special Revenue Fund	Capital Project Fund	Debt Service Fund	Total Governmental Funds
<b>Assets</b>					
Cash and cash equivalents	\$ 3,780,888	\$ -	\$ -	\$ -	\$ 3,780,888
Due from other funds	50,506	-	-	-	50,506
Receivables from other governments					
State	586,661	14,242	-	-	600,903
Federal	-	43,651	-	-	43,651
Other accounts receivable	1,950	-	-	-	1,950
Restricted cash and cash equivalents	2,803,426	32,064	98,044	-	2,933,534
<b>Total assets</b>	<b>\$ 7,223,431</b>	<b>\$ 89,957</b>	<b>\$ 98,044</b>	<b>\$ -</b>	<b>\$ 7,411,432</b>
<b>Liabilities and fund balances</b>					
<b>Liabilities</b>					
Due to other funds	\$ 22,873	\$ 50,506	\$ -	\$ -	\$ 73,379
Accounts payable	97,173	375	-	-	97,548
Payroll deductions and withholdings payable	10,066	-	-	-	10,066
Unearned revenue	3,250	7,012	-	-	10,262
Unemployment compensation claims payable	5,728	-	-	-	5,728
<b>Total liabilities</b>	<b>139,090</b>	<b>57,893</b>	<b>-</b>	<b>-</b>	<b>196,983</b>

See accompanying notes to financial statements.

**LEBANON TOWNSHIP 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 - designated for subsequent year's expenditures	\$ 825,179	\$ -	\$ -	\$ -	\$ 825,179
Excess surplus - current year	599,140	-	-	-	599,140
Capital projects	-	-	98,044	-	98,044
Capital reserve	1,825,443	-	-	-	1,825,443
Emergency reserve	250,000	-	-	-	250,000
Maintenance reserve	542,211	-	-	-	542,211
Student activities	-	32,064	-	-	32,064
Unemployment claims	180,044	-	-	-	180,044
Committed fund balance					
Year-end encumbrances	1,956,003	-	-	-	1,956,003
Assigned fund balance					
Designated for subsequent year's expenditures	14,754	-	-	-	14,754
Unassigned fund balance	891,567	-	-	-	891,567
Total fund balances	7,084,341	32,064	98,044	-	7,214,449
Total liabilities and fund balances	\$ 7,223,431	\$ 89,957	\$ 98,044	\$ -	

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 \$11,576,938 and the accumulated depreciation is \$7,142,316.	4,434,622
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.	(1,008,936)
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.	(2,265,359)
Total net position of governmental activities	\$ 8,374,776

See accompanying notes to financial statements.



**LEBANON TOWNSHIP 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
<b>Revenues</b>					
Local sources					
Local tax levy	\$ 10,744,210	\$ -	\$ -	\$ -	\$ 10,744,210
Transportation fees	9,515	-	-	-	9,515
Tuition					
Individuals	21,120	-	-	-	21,120
Other LEAs	472,515	-	-	-	472,515
Interest on investments	11,915	-	-	-	11,915
Miscellaneous	19,525	37,393	-	-	56,918
Total local sources	<u>11,278,800</u>	<u>37,393</u>	<u>-</u>	<u>-</u>	<u>11,316,193</u>
Federal sources	68,886	280,806	-	-	349,692
State sources	5,313,628	14,242	-	-	5,327,870
Total revenues	<u>16,661,314</u>	<u>332,441</u>	<u>-</u>	<u>-</u>	<u>16,993,755</u>
<b>Expenditures</b>					
Current					
Instructional					
Regular instruction	3,604,439	81,435	-	-	3,685,874
Special education instruction	1,796,773	4,137	-	-	1,800,910
Other special instruction	95,871	26,496	-	-	122,367
Other instruction	112,952	-	-	-	112,952
Support service and undistributed costs					
Tuition	-	154,661	-	-	154,661
Student and instruction related services	1,704,047	49,774	-	-	1,753,821
General and business administrative services	495,958	-	-	-	495,958
School administrative services	344,709	-	-	-	344,709
Plant operations and maintenance	960,649	14,242	-	-	974,891
Pupil transportation	557,204	-	-	-	557,204
Unallocated benefits	5,818,607	-	-	-	5,818,607

See accompanying notes to financial statements.

**LEBANON TOWNSHIP 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 (cont'd)					
Capital outlay	\$ 134,618	\$ -	\$ 34,965	\$ -	\$ 169,583
Transfer to charter schools	15,022	-	-	-	15,022
Debt service					
Interest & other charges	2,165	-	-	-	2,165
Total expenditures	<u>15,643,014</u>	<u>330,745</u>	<u>34,965</u>	<u>-</u>	<u>16,008,724</u>
Excess (deficit) of revenues over (under) expenditures	1,018,300	1,696	(34,965)	-	985,031
Fund balances, July 1	<u>6,066,041</u>	<u>30,368</u>	<u>133,009</u>	<u>-</u>	<u>6,229,418</u>
Fund balances, June 30	<u><u>\$ 7,084,341</u></u>	<u><u>\$ 32,064</u></u>	<u><u>\$ 98,044</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 7,214,449</u></u>

See accompanying notes to financial statements.

**LEBANON TOWNSHIP 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) \$ 985,031

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	\$ 169,583	
Depreciation expense	(286,651)	
Loss on disposal of asset	<u>(720)</u>	(117,788)

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. 543,851

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. (24,828)

Change in net position of governmental activities \$ 1,386,266

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

	Food Service Fund
Assets	
Current assets	
Cash and cash equivalents	\$ 82,909
Receivables from other governments	
State	514
Federal	28,330
Other accounts receivable	824
Interfund receivable	22,873
Inventory	8,236
Total current assets	143,686
Noncurrent assets	
Capital assets	124,562
Less: accumulated depreciation	85,278
Total noncurrent assets	39,284
Total assets	182,970
Liabilities	
Current liabilities	
Unearned revenues - commodities	3,041
Unearned revenues - prepaid sales	7,037
Accounts payable	7,388
Total liabilities	17,466
Net position	
Net investment in capital assets	39,284
Unrestricted	126,220
Total net position	\$ 165,504

See accompanying notes to financial statements.

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

	Food Service Fund
Operating expenses	
Cost of sales - reimbursable programs	\$ 72,348
Cost of sales - nonreimbursable programs	52,284
Commodity food costs	21,355
Salaries	65,713
Supports services - employee benefits	9,205
Purchased professional and technical services	1,572
Purchased property services	1,172
Other purchased services	
Insurance	9,953
Management fee	8,240
Supplies and materials	4,026
Depreciation	5,529
Miscellaneous expenditures	438
Total operating expenses	251,835
Operating income (loss)	(251,835)
Non-operating revenues (expenses)	
State sources	
State school lunch program	5,836
Federal sources	
National school lunch program	
Cash assistance	249,650
Non-cash assistance (commodities)	21,355
National school breakfast program	
Cash assistance	62,181
P-EBT administrative	1,242
Other sources	
Miscellaneous	3,239
Total non-operating revenues (expenses)	343,503
Change in net position	91,668
Net position, beginning	73,836
Net position, ending	\$ 165,504

See accompanying notes to financial statements.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Proprietary Funds**  
**Combining Statement of Cash Flows**  
**For the Year Ended June 30, 2022**

	Food Service Fund
Cash flows from operating activities	
Receipts from customers	\$ (823)
Payments to Food Service Management Company	(254,945)
Payments to vendors (net)	(2,630)
Net cash provided by (used for) operating activities	(258,398)
 Cash flows from non-capital financing activities	
State sources	5,994
Federal sources	311,666
Miscellaneous	3,239
Net interfund transactions	(11,553)
Net cash provided by (used for) non-capital financing activities	309,346
 Net increase (decrease) in cash and cash equivalents	 50,948
 Cash and cash equivalents, beginning	 31,961
 Cash and cash equivalents, ending	 \$ 82,909
 Reconciliation of operating income (loss) to net cash provided by (used for) operating activities	
Operating activities	
Operating income (loss)	\$ (251,835)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities	
Depreciation	5,529
Federal food donation program	21,355
(Increase) decrease in accounts receivable	(809)
Increase (decrease) in accounts payable	(31,247)
(Increase) decrease in inventory	(1,875)
Increase (decrease) in unearned revenue	484
Net cash provided by (used for) operating activities	\$ (258,398)

See accompanying notes to financial statements.

## **NOTES TO THE FINANCIAL STATEMENTS**

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies

The financial statements of the Lebanon Township School District (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 over-all 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 nine members elected to three-year-terms. The purpose of the District is to educate students in Grades K-8. The District had an approximate enrollment at June 30, 2022 of 601 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 TOWNSHIP 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 TOWNSHIP 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 moneys 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 services, 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.

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.

**LEBANON TOWNSHIP 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)

As a result of implementing GASB Statement No. 84, *Fiduciary Activities*, amounts maintained for unemployment claims and payroll withholdings for employee salary deductions are included in the general fund. Amounts maintained for unemployment claims are used to account for the portion of employee deductions for unemployment compensation required to be deposited and accumulated for future unemployment claims under the Benefit Reimbursement Method.

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

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

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

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 TOWNSHIP 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)  
Proprietary fund types (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 fund is comprised of the food service fund.

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. 6:20-2A.2(m)1. All budget amendments must be approved by School Board Resolution.

**LEBANON TOWNSHIP 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.

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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 1 - Summary of significant accounting policies (continued)

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.

Enterprise fund inventories are valued at cost, which approximates market, using the first-in-first-out (FIFO) method. The commodities inventory value at balance sheet date is reported as unearned revenue as title does not pass to the school district until the commodities are used. Prepaid items in the enterprise fund represent payments made to vendors for services that will benefit periods beyond June 30, 2022.

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
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 (e.g., 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 TOWNSHIP 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.

Unearned revenue in the enterprise fund includes United States government commodity inventories at year-end. The aid revenue associated with this commodity inventory is deferred until it is used in the operations of the food service fund. Prepaid lunch debit card revenue balances at year-end are also included in unearned revenue.

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.

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 TOWNSHIP 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 TOWNSHIP 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 TOWNSHIP 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 N.J.S.A. 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, cash equivalents, and investments

Cash and cash equivalents include petty cash, change funds, cash, and certificates of deposit in banks. As of June 30, 2022, the District had no 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 TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 3 - Deposits, cash equivalents, 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.

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.

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 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, the first \$250,000 of governmental deposits in each insured depository is protected 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, employee salary withholdings, or funds that may pass to the District relative to the happening of a future condition.

As of June 30, 2022, the District’s bank balances were exposed to custodial credit risk as follows:

Insured by the FDIC	\$ 250,000
Insured by GUDPA	6,910,890
Total bank balances	\$ 7,160,890

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

Cash and cash equivalents		\$ 6,797,331
	<u>Ref.</u>	
Unrestricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	\$ 3,780,888
Enterprise funds, Statement of Net Position	B-4	82,909
Restricted cash and cash equivalents		
Governmental funds, Balance Sheet	B-1	2,933,534
Total cash and cash equivalents		\$ 6,797,331

**LEBANON TOWNSHIP 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	\$ 61,672	\$ -	\$ -	\$ 61,672
Construction in progress	-	122,641	-	122,641
Total	<u>61,672</u>	<u>122,641</u>	<u>-</u>	<u>184,313</u>
Capital assets, being depreciated				
Building & improvements	10,585,324	-	30,320	10,555,004
Furniture & equipment	825,792	46,942	35,113	837,621
Total	<u>11,411,116</u>	<u>46,942</u>	<u>65,433</u>	<u>11,392,625</u>
Accumulated depreciation				
Building & improvements	6,394,012	206,661	30,320	6,570,353
Furniture & equipment	526,366	79,990	34,393	571,963
Total	<u>6,920,378</u>	<u>286,651</u>	<u>64,713</u>	<u>7,142,316</u>
Total capital assets, being depreciated, net	<u>4,490,738</u>	<u>(239,709)</u>	<u>720</u>	<u>4,250,309</u>
Governmental activities capital assets, net	<u>\$ 4,552,410</u>	<u>\$ (117,068)</u>	<u>\$ 720</u>	<u>\$ 4,434,622</u>
	Beginning Balance	Increases	Decreases	Ending Balance
Business type activities				
Furniture & equipment	\$ 117,174	\$ 7,388	\$ -	\$ 124,562
Less: accumulated depreciation	(79,749)	(5,529)	-	85,278
Business type activities capital assets, net	<u>\$ 37,425</u>	<u>\$ 1,859</u>	<u>\$ -</u>	<u>\$ 39,284</u>

**LEBANON TOWNSHIP 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	\$	119,834
Special education		58,550
Other special instruction		3,978
Other instruction		3,672
Support services		
Student & instruction		57,019
General & business administration		16,124
School administration		11,207
Plant maintenance		16,267
Total depreciation expense, governmental activities	\$	286,651

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					
Compensated absences payable	\$ 250,223	\$ 24,828	\$ -	\$ 275,051	\$ -
PERS net pension liability	2,599,001	-	608,693	1,990,308	-
Total governmental activities long-term liabilities	\$ 2,849,224	\$ 24,828	\$ 608,693	\$ 2,265,359	\$ -

Payments on the general obligation bonds are made in the debt service fund from property taxes and state aid. The other long-term debts are paid in the current expenditures budget of the District's general fund.

The general obligation bonded debt of the District is limited by state law to 3.0% 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 \$ \$28,553,017. General obligation debt at June 30, 2022 is \$0, resulting in a legal debt margin of \$ \$28,553,017.

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 TOWNSHIP 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 Division's annual financial statements which can be found at [www.state.nj.us/treasury/pensions/annual-reports.shtml](http://www.state.nj.us/treasury/pensions/annual-reports.shtml).

The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All pension 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.

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.

**LEBANON TOWNSHIP 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 (continued)

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 Allocations are applied to amounts presented in the Schedules of Pension Amounts by Employer. 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.

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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Contributions (continued)

The District's contractually required contribution rate for the fiscal year ended June 30, 2022 was 17.03% 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 of June 30, 2021:

Net pension liability	\$	1,990,308
Proportionate share		.0168008090%
Plan fiduciary net position as a percentage of the total pension liability		70.33%

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:

<u>Inflation rate</u>		
Price		2.75%
Wage		3.25%
<u>Salary increases (based on years of service)</u>		
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-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 generational basis. Mortality improvement is based on Scale MP-2021.



**LEBANON TOWNSHIP 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)

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.

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. 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

A. Public employees' retirement systems (PERS) (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%)	\$ 1,990,308
At a 1% lower rate (6.00%)	2,739,288
At a 1% higher rate (8.00%)	1,393,914

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:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 31,390	\$ 14,248
Changes of assumptions	10,366	708,562
Net difference between projected and actual earnings on pension plan investments	-	524,299
Changes in proportion and differences between District contributions and proportionate share of contributions	221,391	221,731
District contributions subsequent to the measurement date	196,757	-
Total	<u>\$ 459,904</u>	<u>\$ 1,468,840</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 \$196,757 will be recognized as a reduction of the net pension liability in the fiscal year ended June 30, 2022.

**LEBANON TOWNSHIP 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	\$ 47,324	\$ (15,934)	\$ 31,390
Changes of assumptions	84,315	(73,949)	10,366
Differences between expected and actual experience	88,836	(88,836)	-
Deferred inflows of resources			
Differences between expected and actual experience	(9,191)	(5,057)	(14,248)
Changes of assumptions	(1,088,226)	379,664	(708,562)
Differences between projected and actual earnings on pension plan investments	-	(524,299)	(524,299)
Net of deferred outflows	\$ (876,942)	\$ (328,411)	\$ (1,205,353)

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

Fiscal Year Ended June 30,

2022	\$ (469,625)
2023	(335,311)
2024	(228,625)
2025	(171,858)
2026	66
Total	\$ (1,205,353)

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plans (continued)

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

Pension expense (benefit)

For the year ended June 30, 2022, the District recognized net pension expense (benefit) of (\$347,095), which represents the District's proportionate share of allocable plan pension expense (benefit) of (\$271,795), plus the net amortization of deferred amounts from changes in proportion of (\$52,892), and plus other adjustments to the net pension liability of (\$22,408). 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	\$	117,207
Interest on total pension liability		460,592
Benefit changes		-
Member contributions		(95,358)
Administrative expense		1,667
Expected investment return net of investment expense		(251,280)
Pension expense related to specific liabilities of individual employers		(1,175)
Recognition (amortization) of deferred inflows/outflows of resources		
Differences between projected and actual experience		12,906
Changes of assumptions		(349,621)
Difference between projected and actual investment earnings on pension plan investments		(166,733)
Pension expense (benefit)	\$	<u>(271,795)</u>

B. Teacher's pension and annuity fund (TPAF)

Plan description

The State of New Jersey, Teachers' Pension and Annuity Fund (TPAF) is a cost sharing 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](http://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 TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)  
B. Teacher's 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 TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's 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 \$1,477,095 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:

District proportionate share of net pension liability	\$ 37,580,341
Less: State proportionate share of net pension liability	13,348,542
Net pension liability	\$ 24,231,799

Proportionate share	.0504039598%
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Plan fiduciary net position as a percentage of the total pension liability	35.52%
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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:

<u>Inflation rate</u>	
Price	2.75%
Wage	3.25%
<u>Salary increases (based on years of service)</u>	
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 TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher’s pension and annuity fund (TPAF) (continued)

Actuarial assumptions (continued)

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, 2015 to June 30, 2018.

Long-term expected rate of return

In accordance with state statute, the long-term expected rate of return on plan investments (7.00% at June 30, 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:

<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 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 TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

B. Teacher's 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%)	\$ 24,231,799
At a 1% lower rate (6.00%)	28,670,266
At a 1% higher rate (8.00%)	20,503,766

Pension expense

The components of the contractually required contribution, which exclude amounts 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	\$ 885,191
Interest on total pension liability	2,362,386
Benefit changes	-
Member contributions	(444,559)
Administrative expense	4,549
Expected investment return net of investment expense	(733,957)
Pension expense related to specific liabilities of individual employers	(203)
Recognition (amortization) of deferred inflows/outflows of resources	
Differences between projected and actual experience	101,554
Changes of assumptions	(1,135,353)
Difference between projected and actual investment earnings on pension plan investments	(469,423)
Pension expense	<u>\$ 570,185</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 program available on its New Jersey Defined Contribution Program Web Site: [www.prudential.com/njdcrp](http://www.prudential.com/njdcrp).



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 6 - Pension plan (continued)

C. Defined contribution retirement program

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 \$1,642.

D. Other pension plan information

During the fiscal year ended June 30, 2022, the State of New Jersey contributed \$505,516 to the TPAF for postretirement medical benefits, \$30,101 for non-contributory insurance premiums, \$1,023 for long-term disability insurance, and \$2,133,549 for normal costs and accrued liability costs on behalf of the Board. Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$393,285 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 rights to health benefits within the State Retired OPEB Plan and are therefore classified as State employees.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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-notice.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 TOWNSHIP 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	35,907,292
Employer OPEB expense and related revenue	1,750,310

Allocable proportionate percentage	0.0598378564%
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Changes in the total OPEB liability

	Total OPEB Liability
Total OPEB liability at June 30, 2020	\$ 39,809,685
Service cost	1,662,613
Interest cost	931,473
Change of benefit terms	(38,219)
Differences between expected and actual experiences	(5,783,758)
Changes of assumptions	35,425
Member contributions	23,813
Gross benefit payments	(733,740)
Total OPEB liability at June 30, 2021	<u>\$ 35,907,292</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 TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

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

Inflation rate		2.50%
	TPAF	PERS
	(based on years of service)	(based on years 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 TOWNSHIP 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%)	\$	35,907,292
At a 1% lower rate (1.16%)		43,011,299
At a 1% higher rate (3.16%)		30,313,313

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	\$	35,907,292
At a 1% lower rate (1% decrease)		29,067,070
At a 1% higher rate (1% increase)		45,093,205

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 \$1,750,310 determined by the State as the total OPEB liability for benefits provided through a defined benefit OPEB plan that is not administered through a trust that meets the criteria in Paragraph 4 of GASB Statement No. 75 and in which there is a special funding situation.

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

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 8 - Deferred compensation

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

Equitable  
 Lincoln Investment Planning  
 Lincoln National  
 Vanguard Fiduciary Trust Co  
 Equitable 457

Note 9 - Inventory

Inventory in the food service fund as of June 30, 2022 consisted of the following:

Food	\$	5,309
Supplies		2,927
Total		8,236

Note 10 - Interfund receivables and payables

The composition of interfund balances as of June 30, 2022 is as follows:

	Receivable	Payable
General fund	\$ 50,506	\$ 22,873
Special revenue fund	-	50,506
Food service fund	22,873	-
	\$ 73,379	\$ 73,379

The general fund had an interfund payable for \$22,873 due to the food service fund for subsidy receipts not yet transferred to the food service fund. The special revenue fund had an interfund payable for \$50,506 due to the general fund for a loan as a result of cash flow issues relating to the delayed receipt of grant revenues.

Note 11 - Contingent liabilities

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 12 - 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 12 - Risk management (continued)

*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 Benefit Reimbursement Method. Under this plan, the District is required to reimburse the NJ unemployment trust fund for benefits paid to its former employees and charged to its account with the state. The District is billed quarterly for amounts due to the state. The following is a summary of District contributions, and interest earnings, employee contributions, reimbursements to the state for benefits paid and the ending balance available for claims of the District's unemployment compensation insurance fund:

Fiscal year	Board Contrib.	Interest Earnings	Employee Contrib.	Amount Reimbursed	Ending Balance Available for Claims
2021 - 2022	\$ -	\$ 295	\$ 11,433	\$ 10,728	\$ 185,772
2020 - 2021	347	-	12,017	7,341	184,772
2019 - 2020	1,485	-	12,178	246	179,749

Note 13 - Reserve accounts

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

Funds placed in the capital reserve account are restricted to capital projects in the District's approved Long-Range Facilities Plan (LRFP) and updated annually in the Quality Single Accountability Continuum (QSAC). Upon submission of the LRFP to the Department of Education, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 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 \$574,000 to their capital 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:

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 13 - Reserve accounts (continued)

Reserve Type	Beginning Balance	District Contrib.	Interest Earnings	Return Unused Withdrawal	Withdrawal	Ending Balance
Capital	\$ 2,729,340	\$ 574,000	\$ 2,103	\$ -	\$ 1,480,000	\$ 1,825,443
Emergency	250,000	-	-	-	-	250,000
Maintenance	542,211	-	-	-	-	542,211
Total	<u>\$ 3,521,551</u>	<u>\$ 574,000</u>	<u>\$ 2,103</u>	<u>\$ -</u>	<u>\$ 1,480,000</u>	<u>\$ 2,617,653</u>

Note 14 - 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 - Designated for subsequent year's expenditures. Amount appropriated in the succeeding year's budget to reduce tax requirements.	\$ 825,179
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.	599,140
Capital reserve account - Represents funds restricted to capital projects in the Districts long range facilities plan.	1,825,443
Emergency reserve account - Represents funds accumulated to finance unanticipated general fund expenditures required for a thorough and efficient education.	250,000
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).	542,211
Unemployment compensation - Represents funds accumulated for future unemployment claims.	180,044

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.	1,956,003
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Assigned

Designated surplus - Designated for subsequent year's expenditures - Represents amount appropriated in the succeeding year's budget to reduce tax requirements.	14,754
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Unassigned

Undesignated - Represents fund balance which has not been restricted or designated.	<u>1,058,372</u>
Total fund balance - Budgetary basis (Exhibit C-1)	7,251,146
Last state aid payments not recognized on GAAP basis	(166,805)
Total fund balance - GAAP basis (Exhibit B-1)	<u>\$ 7,084,341</u>



**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 15 - Calculation of excess surplus

In accordance with N.J.S.A. 18A:7F-7, as amended by PL 2004, Ch. 73 (S1701), the designation for Reserved Fund Balance - Excess Surplus is a required calculation pursuant to the New Jersey Comprehensive Educational Improvement and Financing Act of 1996 (CEIFA). New Jersey school districts are required to reserve general fund balance at the fiscal year end of June 30, if they did not appropriate a required minimum amount as budgeted fund balance in their subsequent years' budget. The excess fund balance at June 30, 2022 is \$599,140.

Note 16 - Restatement of prior year net position

During the fiscal year ended June 30, 2022, the District has determined a restatement of the prior year net position is necessary. Due to ongoing updates to the District's capital asset inventory, adjustments to the inventory report value are necessary. The following is a summary of the District's restatement of net position as of June 30, 2021:

	Governmental Activities	Business-Type Activities
Net position, June 30, 2021	\$ 7,169,913	\$ 59,934
Additions		-
Change in capital assets, net	-	21,340
Reductions		
Change in capital assets, net	(181,403)	-
Change in unearned revenues	-	(7,438)
Net position, June 30, 2021, as restated	\$ 6,988,510	\$ 73,836

Note 17 - Recent accounting pronouncements not yet effective

The following is the 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.

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 18 - 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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Notes to the Financial Statements**

Note 18 - Risks and uncertainties (continued)

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 19 - Subsequent events

The District has evaluated subsequent events through March 8, 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 TOWNSHIP 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		
<b>Revenues</b>					
<b>Local sources</b>					
Local tax levy	\$ 10,744,210	\$ -	\$ 10,744,210	\$ 10,744,210	\$ -
Tuition from individuals	20,000	-	20,000	21,120	1,120
Tuition from other LEAs within the state	441,515	-	441,515	472,515	31,000
Transportation fees from other LEAs	-	-	-	9,515	9,515
Unrestricted miscellaneous revenues	85,000	-	85,000	29,042	(55,958)
Interest earned on capital reserve funds	500	-	500	2,103	1,603
Other restricted miscellaneous revenues	-	-	-	295	295
<b>Total</b>	<b>11,291,225</b>	<b>-</b>	<b>11,291,225</b>	<b>11,278,800</b>	<b>(12,425)</b>
<b>State sources</b>					
School choice aid	378,810	-	378,810	378,810	-
Categorical transportation aid	320,578	-	320,578	320,578	-
Extraordinary aid	-	-	-	548,520	548,520
Categorical special education aid	448,913	-	448,913	448,913	-
Equalization aid	467,753	-	467,753	467,753	-
Categorical security aid	54,166	-	54,166	54,166	-
Other state aid	-	-	-	6,670	6,670
TPAF Pension (on-behalf)	-	-	-	2,133,549	2,133,549
TPAF Non-contributory insurance	-	-	-	30,101	30,101
TPAF Social Security (reimbursed)	-	-	-	393,285	393,285
TPAF Postretirement benefits	-	-	-	505,516	505,516
TPAF Long-term disability insurance	-	-	-	1,023	1,023
<b>Total</b>	<b>1,670,220</b>	<b>-</b>	<b>1,670,220</b>	<b>5,288,884</b>	<b>3,618,664</b>
<b>Federal Sources</b>					
FEMA	-	-	-	68,886	68,886
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>68,886</b>	<b>68,886</b>
<b>Total revenues</b>	<b>\$ 12,961,445</b>	<b>\$ -</b>	<b>\$ 12,961,445</b>	<b>\$ 16,636,570</b>	<b>\$ 3,675,125</b>
<b>Expenditures</b>					
<b>Current</b>					
<b>Instruction - regular program</b>					
<b>Salaries of teachers</b>					
Preschool	\$ 69,537	\$ 5,419	\$ 74,956	\$ 74,800	\$ 156
Kindergarten	232,251	52,874	285,125	284,600	525
Grades 1-5	1,435,150	58,615	1,493,765	1,491,266	2,499
Grades 6-8	1,398,300	(17,722)	1,380,578	1,373,955	6,623
<b>Home instruction</b>					
Salaries of teacher	3,500	(188)	3,312	712	2,600
Purchased professional - educational services	-	7,110	7,110	4,776	2,334
General supplies	500	-	500	-	500
<b>Regular programs - undistributed instruction</b>					
Other salaries for instruction	48,808	21,644	70,452	64,166	6,286
Purchased professional - educational services	10,000	-	10,000	7,590	2,410
Purchased technical services	65,516	(10,294)	55,222	44,209	11,013
Other purchased services	33,000	(9,000)	24,000	19,579	4,421
General supplies	321,250	5,620	326,870	238,661	88,209
Other objects	1,474	-	1,474	125	1,349
<b>Total</b>	<b>3,619,286</b>	<b>114,078</b>	<b>3,733,364</b>	<b>3,604,439</b>	<b>128,925</b>

See independent auditors' report.

**LEBANON TOWNSHIP 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					
Learning and/or language disabilities					
Salaries of teachers	\$ 153,759	\$ 9,137	\$ 162,896	\$ 158,640	\$ 4,256
Other salaries for instruction	133,364	(24,297)	109,067	85,010	24,057
General supplies	6,551	(2,003)	4,548	3,906	642
Total	<u>293,674</u>	<u>(17,163)</u>	<u>276,511</u>	<u>247,556</u>	<u>28,955</u>
Resource room/resource center					
Salaries of teachers	917,572	2,752	920,324	884,335	35,989
Other salaries for instruction	117,875	23,764	141,639	117,230	24,409
Purchased professional - educational services	364,500	38,513	403,013	277,444	125,569
Other purchased services	7,500	(7,500)	-	-	-
General supplies	18,000	(7,007)	10,993	10,812	181
Total	<u>1,425,447</u>	<u>50,522</u>	<u>1,475,969</u>	<u>1,289,821</u>	<u>186,148</u>
Autism					
Salaries of teachers	159,260	(5,379)	153,881	132,786	21,095
Other salaries for instruction	42,137	4,816	46,953	43,549	3,404
General supplies	10,574	621	11,195	10,898	297
Total	<u>211,971</u>	<u>58</u>	<u>212,029</u>	<u>187,233</u>	<u>24,796</u>
Preschool disabilities - part-time					
Salaries of teachers	33,615	1,627	35,242	33,041	2,201
Other salaries for instruction	12,042	35,050	47,092	39,122	7,970
General supplies	3,898	(2,902)	996	-	996
Total	<u>49,555</u>	<u>33,775</u>	<u>83,330</u>	<u>72,163</u>	<u>11,167</u>
Total special education	<u>1,980,647</u>	<u>67,192</u>	<u>2,047,839</u>	<u>1,796,773</u>	<u>251,066</u>
Basic skills/remedial					
Salaries of teachers	157,828	(48,256)	109,572	95,574	13,998
General supplies	5,000	(826)	4,174	297	3,877
Total	<u>162,828</u>	<u>(49,082)</u>	<u>113,746</u>	<u>95,871</u>	<u>17,875</u>
Bilingual education - instruction					
Salaries of teachers	1,200	-	1,200	-	1,200
General supplies	350	-	350	-	350
Total	<u>1,550</u>	<u>-</u>	<u>1,550</u>	<u>-</u>	<u>1,550</u>
School-sponsored co/extra curricular activities - instruction					
Salaries	95,850	13,149	108,999	106,927	2,072
Purchased services	6,000	-	6,000	4,885	1,115
Supplies and materials	3,981	-	3,981	565	3,416
Other objects	1,145	-	1,145	575	570
Total	<u>106,976</u>	<u>13,149</u>	<u>120,125</u>	<u>112,952</u>	<u>7,173</u>
Total instruction regular	<u>\$ 5,871,287</u>	<u>\$ 145,337</u>	<u>\$ 6,016,624</u>	<u>\$ 5,610,035</u>	<u>\$ 406,589</u>

See independent auditors' report.

**LEBANON TOWNSHIP 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					
Undistributed expenditures - instruction					
Tuition to other LEAs within the state - special	\$ 110,000	\$ (95,150)	\$ 14,850	\$ -	\$ 14,850
Tuition to private school for the disabled within state	70,000	(17,953)	52,047	-	52,047
Tuition - other	-	20,400	20,400	-	20,400
Total	<u>180,000</u>	<u>(92,703)</u>	<u>87,297</u>	<u>-</u>	<u>87,297</u>
Undistributed expenditures - attendance and social work					
Salaries	137,421	14,791	152,212	152,212	-
Purchased professional and technical services	52,000	(36,596)	15,404	15,404	-
Total	<u>189,421</u>	<u>(21,805)</u>	<u>167,616</u>	<u>167,616</u>	<u>-</u>
Undistributed expenditures - health services					
Salaries	169,946	2,612	172,558	170,455	2,103
Purchased professional and technical services	2,500	4,119	6,619	6,446	173
Supplies and materials	13,548	4,688	18,236	17,339	897
Total	<u>185,994</u>	<u>11,419</u>	<u>197,413</u>	<u>194,240</u>	<u>3,173</u>
Undistributed expenditures - speech/ot/pt and related services					
Salaries	213,528	(10,422)	203,106	203,043	63
Purchased professional - educational services	178,961	54,056	233,017	182,883	50,134
Supplies and materials	7,000	(3,225)	3,775	3,775	-
Total	<u>399,489</u>	<u>40,409</u>	<u>439,898</u>	<u>389,701</u>	<u>50,197</u>
Undistributed expend - other supp. service stds. - extra service					
Salaries	89,050	(1,643)	87,407	76,786	10,621
Purchased professional - educational services	-	927	927	927	-
Supplies and materials	6,566	(4,405)	2,161	566	1,595
Total	<u>95,616</u>	<u>(5,121)</u>	<u>90,495</u>	<u>78,279</u>	<u>12,216</u>
Undistributed expenditures - guidance					
Salaries of other professional staff	149,052	15,155	164,207	162,775	1,432
Other purchased professional and technical services	500	-	500	-	500
Supplies and materials	1,000	-	1,000	88	912
Total	<u>150,552</u>	<u>15,155</u>	<u>165,707</u>	<u>162,863</u>	<u>2,844</u>
Undistributed expenditures - child study teams					
Salaries of other professional staff	323,858	(8,646)	315,212	315,212	-
Salaries of secretarial and clerical assistants	50,318	1,710	52,028	52,028	-
Other purchased professional & technical services	11,350	754	12,104	12,038	66
Other purchased services	15,625	(4,244)	11,381	11,381	-
Supplies and materials	4,845	(2,762)	2,083	2,083	-
Total	<u>405,996</u>	<u>(13,188)</u>	<u>392,808</u>	<u>392,742</u>	<u>66</u>

See independent auditors' report.

**LEBANON TOWNSHIP 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 - improvement of inst. service					
Salaries of other professional staff	\$ 47,797	\$ (24,288)	\$ 23,509	\$ 11,840	\$ 11,669
Salaries of secretarial and clerical assist	16,492	1,362	17,854	17,498	356
Other purchased services	8,500	-	8,500	-	8,500
Supplies and materials	500	-	500	-	500
<b>Total</b>	<b>73,289</b>	<b>(22,926)</b>	<b>50,363</b>	<b>29,338</b>	<b>21,025</b>
Undistributed expenditures - edu. media service/sch. library					
Salaries	162,344	(1,015)	161,329	159,984	1,345
Salaries of technology coordinators	108,815	(2,113)	106,702	106,702	-
Purchased professional and technical services	-	10,089	10,089	10,089	-
Other purchased services	2,000	(2,000)	-	-	-
Supplies and materials	20,941	(4,961)	15,980	11,182	4,798
<b>Total</b>	<b>294,100</b>	<b>-</b>	<b>294,100</b>	<b>287,957</b>	<b>6,143</b>
Undistributed expenditures - instructional staff training services					
Purchased professional - educational services	4,500	(713)	3,787	-	3,787
Other purchased services	29,300	-	29,300	598	28,702
Supplies and materials	300	713	1,013	713	300
Other objects	200	-	200	-	200
<b>Total</b>	<b>34,300</b>	<b>-</b>	<b>34,300</b>	<b>1,311</b>	<b>32,989</b>
Undistributed expenditures - support service - general admin.					
Salaries	147,405	(5,251)	142,154	142,154	-
Legal services	20,004	22,342	42,346	39,836	2,510
Audit fees	17,100	(780)	16,320	16,320	-
Purchased technical services	7,800	(2,550)	5,250	5,250	-
Communications/telephone	34,260	(7,341)	26,919	25,109	1,810
BOE other purchased services	2,000	(2,000)	-	-	-
Miscellaneous purchased services	28,792	(6,316)	22,476	22,044	432
General supplies	3,000	1,385	4,385	4,385	-
BOE in-house training/meeting supplies	300	(300)	-	-	-
Judgments against the school district	-	52,200	52,200	50,005	2,195
Miscellaneous expenditures	3,300	(3,000)	300	300	-
BOE membership dues and fees	7,057	(270)	6,787	6,787	-
<b>Total</b>	<b>271,018</b>	<b>48,119</b>	<b>319,137</b>	<b>312,190</b>	<b>6,947</b>
Undistributed expenditures - support service - school admin.					
Salaries of principals/assistant principals	322,906	(62,856)	260,050	221,973	38,077
Salaries of secretarial and clerical assistants	113,346	7,870	121,216	113,855	7,361
Purchased professional and technical services	5,500	(5,500)	-	-	-
Other purchased services	4,500	-	4,500	288	4,212
Supplies and materials	14,370	-	14,370	7,748	6,622
Other objects	1,790	-	1,790	845	945
<b>Total</b>	<b>462,412</b>	<b>(60,486)</b>	<b>401,926</b>	<b>344,709</b>	<b>57,217</b>
Undistributed expenditures - central services					
Salaries	169,669	(3,247)	166,422	136,098	30,324
Purchased technical services	25,000	23,423	48,423	44,419	4,004
Miscellaneous purchased services	3,000	(175)	2,825	775	2,050
Supplies and materials	2,000	(250)	1,750	1,166	584
Other objects	2,000	-	2,000	1,310	690
<b>Total</b>	<b>201,669</b>	<b>19,751</b>	<b>221,420</b>	<b>183,768</b>	<b>37,652</b>

See independent auditors' report.



**LEBANON TOWNSHIP 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 - req. maint. for school facilities					
Salaries	\$ 82,400	\$ 200	\$ 82,600	\$ 81,600	\$ 1,000
Cleaning, repair, and maintenance services	131,727	(3,649)	128,078	94,502	33,576
General supplies	7,040	539	7,579	5,560	2,019
Other objects	1,906	-	1,906	428	1,478
<b>Total</b>	<b>223,073</b>	<b>(2,910)</b>	<b>220,163</b>	<b>182,090</b>	<b>38,073</b>
Undistributed expenditures - custodial services					
Salaries	302,631	10,844	313,475	309,698	3,777
Purchased professional and technical services	104,472	(6,205)	98,267	62,943	35,324
Cleaning, repair, and maintenance service	13,800	3,996	17,796	12,515	5,281
Insurance	42,000	1,150	43,150	41,954	1,196
Miscellaneous purchased services	725	-	725	-	725
General supplies	48,511	(9,677)	38,834	33,024	5,810
Energy (natural gas)	40,000	-	40,000	3,038	36,962
Energy (electricity)	98,158	(7,618)	90,540	57,192	33,348
Energy (oil)	100,000	4,305	104,305	91,598	12,707
Other objects	100	210	310	310	-
<b>Total</b>	<b>750,397</b>	<b>(2,995)</b>	<b>747,402</b>	<b>612,272</b>	<b>135,130</b>
Undistributed expenditures - care and upkeep of grounds					
Cleaning, repair, and maintenance service	23,000	13,763	36,763	36,763	-
General supplies	5,154	(3,205)	1,949	1,597	352
<b>Total</b>	<b>28,154</b>	<b>10,558</b>	<b>38,712</b>	<b>38,360</b>	<b>352</b>
Undistributed expenditures - security					
Purchased professional and technical services	-	146,892	146,892	124,835	22,057
Cleaning, repair, and maintenance service	136,000	(132,908)	3,092	3,092	-
General supplies	3,000	(3,000)	-	-	-
<b>Total</b>	<b>139,000</b>	<b>10,984</b>	<b>149,984</b>	<b>127,927</b>	<b>22,057</b>
Undistributed expenditures - student transportation service					
Salaries for pupil trans. (between home & school) - reg.	37,500	60	37,560	37,500	60
Management fee - ESC and CTSA trans. program	12,000	(561)	11,439	2,085	9,354
Other purchased professional and technical service	14,000	191	14,191	14,191	-
Contract service-aid in lieu pymts. - non-public schools	20,000	7,000	27,000	22,000	5,000
Contract serv-aid in lieu pymts-choice school students	6,142	-	6,142	4,239	1,903
Contr service (oth. than between home & school) - vend	16,500	4,597	21,097	21,097	-
Contr service (between home & school) - joint agreements	385,000	28,591	413,591	379,208	34,383
Contract service (sp. ed. stds) - vendors	11,000	-	11,000	9,050	1,950
Contract service (reg. students) - ESCs and CTSA	7,500	-	7,500	-	7,500
Contract service (spl. ed. students) - ESCs and CTSA	160,000	(24,188)	135,812	67,834	67,978
<b>Total</b>	<b>669,642</b>	<b>15,690</b>	<b>685,332</b>	<b>557,204</b>	<b>128,128</b>
Unallocated benefits - employee benefits					
Social Security contributions	175,000	(6,034)	168,966	168,966	-
Other retirement contributions - PERS	176,170	22,070	198,240	196,689	1,551
Other retirement contributions - regular	5,000	-	5,000	1,641	3,359
Workmen's compensation	65,000	-	65,000	59,239	5,761
Health benefits	2,884,839	(483,472)	2,401,367	2,264,097	137,270
Tuition reimbursement	54,297	(4,750)	49,547	18,575	30,972
Other employee benefits	7,500	49,805	57,305	36,933	20,372
Unused sick payment to terminated/retired staff	30,000	725	30,725	8,993	21,732
<b>Total</b>	<b>3,397,806</b>	<b>(421,656)</b>	<b>2,976,150</b>	<b>2,755,133</b>	<b>221,017</b>

See independent auditors' report.

**LEBANON TOWNSHIP 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)					
On-behalf TPAF Pension contribution	\$ -	\$ -	\$ -	\$ 2,133,549	\$ (2,133,549)
On-behalf TPAF Non-contributory insurance	-	-	-	30,101	(30,101)
On-behalf TPAF Postretirement medical benefits	-	-	-	505,516	(505,516)
On-behalf TPAF Long-term disability insurance	-	-	-	1,023	(1,023)
Reimbursed TPAF Social Security contribution	-	-	-	393,285	(393,285)
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,063,474</u>	<u>(3,063,474)</u>
 Total undistributed expenditures	 <u>\$ 8,151,928</u>	 <u>\$ (471,705)</u>	 <u>\$ 7,680,223</u>	 <u>\$ 9,881,174</u>	 <u>\$ (2,200,951)</u>
 Total current	 <u>\$ 14,023,215</u>	 <u>\$ (326,368)</u>	 <u>\$ 13,696,847</u>	 <u>\$ 15,491,209</u>	 <u>\$ (1,794,362)</u>
Capital outlay					
Equipment					
Undistributed					
Undistributed expenditures - req. maint. for school facilities	\$ 46,942	\$ -	\$ 46,942	\$ 46,942	\$ -
Total equipment	<u>46,942</u>	<u>-</u>	<u>46,942</u>	<u>46,942</u>	<u>-</u>
Facilities acquisition and construction service					
Architectural/engineering services	148,000	(28,398)	119,602	87,676	31,926
Construction services	1,332,000	447,320	1,779,320	-	1,779,320
Assessment for debt service on SDA funding	2,165	-	2,165	2,165	-
Total facilities acquisition and construction service	<u>1,482,165</u>	<u>418,922</u>	<u>1,901,087</u>	<u>89,841</u>	<u>1,811,246</u>
Total capital outlay	<u>\$ 1,529,107</u>	<u>\$ 418,922</u>	<u>\$ 1,948,029</u>	<u>\$ 136,783</u>	<u>\$ 1,811,246</u>
 Transfer of funds to charter schools	 <u>\$ -</u>	 <u>\$ 15,022</u>	 <u>\$ 15,022</u>	 <u>\$ 15,022</u>	 <u>\$ -</u>
 Total expenditures	 <u>\$ 15,552,322</u>	 <u>\$ 107,576</u>	 <u>\$ 15,659,898</u>	 <u>\$ 15,643,014</u>	 <u>\$ 16,884</u>
 Excess (deficiency) of revenues over (under) expenditures	 <u>\$ (2,590,877)</u>	 <u>\$ (107,576)</u>	 <u>\$ (2,698,453)</u>	 <u>\$ 993,556</u>	 <u>\$ 3,692,009</u>
 Fund balances, July 1	 <u>6,257,590</u>	 <u>-</u>	 <u>6,257,590</u>	 <u>6,257,590</u>	 <u>-</u>
Fund balances, June 30	<u>\$ 3,666,713</u>	<u>\$ (107,576)</u>	<u>\$ 3,559,137</u>	<u>\$ 7,251,146</u>	<u>\$ 3,692,009</u>

See independent auditors' report.

**LEBANON TOWNSHIP 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		
Recapitulation of excess (deficiency) of revenues over (under) expenditures					
Adjustment for prior year encumbrances	\$ (290,481)	\$ -	\$ (290,481)	\$ (290,481)	\$ -
Increase in capital reserve	-	574,000	574,000	574,000	-
Interest deposit to capital reserve	500	-	500	2,103	1,603
Withdrawal from capital reserve	(1,480,000)	-	(1,480,000)	(1,480,000)	-
Interest earned on unemployment compensation	-	-	-	295	295
Budgeted fund balance	(820,896)	(681,576)	(1,502,472)	2,187,639	3,690,111
<b>Total</b>	<u>\$ (2,590,877)</u>	<u>\$ (107,576)</u>	<u>\$ (2,698,453)</u>	<u>\$ 993,556</u>	<u>\$ 3,692,009</u>
Recapitulation of fund balance					
Restricted fund balance					
Excess surplus - designated for subsequent year's expenditures				\$ 825,179	
Excess surplus - current year				599,140	
Capital reserve				1,825,443	
Emergency reserve				250,000	
Maintenance reserve				542,211	
Unemployment compensation				180,044	
Committed fund balance					
Year-end encumbrances				1,956,003	
Assigned fund balance					
Designated for subsequent year's expenditures				14,754	
Unassigned fund balance				<u>1,058,372</u>	
Fund balance per budgetary basis				7,251,146	
Reconciliation to governmental statements (GAAP)					
Last state aid payments not recognized on GAAP basis				<u>(166,805)</u>	
Fund balance per governmental funds (GAAP)				<u>\$ 7,084,341</u>	

See independent auditors' report.

**LEBANON TOWNSHIP 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					
State sources	\$ -	\$ 14,242	\$ 14,242	\$ 14,242	\$ -
Federal sources	669,641	(14,616)	655,025	278,257	(376,768)
Local sources	-	37,393	37,393	37,393	-
Total revenues	<u>\$ 669,641</u>	<u>\$ 37,019</u>	<u>\$ 706,660</u>	<u>\$ 329,892</u>	<u>\$ (376,768)</u>
Expenditures					
Instruction					
Salary	\$ 235,000	\$ 85,013	\$ 320,013	\$ 69,610	\$ 250,403
Purchased professional & technical services	-	45,000	45,000	809	44,191
Other purchased services	-	1,000	1,000	255	745
General supplies	127,954	(27,522)	100,432	38,566	61,866
Totals	<u>362,954</u>	<u>103,491</u>	<u>466,445</u>	<u>109,240</u>	<u>357,205</u>
Support services					
Tuition	164,042	-	164,042	154,661	9,381
Purchased professional & technical services	118,403	(92,169)	26,234	14,356	11,878
Purchased Property Services	14,242	-	14,242	14,242	-
Supplies	10,000	(10,000)	-	-	-
Student activities	-	35,697	35,697	35,697	-
Total	<u>306,687</u>	<u>(66,472)</u>	<u>240,215</u>	<u>218,956</u>	<u>21,259</u>
Total expenditures	<u>\$ 669,641</u>	<u>\$ 37,019</u>	<u>\$ 706,660</u>	<u>\$ 328,196</u>	<u>\$ 378,464</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ 1,696	\$ 1,696
Fund balances, July 1	<u>30,368</u>	<u>-</u>	<u>30,368</u>	<u>30,368</u>	<u>-</u>
Fund balances, June 30	<u>\$ 30,368</u>	<u>\$ -</u>	<u>\$ 30,368</u>	<u>\$ 32,064</u>	<u>\$ 1,696</u>
Recapitulation of fund balance					
Restricted fund balance					
Student activities				<u>\$ 32,064</u>	
Fund balance per budgetary basis				<u>\$ 32,064</u>	

See independent auditors' report.

**LEBANON TOWNSHIP 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

Sources/Inflows of Resources	General Fund	Special Revenue Fund
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 16,636,570	\$ 329,892
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 - prior year	-	4,879
Outstanding encumbrances - prior year cancelled	-	(112)
Outstanding encumbrances - current year	-	(2,218)
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	191,549	-
State aid receivable current year	(166,805)	-
Total revenues (GAAP basis)	<u>\$ 16,661,314</u>	<u>\$ 332,441</u>
<u>Uses/Outflows of Resources</u>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 15,643,014	\$ 328,196
Differences-Budget to GAAP:		
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 prior year	-	4,879
Outstanding encumbrances - prior year cancelled	-	(112)
Outstanding encumbrances current year	-	(2,218)
Total expenditures (GAAP basis)	<u>\$ 15,643,014</u>	<u>\$ 330,745</u>

See independent auditors' report.

**REQUIRED SUPPLEMENTARY INFORMATION - PART III**

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

**LEBANON TOWNSHIP 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) as a percentage of its covered employee payroll	Plan fiduciary net position as a percentage of the total pension liability
	Percentage	Value			
2013	0.017789600%	\$ 3,399,946	N/A	N/A	48.72%
2014	0.018299932%	3,426,248	\$ 1,256,197	272.75%	52.08%
2015	0.018268023%	4,100,805	1,220,679	335.94%	47.93%
2016	0.017988470%	5,327,669	1,283,165	415.20%	40.14%
2017	0.018448214%	4,294,449	1,164,431	368.80%	48.10%
2018	0.016432770%	3,235,531	1,091,178	296.52%	53.60%
2019	0.015494825%	2,791,932	1,136,165	245.73%	56.27%
2020	0.015937572%	2,599,001	1,194,998	217.49%	58.32%
2021	0.016800809%	1,990,308	1,175,159	169.36%	70.33%
2022	N/A	N/A	1,155,579	N/A	N/A

N/A = Information not available

See independent auditors' report.



**LEBANON TOWNSHIP 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	\$ 147,742	\$ (147,742)	\$ -	\$ 1,206,157	12.25%
2014	142,960	(142,960)	-	1,256,197	11.38%
2015	134,041	(134,041)	-	1,220,679	10.98%
2016	150,862	(150,862)	-	1,283,165	11.76%
2017	157,056	(157,056)	-	1,250,681	12.56%
2018	160,430	(160,430)	-	1,164,431	13.78%
2019	164,218	(164,218)	-	1,136,165	14.45%
2020	151,136	(151,136)	-	1,194,998	12.65%
2021	175,741	(175,741)	-	1,175,159	14.95%
2022	196,757	(196,757)	-	1,155,579	17.03%

N/A = Information not available

See independent auditors' report.

**LEBANON TOWNSHIP 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 a percentage of the total pension liability
	District's proportion		State's				
	Percentage	Value	proportion				
2013	0.00%	\$ -	N/A	N/A	N/A	N/A	33.76%
2014	0.00%	- \$	28,627,267	28,627,267	\$ 5,362,213	0.00%	33.64%
2015	0.00%	-	29,777,099	29,777,099	5,349,284	0.00%	28.71%
2016	0.00%	-	33,834,792	33,834,792	5,454,550	0.00%	22.33%
2017	0.00%	-	42,482,641	42,482,641	5,292,535	0.00%	25.41%
2018	0.00%	-	36,500,875	36,500,875	5,394,928	0.00%	26.49%
2019	0.00%	-	31,518,525	31,518,525	5,489,765	0.00%	26.95%
2020	0.00%	-	31,363,517	31,363,517	5,801,613	0.00%	24.60%
2021	0.00%	-	33,827,611	33,827,611	5,696,729	0.00%	35.52%
2022	N/A	N/A	N/A	N/A	5,357,588	N/A	N/A

N/A = Information not available

See independent auditors' report.

**LEBANON TOWNSHIP 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	\$ 355,672	\$ (355,672)	\$ -	\$ 5,362,213	6.63%
2014	235,691	(235,691)	-	5,349,284	4.41%
2015	289,416	(289,416)	-	5,454,550	5.31%
2016	432,373	(432,373)	-	5,091,375	8.49%
2017	609,917	(609,917)	-	5,292,535	11.52%
2018	748,420	(748,420)	-	5,394,928	13.87%
2019	1,027,437	(1,027,437)	-	5,489,765	18.72%
2020	1,148,244	(1,148,244)	-	5,801,613	19.79%
2021	1,494,239	(1,494,239)	-	5,696,729	26.23%
2022	1,477,095	(1,477,095)	-	5,357,588	27.57%

N/A = Information not available

See independent auditors' report.

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

**LEBANON TOWNSHIP 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 postemployment 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%	\$ -	\$ 32,425,640	\$ 32,425,640	\$ 6,486,106	0.00%	N/A
2018	0.00%	-	27,497,436	27,497,436	6,625,930	0.00%	0.00%
2019	0.00%	-	24,812,268	24,812,268	6,996,611	0.00%	0.00%
2020	0.00%	-	39,809,685	39,809,685	6,871,888	0.00%	0.00%
2021	0.00%	-	35,907,292	35,907,292	6,513,167	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 TOWNSHIP 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, 2020 to June 30, 2021 due to employers adopting Chapter 44 provisions.

## **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 TOWNSHIP SCHOOL DISTRICT**  
**Special Revenue Fund**  
**Combining Schedule of Revenues**  
**and Expenditures - Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2022**

	Total Brought Forward	IDEA Basic	IDEA Preschool	ESSA Title IA	ESSA Title IIA	ESSA Title IVA	Total
<b>Revenues</b>							
State sources	\$ 14,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,242
Federal sources	101,053	129,941	2,314	27,066	11,486	6,397	278,257
Local sources	37,393	-	-	-	-	-	37,393
<b>Total revenues</b>	<b>\$ 152,688</b>	<b>\$ 129,941</b>	<b>\$ 2,314</b>	<b>\$ 27,066</b>	<b>\$ 11,486</b>	<b>\$ 6,397</b>	<b>\$ 329,892</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 69,610	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 69,610
Purchased professional and technical services	809	-	-	-	-	-	809
Other purchased services	-	-	-	-	-	255	255
General supplies	3,614	-	2,314	26,496	-	6,142	38,566
<b>Total</b>	<b>74,033</b>	<b>-</b>	<b>2,314</b>	<b>26,496</b>	<b>-</b>	<b>6,397</b>	<b>109,240</b>
<b>Support services</b>							
Tuition	24,720	129,941	-	-	-	-	154,661
Purchased professional and technical services	2,300	-	-	570	11,486	-	14,356
Purchased property services	14,242	-	-	-	-	-	14,242
Student activities	35,697	-	-	-	-	-	35,697
<b>Total</b>	<b>76,959</b>	<b>129,941</b>	<b>-</b>	<b>570</b>	<b>11,486</b>	<b>-</b>	<b>218,956</b>
<b>Total expenditures</b>	<b>\$ 150,992</b>	<b>\$ 129,941</b>	<b>\$ 2,314</b>	<b>\$ 27,066</b>	<b>\$ 11,486</b>	<b>\$ 6,397</b>	<b>\$ 328,196</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,696
Fund balances, July 1	30,368	-	-	-	-	-	30,368
<b>Fund balances, June 30</b>	<b>\$ 32,064</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,064</b>

See independent auditors' report.



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

	Total Brought Forward	ARP IDEA Basic	ARP IDEA Preschool	Cares Emergency Relief	CRRSA ESSER II	CRRSA Learning Acceleration	Total Carried Forward
<b>Revenues</b>							
State sources	\$ 14,242	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,242
Federal sources	14,493	24,720	1,726	683	40,000	19,431	101,053
Local sources	37,393	-	-	-	-	-	37,393
<b>Total revenues</b>	<b>\$ 66,128</b>	<b>\$ 24,720</b>	<b>\$ 1,726</b>	<b>\$ 683</b>	<b>\$ 40,000</b>	<b>\$ 19,431</b>	<b>\$ 152,688</b>
<b>Expenditures</b>							
<b>Instruction</b>							
Salaries	\$ 11,384	\$ -	\$ -	\$ -	\$ 40,000	\$ 18,226	\$ 69,610
Purchased professional and technical services	809	-	-	-	-	-	809
Other purchased services	-	-	-	-	-	-	-
General supplies	-	-	1,726	683	-	1,205	3,614
<b>Total</b>	<b>12,193</b>	<b>-</b>	<b>1,726</b>	<b>683</b>	<b>40,000</b>	<b>19,431</b>	<b>74,033</b>
<b>Support services</b>							
Tuition	-	24,720	-	-	-	-	24,720
Purchased professional and technical services	2,300	-	-	-	-	-	2,300
Purchased property services	14,242	-	-	-	-	-	14,242
Student activities	35,697	-	-	-	-	-	35,697
<b>Total</b>	<b>52,239</b>	<b>24,720</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>76,959</b>
<b>Total expenditures</b>	<b>\$ 64,432</b>	<b>\$ 24,720</b>	<b>\$ 1,726</b>	<b>\$ 683</b>	<b>\$ 40,000</b>	<b>\$ 19,431</b>	<b>\$ 150,992</b>
Excess (deficiency) of revenues over (under) expenditures	\$ 1,696	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,696
Fund balances, July 1	30,368	-	-	-	-	-	30,368
Fund balances, June 30	<b>\$ 32,064</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 32,064</b>

See independent auditors' report.

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

	CRRSA Mental Health	ARP ESSER II	ARP Accelerated Learning	SDA Emergent Capital and Maintenance Needs	Student Activities	Total Carried Forward
Revenues						
State sources	\$ -	\$ -	\$ -	\$ 14,242	\$ -	\$ 14,242
Federal sources	2,300	11,384	809	-	-	14,493
Local sources	-	-	-	-	37,393	37,393
Total revenues	<u>\$ 2,300</u>	<u>\$ 11,384</u>	<u>\$ 809</u>	<u>\$ 14,242</u>	<u>\$ 37,393</u>	<u>\$ 66,128</u>
Expenditures						
Instruction						
Salaries	\$ -	\$ 11,384	\$ -	\$ -	\$ -	\$ 11,384
Purchased professional and technical services	-	-	809	-	-	809
Other purchased services	-	-	-	-	-	-
General supplies	-	-	-	-	-	-
Total	<u>-</u>	<u>11,384</u>	<u>809</u>	<u>-</u>	<u>-</u>	<u>12,193</u>
Support services						
Tuition	-	-	-	-	-	-
Purchased professional and technical services	2,300	-	-	-	-	2,300
Purchased property services	-	-	-	14,242	-	14,242
Student activities	-	-	-	-	35,697	35,697
Total	<u>2,300</u>	<u>-</u>	<u>-</u>	<u>14,242</u>	<u>35,697</u>	<u>52,239</u>
Total expenditures	<u>\$ 2,300</u>	<u>\$ 11,384</u>	<u>\$ 809</u>	<u>\$ 14,242</u>	<u>\$ 35,697</u>	<u>\$ 64,432</u>
Excess (deficiency) of revenues over (under) expenditures	\$ -	\$ -	\$ -	\$ -	\$ 1,696	\$ 1,696
Fund balances, July 1	-	-	-	-	30,368	30,368
Fund balances, June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,064</u>	<u>\$ 32,064</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.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Project Expenditures**  
**For the Fiscal Year Ended June 30, 2022**

Description	Approval Date	Revised Budgetary Appropriations	Expenditures to Date		Unexpended Appropriations 06/30/22
			Prior Years	Current Year	
Security project	N/A	\$ 735,100	\$ 602,091	\$ 34,965	\$ 98,044
		<u>\$ 735,100</u>	<u>\$ 602,091</u>	<u>\$ 34,965</u>	<u>\$ 98,044</u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Summary Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budgetary Basis**  
**For the Fiscal Year Ended June 30, 2022**

Expenditures	
Construction services	\$ 34,965
Total expenditures	<u>34,965</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses	(34,965)
Fund balance - beginning of year	<u>133,009</u>
Fund balance - ending of year	<u><u>\$ 98,044</u></u>

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Capital Projects Fund**  
**Schedule of Project Revenues, Expenditures, Project Balance and Project Status**  
**Budgetary Basis**  
**Security Project**  
**For the Fiscal Year Ended June 30, 2022**

	Prior Periods	Current Year	Totals	Revised Authorized Cost
Revenues and other financing sources				
Local sources - transfer from capital reserve	\$ 735,100	\$ -	\$ 735,100	\$ 735,100
Total revenues	<u>735,100</u>	<u>-</u>	<u>735,100</u>	<u>735,100</u>
Expenditures and other financing uses				
Purchased professional services	57,499	-	57,499	83,200
Construction services	544,592	34,965	579,557	651,900
Total expenditures	<u>602,091</u>	<u>34,965</u>	<u>637,056</u>	<u>735,100</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ 133,009</u>	<u>\$ (34,965)</u>	<u>\$ 98,044</u>	<u>\$ -</u>

Additional Project Information

Project number	2600-060-18-1000
Grant date	N/A
Bond authorization date	N/A
Bonds authorized	N/A
Bonds issued	N/A
Original authorized cost	\$ 586,780
Additional authorized cost	\$ 148,320
Revised authorized cost	\$ 735,100
Percentage completion	87%

See independent auditors' 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 Statements 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 TOWNSHIP SCHOOL DISTRICT**  
**Statistical Section J Series**

CONTENTS	PAGE
<b>FINANCIAL TRENDS</b>	
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
<b>REVENUE CAPACITY</b>	
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
<b>DEBT CAPACITY</b>	
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
<b>DEMOGRAPHIC AND ECONOMIC INFORMATION</b>	
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
<b>OPERATING INFORMATION</b>	
These schedules contain service and infrastructure data to help the reader understand how the information in the District's financial report relates to the services the District provides and the activities it performs.	J-16 to J-20
<b>Sources:</b> 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 TOWNSHIP 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
Government activities										
Net investment in capital assets	\$ 4,940,904	\$ 4,940,663	\$ 4,930,901	\$ 4,906,266	\$ 4,676,844	\$ 4,861,051	\$ 4,629,560	\$ 4,401,432	\$ 4,733,813	\$ 4,434,622
Restricted	1,117,960	1,762,133	1,701,163	1,884,059	3,616,418	4,194,911	4,387,301	5,094,136	5,377,742	2,927,806
Unrestricted	2,960,197	(1,514,378)	(1,682,319)	(1,599,598)	(3,115,678)	(3,569,171)	(3,325,021)	(2,765,855)	(2,941,642)	1,012,348
Total governmental activities	<u>\$ 9,019,061</u>	<u>\$ 5,188,418</u>	<u>\$ 4,949,745</u>	<u>\$ 5,190,727</u>	<u>\$ 5,177,584</u>	<u>\$ 5,486,791</u>	<u>\$ 5,691,840</u>	<u>\$ 6,729,713</u>	<u>\$ 7,169,913</u>	<u>\$ 8,374,776</u>
Business-type activities										
Net investment in capital assets	\$ 32,680	\$ 55,869	\$ 50,185	\$ 44,502	\$ 38,818	\$ 33,135	\$ 27,452	\$ 21,768	\$ 16,085	\$ 39,284
Unrestricted	53,485	18,605	11,145	13,271	12,581	8,577	7,750	12,070	43,849	126,220
Total business-type activities	<u>\$ 86,165</u>	<u>\$ 74,474</u>	<u>\$ 61,330</u>	<u>\$ 57,773</u>	<u>\$ 51,399</u>	<u>\$ 41,712</u>	<u>\$ 35,202</u>	<u>\$ 33,838</u>	<u>\$ 59,934</u>	<u>\$ 165,504</u>
District-wide										
Net investment in capital assets	\$ 4,973,584	\$ 4,996,532	\$ 4,981,086	\$ 4,950,768	\$ 4,715,662	\$ 4,894,186	\$ 4,657,012	\$ 4,423,200	\$ 4,749,898	\$ 4,473,906
Restricted	1,117,960	1,762,133	1,701,163	1,884,059	3,616,418	4,194,911	4,387,301	5,094,136	5,377,742	2,927,806
Unrestricted	3,013,682	(1,495,773)	(1,671,174)	(1,586,327)	(3,103,097)	(3,560,594)	(3,317,271)	(2,753,785)	(2,897,793)	1,138,568
Total district-wide	<u>\$ 9,105,226</u>	<u>\$ 5,262,892</u>	<u>\$ 5,011,075</u>	<u>\$ 5,248,500</u>	<u>\$ 5,228,983</u>	<u>\$ 5,528,503</u>	<u>\$ 5,727,042</u>	<u>\$ 6,763,551</u>	<u>\$ 7,229,847</u>	<u>\$ 8,540,280</u>

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

\* as restated

See independent auditors' report.

**LEBANON TOWNSHIP 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	\$ 5,887,139	\$ 5,885,932	\$ 6,533,194	\$ 6,526,788	\$ 6,578,228	\$ 6,683,269	\$ 6,256,202	\$ 5,750,794	\$ 6,029,312	\$ 7,469,212
Special education	2,272,114	2,273,426	2,490,425	2,795,503	2,992,046	3,142,568	3,001,326	2,766,922	2,759,409	3,496,600
Other special education	119,278	124,697	89,518	138,946	229,805	221,962	227,443	235,087	194,701	310,517
Other instruction	103,361	126,630	120,121	143,696	177,040	170,689	161,274	107,354	82,824	116,624
Support services										
Tuition	129,655	288,322	376,397	379,272	149,320	99,596	40,675	57,062	103,135	154,661
Student & instruction related services	2,035,380	2,029,359	2,648,636	2,755,646	2,490,155	2,919,336	2,811,162	2,523,481	2,772,065	3,285,097
General & business administrative services	1,439,433	1,469,616	1,556,391	1,658,512	1,700,110	1,797,097	1,556,174	1,357,842	1,555,933	1,370,720
Plant operations & maintenance	1,025,581	1,101,846	1,009,734	1,008,798	1,660,550	1,537,887	1,665,023	1,738,448	2,102,547	1,149,442
Pupil transportation	548,118	518,280	595,215	566,871	551,316	545,247	545,197	492,206	544,909	557,204
Transfer to Charter schools	-	-	-	-	-	-	-	-	-	15,022
Interest on long-term debt	1,404	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
Unallocated depreciation	-	-	-	-	263,163	267,284	253,312	235,292	247,759	-
Total governmental activities expenses	<u>13,561,463</u>	<u>13,820,273</u>	<u>15,421,796</u>	<u>15,976,197</u>	<u>16,793,898</u>	<u>17,387,100</u>	<u>16,519,953</u>	<u>15,266,653</u>	<u>16,394,759</u>	<u>17,927,264</u>
Business-type activities										
Food services	186,324	194,925	186,003	191,856	198,178	184,470	173,955	128,042	131,476	251,835
Total business-type activities	<u>186,324</u>	<u>194,925</u>	<u>186,003</u>	<u>191,856</u>	<u>198,178</u>	<u>184,470</u>	<u>173,955</u>	<u>128,042</u>	<u>131,476</u>	<u>251,835</u>
Total district expenses	<u>\$ 13,747,787</u>	<u>\$ 14,015,198</u>	<u>\$ 15,607,799</u>	<u>\$ 16,168,053</u>	<u>\$ 16,992,076</u>	<u>\$ 17,571,570</u>	<u>\$ 16,693,908</u>	<u>\$ 15,394,695</u>	<u>\$ 16,526,235</u>	<u>\$ 18,179,099</u>

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

See independent auditors' report.

**LEBANON TOWNSHIP 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	\$ 255,681	\$ 226,335	\$ 252,878	\$ 358,428	\$ 242,462	\$ 255,547	\$ 535,977	\$ 592,911	\$ 573,438	\$ 540,543
Operating grants & contributions	3,679,662	3,725,649	5,513,787	6,152,112	6,691,052	7,278,457	5,851,605	5,025,299	5,637,111	295,048
Total governmental activities	<u>3,935,343</u>	<u>3,951,984</u>	<u>5,766,665</u>	<u>6,510,540</u>	<u>6,933,514</u>	<u>7,534,004</u>	<u>6,387,582</u>	<u>5,618,210</u>	<u>6,210,549</u>	<u>835,591</u>
Business-type activities										
Charges for services										
Food service	139,159	144,884	135,070	142,698	136,950	125,338	125,510	92,691	32,210	-
Operating grants & contributions	34,942	38,350	37,789	45,601	51,943	42,627	41,935	33,987	120,362	340,264
Total business-type activities	<u>174,101</u>	<u>183,234</u>	<u>172,859</u>	<u>188,299</u>	<u>188,893</u>	<u>167,965</u>	<u>167,445</u>	<u>126,678</u>	<u>152,572</u>	<u>340,264</u>
Total district-wide program revenues	<u>\$ 4,109,444</u>	<u>\$ 4,135,218</u>	<u>\$ 5,939,524</u>	<u>\$ 6,698,839</u>	<u>\$ 7,122,407</u>	<u>\$ 7,701,969</u>	<u>\$ 6,555,027</u>	<u>\$ 5,744,888</u>	<u>\$ 6,363,121</u>	<u>\$ 1,175,855</u>
Net (expense) revenues										
Governmental activities	\$ (9,626,120)	\$ (9,868,289)	\$ (9,655,131)	\$ (9,465,657)	\$ (9,860,384)	\$ (9,853,096)	\$ (10,132,371)	\$ (9,648,443)	\$ (10,184,210)	\$ (17,091,673)
Business-type activities	(12,223)	(11,691)	(13,144)	(3,557)	(9,285)	(16,505)	(6,510)	(1,364)	21,096	88,429
Total district-wide net expenses	<u>\$ (9,638,343)</u>	<u>\$ (9,879,980)</u>	<u>\$ (9,668,275)</u>	<u>\$ (9,469,214)</u>	<u>\$ (9,869,669)</u>	<u>\$ (9,869,601)</u>	<u>\$ (10,138,881)</u>	<u>\$ (9,649,807)</u>	<u>\$ (10,163,114)</u>	<u>\$ (17,003,244)</u>

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

See independent auditors' report.

**LEBANON TOWNSHIP 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 & other changes in net position										
Governmental activities										
Property taxes levied for general purposes, net	\$ 10,037,176	\$ 9,284,388	\$ 9,400,000	\$ 9,541,000	\$ 9,731,820	\$ 9,926,000	\$ 10,124,520	\$ 10,327,000	\$ 10,533,540	\$ 10,744,210
Unrestricted grants & contributions	-	-	-	-	-	-	-	-	-	7,703,009
Investment earnings	12,714	16,521	15,209	14,833	24,367	64,277	82,721	60,734	14,059	11,915
Miscellaneous income	19,071	2,642	1,249	150,806	91,054	172,026	130,179	93,187	81,811	19,525
Transfers	(25,000)	-	-	-	-	-	-	-	(5,000)	(720)
Total governmental activities	<u>10,043,961</u>	<u>9,303,551</u>	<u>9,416,458</u>	<u>9,706,639</u>	<u>9,847,241</u>	<u>10,162,303</u>	<u>10,337,420</u>	<u>10,480,921</u>	<u>10,624,410</u>	<u>18,477,939</u>
Business-type activities										
Miscellaneous income	-	-	-	-	2,911	6,818	-	-	-	3,239
Transfers	25,000	-	-	-	-	-	-	-	5,000	-
Total business-type activities	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,911</u>	<u>6,818</u>	<u>-</u>	<u>-</u>	<u>5,000</u>	<u>3,239</u>
Total district-wide	<u>\$ 10,068,961</u>	<u>\$ 9,303,551</u>	<u>\$ 9,416,458</u>	<u>\$ 9,706,639</u>	<u>\$ 9,850,152</u>	<u>\$ 10,169,121</u>	<u>\$ 10,337,420</u>	<u>\$ 10,480,921</u>	<u>\$ 10,629,410</u>	<u>\$ 18,481,178</u>
Change in net position										
Governmental activities	\$ 417,841	\$ (564,738)	\$ (238,673)	\$ 240,982	\$ (13,143)	\$ 309,207	\$ 205,049	\$ 832,478	\$ 440,200	\$ 1,386,266
Business-type activities	12,777	(11,691)	(13,144)	(3,557)	(6,374)	(9,687)	(6,510)	(1,364)	26,096	91,668
Total district	<u>\$ 430,618</u>	<u>\$ (576,429)</u>	<u>\$ (251,817)</u>	<u>\$ 237,425</u>	<u>\$ (19,517)</u>	<u>\$ 299,520</u>	<u>\$ 198,539</u>	<u>\$ 831,114</u>	<u>\$ 466,296</u>	<u>\$ 1,477,934</u>

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

See independent auditors' report.

**LEBANON TOWNSHIP 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	\$ 2,152,445	\$ 3,531,762	\$ 3,032,542	\$ 3,591,930	\$ 3,616,418	\$ 4,194,911	\$ 4,387,301	\$ 4,888,741	\$ 5,347,374	\$ 4,222,017
Committed	1,660,171	15,153	265,576	53,067	722,391	465,047	254,673	353,616	290,481	1,956,003
Assigned	285,478	-	-	-	-	-	-	-	-	14,754
Unassigned	280,728	249,267	261,089	245,624	103,046	73,949	95,428	106,243	428,186	891,567
Total general fund	<u>\$ 4,378,822</u>	<u>\$ 3,796,182</u>	<u>\$ 3,559,207</u>	<u>\$ 3,890,621</u>	<u>\$ 4,441,855</u>	<u>\$ 4,733,907</u>	<u>\$ 4,737,402</u>	<u>\$ 5,348,600</u>	<u>\$ 6,066,041</u>	<u>\$ 7,084,341</u>
								*		
All other governmental funds										
Restricted, reported in										
Special revenue fund	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 30,368	\$ 32,064
Capital projects fund	-	-	-	-	-	-	540,780	689,100	70,473	98,044
Committed, reported in										
Capital projects fund	-	-	-	-	-	-	-	-	62,536	-
Total all other governmental funds	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 540,780</u>	<u>\$ 689,100</u>	<u>\$ 163,377</u>	<u>\$ 130,108</u>
								*		

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

\* as restated

See independent auditors' report.



**LEBANON TOWNSHIP 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
<b>Revenues</b>										
Tax levy	\$ 10,037,176	\$ 9,284,388	\$ 9,400,000	\$ 9,541,000	\$ 9,731,820	\$ 9,926,000	\$ 10,124,520	\$ 10,327,000	\$ 10,533,540	\$ 10,744,210
Transportation	-	-	-	-	-	-	-	-	-	9,515
Tuition charges	127,367	111,100	131,710	297,748	242,462	255,547	512,220	570,926	566,389	493,635
Interest earnings	-	-	-	-	-	-	-	-	-	11,915
Miscellaneous	64,107	100,899	86,450	176,140	115,421	236,303	236,657	175,906	102,919	56,918
State sources	3,463,915	3,534,880	3,722,394	3,888,967	3,930,218	4,004,041	4,243,256	4,152,667	4,426,033	5,327,870
Federal sources	184,958	170,663	182,059	186,725	178,772	178,431	213,165	208,676	229,070	349,692
<b>Total revenues</b>	<b>13,877,523</b>	<b>13,201,930</b>	<b>13,522,613</b>	<b>14,090,580</b>	<b>14,198,693</b>	<b>14,600,322</b>	<b>15,329,818</b>	<b>15,435,175</b>	<b>15,857,951</b>	<b>16,993,755</b>
<b>Expenditures</b>										
<b>Instruction</b>										
Regular instruction	3,843,883	4,040,121	3,856,710	3,477,684	3,625,749	3,612,519	3,809,330	3,728,207	3,679,550	3,685,874
Special education instruction	1,438,200	1,501,049	1,458,580	1,520,152	1,650,527	1,700,093	1,828,260	1,793,901	1,684,109	1,800,910
Other special instruction	76,051	85,531	55,440	79,581	126,769	120,079	138,547	152,416	118,829	122,367
Other instruction	57,570	73,455	71,414	82,197	97,662	92,341	98,240	69,602	50,549	112,952
<b>Support services</b>										
Tuition	129,655	288,322	376,397	379,272	149,320	99,596	40,675	57,062	103,135	154,661
Student & instruction related services	1,324,861	1,424,208	1,609,023	1,547,908	1,373,252	1,578,914	1,712,132	1,635,902	1,691,666	1,753,821
General & business administrative services	741,127	814,918	777,896	788,711	909,544	810,437	845,909	880,110	949,358	840,667
Plant operations & maintenance	1,039,681	1,121,332	1,007,351	984,523	914,511	830,467	1,012,738	1,125,100	1,279,292	974,891
Pupil transportation	548,118	496,555	573,254	558,435	551,316	545,247	545,197	492,206	544,909	557,204
Employee benefits	2,791,536	2,670,626	2,574,545	2,789,567	2,693,102	2,684,934	2,740,779	2,739,659	2,804,025	2,755,133
On-behalf TPAF Pension & Social Security contributions	1,199,654	1,022,541	1,151,168	1,311,080	1,486,521	1,613,237	1,884,270	1,989,512	2,374,329	3,063,474
Capital outlay	612,953	243,747	245,645	237,891	67,021	618,241	127,301	9,815	584,712	134,618
Transfer to Charter schools	-	-	-	-	-	-	-	-	-	15,022
Special revenue funds	-	-	-	-	-	-	-	-	-	-
Capital projects fund	-	-	-	-	-	-	-	-	-	34,965
<b>Debt service</b>										
Interest & other charges	1,404	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165	2,165
<b>Total expenditures</b>	<b>13,804,693</b>	<b>13,784,570</b>	<b>13,759,588</b>	<b>13,759,166</b>	<b>13,647,459</b>	<b>14,308,270</b>	<b>14,785,543</b>	<b>14,675,657</b>	<b>15,866,628</b>	<b>16,008,724</b>

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

See independent auditors' report.

**LEBANON TOWNSHIP 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	\$ 72,830	\$ (582,640)	\$ (236,975)	\$ 331,414	\$ 551,234	\$ 292,052	\$ 544,275	\$ 759,518	\$ (8,677)	\$ 985,031
Other financing sources (uses)										
Transfer in	-	-	-	-	-	-	586,780	148,320	-	-
Transfer out	(25,000)	-	-	-	-	-	(586,780)	(148,320)	(5,000)	-
Total other financing sources (uses)	(25,000)	-	-	-	-	-	-	-	(5,000)	-
Net change in fund balances	\$ 47,830	\$ (582,640)	\$ (236,975)	\$ 331,414	\$ 551,234	\$ 292,052	\$ 544,275	\$ 759,518	\$ (13,677)	\$ 985,031
Debt service as a percentage of non-capital expenditures	0.01%	0.02%	0.02%	0.02%	0.02%	0.02%	0.01%	0.01%	0.01%	0.01%

Source: District Records

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

See independent auditors' report.

**LEBANON TOWNSHIP 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	\$ 12,714	\$ 16,521	\$ 15,209	\$ 14,833	\$ 24,367	\$ 64,277	\$ 82,721	\$ 60,734	\$ 14,058	\$ 11,915
Tuition	127,367	111,100	131,710	297,748	242,462	255,547	512,220	570,926	566,389	493,635
Prior year refunds	19,000	2,470	570	590	-	-	-	-	-	-
Miscellaneous	71	60,172	62,179	148,978	2,026	25,665	113,624	913	(436)	1,029
Facility rentals	1,533	1,630	1,445	1,240	-	-	-	-	-	130
Transportation	-	-	-	-	-	-	23,757	21,985	-	9,515
Shared services	-	-	-	-	86,750	125,545	-	86,842	74,906	15,000
Accounts payable canceled	-	-	-	-	-	-	-	-	-	1,366
NJSIG Safety Grant	-	-	-	-	-	-	-	-	-	2,000
<b>Annual totals</b>	<b>\$ 160,685</b>	<b>\$ 191,893</b>	<b>\$ 211,113</b>	<b>\$ 463,389</b>	<b>\$ 355,605</b>	<b>\$ 471,034</b>	<b>\$ 732,322</b>	<b>\$ 741,400</b>	<b>\$ 654,917</b>	<b>\$ 534,590</b>

Source: District Records

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

See independent auditors' report.

**LEBANON TOWNSHIP 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	\$ 10,576,000	\$ 9,484,500	\$ 9,672,500	\$ 9,509,700	\$ 9,361,300	\$ 9,125,600	\$ 8,719,400	\$ 8,385,645	\$ 9,870,600	\$ 8,616,300
Residential	613,879,400	606,741,700	609,183,900	617,692,700	619,632,200	617,929,600	622,250,100	624,970,400	782,010,100	777,282,993
Farm regular	78,536,600	78,980,056	76,537,900	71,112,500	71,448,900	73,487,117	71,759,400	71,452,100	87,034,700	88,560,000
Q farm	2,049,179	2,038,683	2,007,849	1,976,112	2,199,467	2,204,744	2,259,506	2,039,600	2,084,500	2,094,400
Commercial	33,568,500	34,324,900	34,186,300	34,982,300	35,886,800	37,264,300	37,264,300	36,291,100	47,554,500	46,892,100
Industrial	3,340,100	3,340,100	3,340,100	3,340,100	3,213,500	3,213,500	3,213,500	3,213,500	3,355,500	3,355,500
Apartment	1,935,700	1,912,400	1,912,400	1,912,400	1,912,400	1,912,400	1,912,400	1,912,400	2,539,500	3,421,060
<b>Total assessed value</b>	<b>743,885,479</b>	<b>736,822,339</b>	<b>736,840,949</b>	<b>740,525,812</b>	<b>743,654,567</b>	<b>745,137,261</b>	<b>747,378,606</b>	<b>748,264,745</b>	<b>934,449,400</b>	<b>930,222,353</b>
Public utilities (a)	1,326,945	87,531	69,480	68,276	66,063	65,914	65,914	65,914	94,882	94,882
<b>Net valuation taxable</b>	<b>\$ 745,212,424</b>	<b>\$ 736,909,870</b>	<b>\$ 736,910,429</b>	<b>\$ 740,594,088</b>	<b>\$ 743,720,630</b>	<b>\$ 745,203,175</b>	<b>\$ 747,444,520</b>	<b>\$ 748,330,659</b>	<b>\$ 934,544,282</b>	<b>\$ 930,317,235</b>
Estimated actual county equalized value	\$ 932,914,902	\$ 890,310,342	\$ 857,870,116	\$ 876,546,441	\$ 910,392,090	\$ 913,566,518	\$ 921,414,776	\$ 918,059,086	\$ 930,515,715	\$ 986,236,865
Percentage of net valuation to estimated actual equalized value	79.88%	82.77%	85.90%	84.49%	81.69%	81.57%	81.12%	81.51%	100.43%	94.33%
<b>Total direct school tax rate (b)</b>	<b>\$ 1.260</b>	<b>\$ 1.275</b>	<b>\$ 1.289</b>	<b>\$ 1.309</b>	<b>\$ 1.332</b>	<b>\$ 1.354</b>	<b>\$ 1.381</b>	<b>\$ 1.128</b>	<b>\$ 1.127</b>	<b>\$ 1.195</b>

Source: Municipal Tax Assessor

Note: Real property is required to be assessed at some percentage of true value (fair or market value) established by each County Board of Taxation. Reassessment occurs when the County Board of Taxation requests Treasury to order a reassessment.

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

\* Revalued/Reassessed

See independent auditors' report.

**LEBANON TOWNSHIP 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	* \$ 1.260	\$ -	\$ 1.260	\$ 0.716	\$ 0.158	\$ 0.440	\$ 2.574
2014	1.275	-	1.275	0.669	0.176	0.433	2.553
2015	1.289	-	1.289	0.675	0.243	0.440	2.647
2016	1.309	-	1.309	0.716	0.290	0.453	2.768
2017	1.332	-	1.332	0.742	0.332	0.454	2.860
2018	1.354	-	1.354	0.774	0.357	0.465	2.950
2019	1.381	-	1.381	0.740	0.363	0.461	2.945
2020	1.128	-	1.128	0.581	0.298	0.374	2.381
2021	1.153	-	1.153	0.628	0.304	0.380	2.465
2022	1.195	-	1.195	0.654	0.309	0.399	2.557

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.

\* Revalued/Reassessed

See independent auditors' report.

**LEBANON TOWNSHIP 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
Route 31 Imports Realty LLC	\$ 5,095,300	1	0.55%	\$ -		-
MCI Worldcom	3,000,000	2	0.32%	-		-
Trimmer Road Company, LLC	2,881,500	3	0.31%	2,437,273	3	0.33%
Individual Property Owner	2,812,000	4	0.30%	2,801,203	2	0.38%
Rt 513 at Sliker LLC	2,573,200	5	0.28%	-		-
Verizon Wireless	2,376,900	6	0.26%	-		-
Individual Property Owner	2,092,500	7	0.22%	2,000,100	4	0.27%
Eastern Concrete Materials Inc	1,845,000	8	0.20%	1,750,000	6	0.23%
Davara Industrial Center LLC	1,788,000	9	0.19%	1,951,500	5	0.26%
Individual Property Owner	1,656,900	10	0.18%	-		-
Columbia Gas Transmission Corp	-		-	3,916,300	1	0.53%
Individual Property Owner	-		-	1,361,000	7	0.18%
NRG Energy Inc	-		-	1,286,500	8	0.17%
Individual Property Owner	-		-	1,277,830	9	0.17%
High Bridge Quartet	-		-	1,255,800	10	0.17%
	<u>\$ 26,121,300</u>		<u>2.81%</u>	<u>\$ 20,037,506</u>		<u>2.69%</u>

Source: Municipal Tax Assessor

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Property Tax Levies and Collections**  
**Last Ten Years**

Fiscal Year Ended June 30,	Taxes Levied for the Year	Collected within the Year of the Levy (a)	
		Amount	Percentage of Levy
2013	\$ 10,037,176	\$ 10,037,176	100.00%
2014	9,284,388	9,284,388	100.00%
2015	9,400,000	9,400,000	100.00%
2016	9,541,000	9,541,000	100.00%
2017	9,731,820	9,731,820	100.00%
2018	9,926,000	9,926,000	100.00%
2019	10,124,520	10,124,520	100.00%
2020	10,327,000	10,327,000	100.00%
2021	10,533,540	10,533,540	100.00%
2022	10,744,210	10,744,210	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 TOWNSHIP SCHOOL DISTRICT**  
**Ratios of Outstanding Debt by Type**  
**Last Ten Fiscal Years**

Fiscal Year Ending June 30,	Governmental Activities				Business-Type Activities		Total District	% of Personal Income (a)	Per Capita (a)
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital 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: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

- (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.

See independent auditors' report.



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

Fiscal Year Ending 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	\$ -	\$ -	\$ -	0.00%	\$ -
2014	-	-	-	0.00%	-
2015	-	-	-	0.00%	-
2016	-	-	-	0.00%	-
2017	-	-	-	0.00%	-
2018	-	-	-	0.00%	-
2019	-	-	-	0.00%	-
2020	-	-	-	0.00%	-
2021	-	-	-	0.00%	-
2022	-	-	-	0.00%	-

Notes: Details regarding the District's outstanding debt can be found in the Notes to the Financial Statements.

(a) See Exhibit J-6 for property tax data.

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

**LEBANON TOWNSHIP 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	\$ 1,287,089	100.00%	\$ 1,287,089
Regional High School	7,545,000	11.33%	854,564
County general obligation debt	96,226,693	4.23%	<u>4,073,205</u>
Subtotal, overlapping debt			6,214,857
School district direct debt			<u>-</u>
Total direct and overlapping debt			<u><u>\$ 6,214,857</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 TOWNSHIP SCHOOL DISTRICT**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**

Legal Debt Margin Calculation for Fiscal Year 2022

		Equalized Valuation Basis
	2021	\$ 988,024,976
	2020	941,321,044
	2019	925,955,630
		\$ 2,855,301,650
Average equalized valuation of taxable property		\$ 951,767,217
Debt limit (3.0% of average equalization value)	(a)	\$ 28,553,017
Total net debt applicable to limit		-
Legal debt margin		\$ 28,553,017

	Fiscal Year				
	2018	2019	2020	2021	2022
Debt limit	\$ 27,303,793	\$ 27,409,820	\$ 27,574,456	\$ 27,823,335	\$ 28,553,017
Total net debt applicable	-	-	-	-	-
Legal debt margin	\$ 27,303,793	\$ 27,409,820	\$ 27,574,456	\$ 27,823,335	\$ 28,553,017
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	\$ 28,119,540	\$ 26,938,057	\$ 26,286,099	\$ 26,341,652	\$ 26,859,556
Total net debt applicable	-	-	-	-	-
Legal debt margin	\$ 28,119,540	\$ 26,938,057	\$ 26,286,099	\$ 26,341,652	\$ 26,859,556
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 TOWNSHIP 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	6,254	\$ 471,420,266	\$ 75,379	6.3%
2014	6,216	467,536,440	75,215	4.8%
2015	6,194	488,471,228	78,862	4.4%
2016	6,167	499,409,827	80,981	4.1%
2017	6,131	513,550,953	83,763	3.7%
2018	6,123	519,916,176	84,912	3.8%
2019	6,112	537,452,608	87,934	3.0%
2020	6,095	560,410,870	91,946	7.7%
2021	6,056	575,852,928	95,088	4.6%
2022	6,210	N/A	N/A	N/A

Sources:

- (a) Population information provided by the NJ Dept of Labor and Workforce Development.
- (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 Development.

See independent auditors' report.

**LEBANON TOWNSHIP SCHOOL DISTRICT**  
**Principal Employers**  
**Current Year and Nine Years Ago**

2022

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

2013

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

See independent auditors' report.

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

Function/Program	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Instruction										
Regular	53.8	53.8	52.5	50.7	48.0	49.0	44.6	43.6	43.6	42.6
Special education	30.3	31.8	24.9	32.5	29.7	25.2	20.4	20.4	19.4	23.0
Other instruction	1.1	1.1	0.6	0.5	-	-	-	-	-	-
Support services										
Student and instruction related services	20.5	21.0	27.4	22.9	15.4	19.8	27.4	26.8	26.8	23.1
General administration	2.1	2.1	2.1	2.0	2.5	2.3	2.1	2.0	2.0	2.5
School administration services	6.8	6.8	7.0	7.0	7.0	4.2	4.0	4.0	4.0	3.4
Central services	1.8	1.8	2.0	2.0	1.5	1.4	1.4	2.4	1.4	2.5
Plant operations and maintenance	8.0	8.0	8.0	7.6	7.6	7.6	7.0	6.0	6.0	6.5
Transportation services	-	-	-	-	-	0.6	0.6	0.6	0.6	1.0
<b>Total</b>	<b>124.4</b>	<b>126.4</b>	<b>124.5</b>	<b>125.2</b>	<b>111.7</b>	<b>110.1</b>	<b>107.5</b>	<b>105.8</b>	<b>103.8</b>	<b>104.6</b>

Source: District Personnel Records

See independent auditors' report.

**LEBANON TOWNSHIP 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	719	\$ 13,190,336	\$ 18,345	4.68%	67.0	1:10.73	709.9	677.0	-3.31%	95.37%
2014	729	13,538,658	18,572	1.24%	67.0	1:10.88	724.6	694.6	2.07%	95.86%
2015	698	13,511,778	19,358	4.23%	62.0	1:11.26	687.5	657.5	-5.12%	95.64%
2016	663	13,519,110	20,391	5.34%	62.0	1:10.69	659.5	631.1	-4.07%	95.69%
2017	630	13,578,273	21,553	5.70%	64.0	1:9.84	624.2	594.0	-5.35%	95.16%
2018	593	13,687,864	23,082	7.09%	62.0	1:9.56	590.5	565.0	-5.40%	95.68%
2019	638	14,656,077	22,972	-0.48%	62.0	1:10.29	626.5	597.6	6.10%	95.39%
2020	632	14,663,677	23,202	1.00%	64.0	1:9.88	623.8	604.2	-0.43%	96.86%
2021	575	15,279,751	26,573	14.53%	69.0	1:8.33	574.7	555.1	-7.87%	96.59%
2022	601	15,871,941	26,409	-0.62%	67.0	1:8.97	586.2	553.9	1.99%	94.49%

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 TOWNSHIP SCHOOL DISTRICT**  
**School Building Information**  
**Last Ten Fiscal Years**

District Building	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>Valley View Elementary (1974)</u>										
Square feet	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741	43,741
Capacity (students)	404	404	404	404	404	404	404	404	404	404
Enrollment	350	367	332	341	335	303	313	310	276	277
<u>Woodglen Middle School (1954)</u>										
Square feet	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060	51,060
Capacity (students)	301	301	301	301	301	301	301	301	301	301
Enrollment	365	366	350	318	295	290	325	322	299	272
<u>Number of schools at June 30, 2022:</u>										
Elementary	1									
Middle	1									

Source: District Facilities Office

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 TOWNSHIP SCHOOL DISTRICT**  
**Schedule of Required Maintenance Expenditures by School Facility**  
**Last Ten Fiscal Years**

Undistributed expenditures - Required maintenance for school facilities

Fiscal Year Ending	Valley View School	Woodglen School	Total
2013	\$ 47,005	\$ 46,010	93,015
2014	63,815	55,174	118,989
2015	83,807	71,328	155,135
2016	52,121	154,311	206,432
2017	129,140	114,521	243,661
2018	108,414	96,141	204,555
2019	159,780	141,692	301,472
2020	194,293	172,297	366,590
2021	240,156	212,969	453,125
2022	96,508	85,582	182,090
Total school facilities	<u>\$ 1,175,039</u>	<u>\$ 1,150,025</u>	<u>\$ 2,325,064</u>

Source: District Records

Notes: School facilities as defined under EFCFA.  
(N.J.A.C. 6A:26-1.2 and N.J.A.C. 6A:26A-1.3)

See independent auditors' report.

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

	Coverage	Deductible
School Commercial Package Policy - Educational Risk and Insurance Consortium		
Property - Building Blanket and Contents (Policy Limit)	\$ 500,000,000	\$ 5,000
Comprehensive General Liability (Policy Limit)	11,000,000	-
Comprehensive Automobile Liability (Policy Limit)	11,000,000	-
School Board Legal Liability - Educational Risk and Insurance Consortium		
School Leaders Errors and Omissions Liability	11,000,000	5,000
Workmen's Compensation - Educational Risk and Insurance Consortium		
Per Accident, Disease and Disease Limit	3,000,000	-
Public Employees' Faithful Performance - Selective Insurance Company		
Treasurer of School Monies Bond	200,000	-
School Board Secretary Bond	200,000	-

Source: District Records

See independent auditors' report.

**SINGLE AUDIT SECTION**

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



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**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 Township School District  
Califon, 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 Township 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, and have issued our report thereon dated March 8, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Lebanon Township 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 deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies as findings number 2022-01, 2022-02, 2022-03 and 2022-04.

### 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as findings number 2022-01, 2022-02, 2022-03, and 2022-04.

### Lebanon Township School District's Responses to Findings

*Government Auditing Standards* requires the auditor to perform limited procedures on Lebanon Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### 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

March 8, 2023  
Flemington, New Jersey



Certified Public Accountants, PC  
[www.bkc-cpa.com](http://www.bkc-cpa.com)

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**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 Township School District  
Califon, New Jersey

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Lebanon Township 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 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.



### Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the and the New Jersey OMB's Circulars 15-08 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2022-01 and 2022-03. Our opinion on each major state program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the noncompliance findings identified in our audit described in the accompanying Schedule of Findings and Questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### Report on Internal Control Over Compliance

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies as findings number 2022-01 and 2022-03.

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.

*Government Auditing Standards* requires the auditor to perform limited procedures on Lebanon Township School District's response to the findings identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The District's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

March 8, 2023  
Flemington, New Jersey

**SUPPLEMENTARY INFORMATION**

**LEBANON TOWNSHIP 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 06/30/21	Carryover Amount	Cash Received	Budgetary Expenditure	Adjust -ment	Repayment of Prior Year Balance	Balance June 30, 2022					
					From	To							Accounts Receivable	Deferred Revenue	Due to Grantor			
U.S. Department of Health and Human Services passed through State Department of Education General Fund																		
FEMA	97.036	Not available	FEMA-2600-22	\$ 68,886	7/1/2021	6/30/2022	\$ -	\$ -	\$ 68,886	\$ 68,886	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Total General Fund							-	-	68,886	68,886	-	-	-	-	-	-	-	
U.S. Department of Education passed through State Department of Education Special Revenue Fund																		
Special education cluster (IDEA)																		
IDEA Basic	84.027	H027A200100	IDEA-2600-22	139,322	07/01/21	06/30/22	-	-	129,941	129,941	-	-	-	-	-	-	-	
IDEA Basic	84.027	H027A200100	IDEA-2600-21	148,626	07/01/20	06/30/21	(23,292)	-	23,292	-	-	-	-	-	-	-	-	
IDEA Preschool	84.173A	H173S200114	IDEA-2600-22	4,629	07/01/21	06/30/22	-	-	2,469	2,314	-	-	-	-	155	-	-	
IDEA Preschool	84.173A	H173S200114	IDEA-2600-21	4,656	07/01/20	06/30/21	(516)	-	165	-	-	-	(351)	-	-	-	-	
Total special education cluster (IDEA)							(23,808)	-	155,867	132,255	-	-	(351)	155	-	-	-	
Title I A	84.010A	S010A210030	ESSA-2600-22	14,539	07/01/21	06/30/22	-	-	-	6,709	-	-	-	-	(6,709)	-	-	
Title I A	84.010A	S010A200030	ESSA-2600-21	15,629	07/01/20	06/30/21	-	-	16,199	20,357	-	-	-	-	(4,158)	-	-	
Title II A	84.367A	S367A210029	ESSA-2600-22	7,354	07/01/21	06/30/22	-	-	-	279	-	-	-	-	(279)	-	-	
Title II A	84.367A	S367A200029	ESSA-2600-21	7,142	07/01/20	06/30/21	-	-	6,483	11,207	-	-	-	-	(4,724)	-	-	
Title III	85.365	S365A200030	ESSA-2600-21	713	07/01/20	06/30/21	(1,416)	-	-	-	-	-	-	-	(1,416)	-	-	
Title IV A	84.424	S424210031	ESSA-2600-22	10,000	07/01/21	06/30/22	-	-	-	6,397	-	-	-	-	(6,397)	-	-	
Title IV A	84.424	S424200031	ESSA-2600-21	11,567	07/01/20	06/30/21	(10,839)	-	3,460	-	112	-	-	-	(7,267)	-	-	
COVID-19																		
ARP IDEA Basic	84.027X	H027X210100	ARP-2600-22	24,720	07/01/21	06/30/22	-	-	24,720	24,720	-	-	-	-	-	-	-	
ARP IDEA Preschool	84.173X	H173X210114	ARP-2600-22	2,109	07/01/21	06/30/22	-	-	1,726	1,726	-	-	-	-	-	-	-	
CARES Emergency Relief	84.425D	S425D200027	CARES-2600-20	13,183	03/13/20	09/30/22	-	-	683	683	-	-	-	-	-	-	-	
CRRSA - ESSER II	84.425D	S425D210027	CRRSA2600-23	51,175	03/13/20	09/30/23	-	-	40,000	40,000	-	-	-	-	-	-	-	
CRRSA - Learning Acceleration	84.425D	S425D210027	CRRSA2600-23	25,000	03/13/20	09/30/23	-	-	19,431	19,431	-	-	-	-	-	-	-	
CRRSA - Mental Health	84.425D	S425D210027	CRRSA2600-23	45,000	03/13/20	09/30/23	-	-	-	2,300	-	-	-	(2,300)	-	-	-	
ARP - ESSER																		
ARP - ESSER	84.425U	S425U210027	ARP-2600-24	115,103	03/13/20	09/30/24	-	-	-	11,384	-	-	-	-	(11,384)	-	-	
Accelerated Learning Coach and Educator Support	84.425U	S425U210027	ARP-2600-24	50,000	03/13/20	09/30/24	-	-	-	809	-	-	-	-	(809)	-	-	
Total Special Revenue Fund							(36,063)	-	268,569	278,257	112	-	-	(45,794)	155	-	-	
U.S. Department of Agriculture passed through State Department of Agriculture Enterprise Fund																		
Child Nutrition Cluster																		
National School Lunch Program																		
Non-Cash Assistance (Commodities)	10.555	211NJ304N1099	N/A	22,240	10/01/21	09/30/22	-	-	22,240	19,199	-	-	-	-	3,041	-	-	
Non-Cash Assistance (Commodities)	10.555	201NJ304N1099	N/A	10,832	10/01/20	09/30/21	2,156	-	-	2,156	-	-	-	-	-	-	-	
Cash Assistance	10.555	211NJ304N1099	N/A	249,650	10/01/21	09/30/22	-	-	227,335	249,650	-	-	-	(22,315)	-	-	-	
Cash Assistance	10.555	201NJ304N1099	N/A	75,273	10/01/20	09/30/21	(21,816)	-	21,816	-	-	-	-	-	-	-	-	
National Breakfast Program	10.555	211NJ304N1099	N/A	62,181	10/01/21	09/30/22	-	-	56,166	62,181	-	-	-	(6,015)	-	-	-	
National Breakfast Program	10.555	201NJ304N1099	N/A	31,238	10/01/20	09/30/21	(5,107)	-	5,107	-	-	-	-	-	-	-	-	
Total Child Nutrition Cluster							(24,767)	-	332,664	333,186	-	-	-	(28,330)	3,041	-	-	
P-EBT Administrative	10.649	2022225900941	N/A	1,242	07/01/21	06/30/22	-	-	1,242	1,242	-	-	-	-	-	-	-	
Total Enterprise Fund							(24,767)	-	333,906	334,428	-	-	-	(28,330)	3,041	-	-	
Total Federal Awards							\$ (60,830)	\$ -	\$ 671,361	\$ 681,571	\$ 112	\$ -	\$ (74,124)	\$ 3,196	\$ -	\$ -	\$ -	

See independent auditors' report.

**LEBANON TOWNSHIP 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	Adjustments	Balance June 30, 2022			Memo	
					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	\$ 448,913	07/01/21	06/30/22	\$ -	\$ -	\$ 404,080	\$ 448,913	\$ -	\$ -	\$ -	\$ -	\$ 44,833	\$ 448,913
Equalization Aid	22-495-034-5120-078	467,753	07/01/21	06/30/22	-	-	421,039	467,753	-	-	-	-	46,714	467,753
School Choice Aid	22-495-034-5120-068	378,810	07/01/21	06/30/22	-	-	340,978	378,810	-	-	-	-	37,832	378,810
Security Aid	22-495-034-5120-084	54,166	07/01/21	06/30/22	-	-	48,756	54,166	-	-	-	-	5,410	54,166
Transportation Aid	22-495-034-5120-014	320,578	07/01/21	06/30/22	-	-	288,562	320,578	-	-	-	-	32,016	320,578
Extraordinary Aid	22-100-034-5120-473	548,520	07/01/21	06/30/22	-	-	-	548,520	-	(548,520)	-	-	-	548,520
Extraordinary Aid	21-100-034-5120-473	107,576	07/01/20	06/30/21	(107,576)	-	107,576	-	-	-	-	-	-	107,576
Non-Public Transportation Aid	22-495-034-5120-014	6,670	07/01/21	06/30/22	-	-	-	6,670	-	(6,670)	-	-	-	6,670
Non-Public Transportation Aid	21-495-034-5120-014	4,060	07/01/20	06/30/21	(4,060)	-	4,060	-	-	-	-	-	-	4,060
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002	2,133,549	07/01/21	06/30/22	-	-	2,133,549	2,133,549	-	-	-	-	-	2,133,549
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004	30,101	07/01/21	06/30/22	-	-	30,101	30,101	-	-	-	-	-	30,101
On-Behalf TPAF Pension Contribution - Post Retirement Medical	22-495-034-5094-001	505,516	07/01/21	06/30/22	-	-	505,516	505,516	-	-	-	-	-	505,516
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-001	1,023	07/01/21	06/30/22	-	-	1,023	1,023	-	-	-	-	-	1,023
Reimbursed TPAF Social Security Contribution	22-495-034-5094-003	393,285	07/01/21	06/30/22	-	-	361,814	393,285	-	(31,471)	-	-	-	393,285
Reimbursed TPAF Social Security Contribution	21-495-034-5094-003	412,188	07/01/20	06/30/21	(20,750)	-	20,750	-	-	-	-	-	-	412,188
Total General Fund					(132,386)	-	4,667,804	5,288,884	-	(586,661)	-	-	166,805	5,812,708
Special Revenue Fund														
SDA Emergent and Capital Maintenance Needs	22-100-034-5120-519	14,242	07/01/21	06/30/22	-	-	-	14,242	-	(14,242)	-	-	-	14,242
Total Special Revenue Fund					-	-	-	14,242	-	(14,242)	-	-	-	14,242
State Department of Agriculture														
Enterprise Fund														
State School Lunch Program	22-100-010-3350-023	5,836	07/01/21	06/30/22	-	-	5,322	5,836	-	(514)	-	-	-	5,836
State School Lunch Program	21-100-010-3350-023	3,938	07/01/20	06/30/22	(672)	-	672	-	-	-	-	-	-	3,938
Total Enterprise Fund					(672)	-	5,994	5,836	-	(514)	-	-	-	9,774
Total State Financial Assistance					\$ (133,058)	\$ -	\$ 4,673,798	5,308,962	\$ -	\$ (601,417)	\$ -	\$ -	\$ 166,805	\$ 5,836,724
Less: On-Behalf TPAF Pension System Contributions														
On-Behalf TPAF Pension Contribution - Teachers' Pension & Annuity Fund	22-495-034-5094-002							2,133,549						
On-Behalf TPAF Pension Contribution - Non-Contributory Insurance	22-495-034-5094-004							30,101						
On-Behalf TPAF Pension Contribution - Postretirement Medical	22-495-034-5094-001							505,516						
On-Behalf TPAF Pension Contribution - Long-Term Disability Insurance	22-495-034-5094-001							1,023						
Total for State Financial Assistance - Major Program Determination								\$ 2,638,773						

See independent auditors' report.

**LEBANON TOWNSHIP 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 Township 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 with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in 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 \$24,744 for the general fund and \$2,549 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.

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

Note 3 - Relationship of financial statements (continued)

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

	Federal	State	Total
General fund	\$ 68,886	\$ 5,313,628	\$ 5,382,514
Special revenue fund	280,806	14,242	295,048
Food service fund	334,428	5,836	340,264
Total awards and financial assistance	\$ 684,120	\$ 5,333,706	\$ 6,017,826

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

Revenues and expenditures reported under the USDA Commodities Program represent current year distributions, respectively. The amount reported as TPAF Pension Contributions represents the amount paid by the state on behalf of the District for the fiscal 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 TOWNSHIP 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 TOWNSHIP 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>
<u>22-495-034-5120-089</u>	<u>Special Education Categorical Aid</u>
<u>22-495-034-5120-078</u>	<u>Equalization Aid</u>
<u>22-495-034-5120-084</u>	<u>Security Aid</u>
<u>22-495-034-5120-068</u>	<u>School Choice Aid</u>

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

Section II - Financial Statement Findings

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance related to the financial statements that are required to be reported in accordance with Government Auditing Standards and with audit requirements as prescribed by the Division of Administration and Finance, Department of Education, State of New Jersey.

Finding 2022-01

Criteria

Approval signatures certifying goods or services should be evident on all applicable payment forms.

Condition

In some instances, the District did not obtain the proper approval signatures certifying goods or services.

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval signatures.

Cause

Unknown

Effect

Approval signatures certifying goods or services to the District were at times not obtained and evident on payment forms.

Recommendation

Approval signatures for goods or services are to be obtained for all payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-02

Criteria

Payroll Agency record keeping should be kept in an accurate manner and eliminate deficit cash balances.

Condition

Payroll Agency balances were not accurately maintained.

Context

The Payroll Agency account was not accurately maintained and at times had a deficit cash balance.

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

Section II - Financial Statement Findings (continued)

Cause

Unknown

Effect

Payroll Agency account balances were not accurate.

Recommendation

The District must take continuous efforts to ensure that the Payroll Agency record keeping be maintained in a complete and accurate manner.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-03

Criteria

Health benefits and dental withholdings calculations should be checked for accuracy.

Condition

Health benefits and dental withholdings for some employees were incorrect.

Context

The health benefits and dental withholdings calculations were not accurate.

Cause

Unknown

Effect

Employee health benefit and dental withholdings had discrepancies.

Recommendation

Health and dental invoices and withholdings should be checked for accuracy.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Section II - Financial Statement Findings (continued)

Finding 2022-04

Criteria

Open purchase orders at year-end should be properly classified as reserve for encumbrances or accounts payable or liquidated in a timely manner.

Condition

Open purchase orders were incorrectly classified at year-end or liquidated in a timely manner.

Context

Purchase orders were not reviewed for proper classification as accounts payable or reserve for encumbrances based on whether the goods have been received or the services rendered.

Cause

Unknown

Effect

Open purchase orders were not classified correctly or liquidated in a timely manner.

Recommendation

The District should ensure purchase orders are reviewed for proper classification as accounts payable or reserve for encumbrances or canceled or liquidated timely.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

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

Finding 2022-01

Criteria

Approval signatures certifying goods or services should be evident on all applicable payment forms.

Condition

In some instances, the District did not obtain the proper approval signatures certifying goods or services.

Context

An examination of claims paid during the period under review indicated discrepancies with respect to approval signatures.

Cause

Unknown

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

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

Effect

Approval signatures certifying goods or services to the District were at times not obtained and evident on payment forms.

Recommendation

Approval signatures for goods or services are to be obtained for all payments.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

Finding 2022-03

Criteria

Health benefits and dental withholdings calculations should be checked for accuracy.

Condition

Health benefits and dental withholdings for some employees were incorrect.

Context

The health benefits and dental withholdings calculations were not accurate.

Cause

Unknown

Effect

Employee health benefit and dental withholdings had discrepancies.

Recommendation

Health and dental invoices and withholdings should be checked for accuracy.

Views of Responsible Officials and Planned Corrective Action (unaudited)

The responsible officials agree with the finding and will address the matter as part of their corrective action plan.

**LEBANON TOWNSHIP 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 audit findings or recommendations.