NORTHERN LEBANON SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS AND REQUIRED SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

TABLE OF CONTENTS

FINANCIAL SECTION

Independent Auditors' Report	1-3
Management's Discussion and Analysis	4-14

BASIC FINANCIAL STATEMENTS

Statement of Net Position	15-16
Statement of Activities and Changes in Net Position	17
Balance Sheet – Governmental Funds	18
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	20
Reconciliation of Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities and Changes in Net Position	21
Statement of Net Position – Proprietary Fund–Food Service	22
Statement of Revenues, Expenses and Changes in Net Position – Proprietary Fund–Food Service	23
Statement of Cash Flows – Proprietary Fund–Food Service	24
Statement of Fiduciary Net Position – Fiduciary Funds	25
Statement of Changes in Fiduciary Net Position – Fiduciary Funds	26
Notes to Financial Statements	27-61

REQUIRED SUPPLEMENTARY INFORMATION

Budgetary Comparison Schedule – General Fund – Schedule of Revenues and Other Financing Sources	62-63
Budgetary Comparison Schedule – General Fund – Schedule of Expenditures and Other Financing Uses	64-67
Schedule of School District's Proportionate Share of the Net Pension Liability Public School Employees' Retirement System – Last 10 Fiscal Years	68
Schedule of Employer Contributions – Public School Employees' Retirement System – Last 10 Fiscal Years	69
Schedule of Changes in OPEB Liability – Single Employer Plan	70
Schedule of District's Proportionate Share of the Net OPEB Liability-PSERS	71
Schedule of the District's OPEB Plan Contributions –PSERS	72

FEDERAL AWARD PROGRAM INFORMATION

Schedule of Expenditures of Federal Awards	73-74
Notes to Schedule of Expenditures of Federal Awards	75
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 *Governmental Auditing Standards*	76-77
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by The Uniform Guidance	78-79
Schedule of Findings and Questioned Costs	80-81
Summary Schedule of Prior Audit Findings	82

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INDEPENDENT AUDITORS' REPORT

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, PA

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northern Lebanon School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

INDEPENDENT AUDITORS' REPORT
(Continued)

Opinions

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 Northern Lebanon School District, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Change in Accounting Principle

We draw attention to Note 18 to the financial statements which disclose the effects of Northern Lebanon School District's adoption of the provisions of Government Accounting Standards Board (GASB) Statement No. 84, "Fiduciary Activities." Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14, and budgetary comparison information, schedule of school district's proportionate share of the net pension liability – public school employees' retirement system, the schedule of employer contributions – public school employees' retirement system, the schedule of changes in OPEB liability – single employer plan, the schedule of district's proportionate share of the net OPEB liability – PSERS, and the schedule of district's OPEB plan contributions, PSERS on pages 62-72 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northern Lebanon School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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 is also not a required part of the basic financial statements.

INDEPENDENT AUDITORS' REPORT
(Continued)

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated October 29, 2021, on our consideration of the Northern Lebanon School 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of Northern Lebanon School District's 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 Northern Lebanon School District's internal control over financial reporting and compliance.

Crowley & Halloran, CPAs, P.C.

Pamela Halloran CPA

By: Pamela J. Halloran, CPA
Watertown, NY
October 29, 2021

This discussion and analysis of the Northern Lebanon School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2021.

Financial Highlights

District-Wide Statements: Net position decreased $(33,151) or 0.10% from a deficit $(33,729,738) to $(33,762,889) after a restatement of $65,386 for a change in accounting. Capital outlay for the period was $3,236,241 for governmental activities. Total Liabilities increased $28,666,565 or 39.06%. Depreciation for governmental activities was $1,114,549 and depreciation for business-type activities was $4,844.

Governmental Funds Statements: The ending fund balance for Governmental Funds increased $24,082,968 or 560.22% up from $4,298,864 to $28,447,218 after the $65,386 increase for the change in accounting due to GASB Statement No. 84, "Fiduciary Activities", for the period ending June 30, 2021. Governmental Funds revenues were $41,486,582, for an overall increase of $2,301,586. Governmental expenditures decreased 16.62% or ($6,603,024) for the period ending June 30, 2021.

Reporting the District as a Whole

The Statement of Net Position and Statement of Activities

The government-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all of the government's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. The Statement of Activities accounts for all of the current year's revenues and expenses regardless of when cash is received or when expenses are paid.

These government-wide statements report the District's net position and how it has changed. Net position or the difference between the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources is one way to measure the District's financial health or financial position. But, to assess the overall health of the District, one needs to consider additional non-financial factors, such as changes in the District's property tax base and the performance of the students.

Entity-Wide Financial Analysis

Total net position decreased $(33,151) or 0.10% from June 30, 2020 to June 30, 2021 after the restatement for GASB Statement No. 84. Total Liabilities increased $28,666,565 or 39.06%, mainly due to a new bond issue in 2021 and deferred inflows of resources decreased ($65,563) or 2.96%. Total assets increased by $26,578,519 or 77.65% mainly due to unspent bond proceeds in the cash balance and deferred outflows of resources increased $1,989,332 or 25.98%. Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

Forty-five percent or $27.1 million of the $60.8 million in total governmental assets is invested in capital assets. The $27.1 million investment in the capital assets is reported without its related debt of $9.8 million. These capital assets are used to provide services and these resources are not available for future spending. Therefore, resources to repay the debt incurred to acquire these assets must be provided from other sources.

Table 1 is a comparative analysis of Net Position for Fiscal Years ending June 30, 2021 and June 30, 2020.

Table 1 Net Position	2021	2020	2021	2020	2021	2020	2021	2020
6/30/2021	Governmental Activities	Governmental Activities	Business-Type Activities	Business-Type Activities	District-wide Total	District-wide Total	District-wide $ Incr(decr)	District-wide % Incr(decr)
Current Assets	$ 33,249,481	$ 8,357,741	$ 445,944	$ 976,940	$ 33,695,425	$ 9,334,681	$ 24,360,744	260.97%
Noncurrent Assets	27,081,326	24,858,707	28,664	33,508	27,109,990	24,892,215	2,217,775	8.91%
Total Assets	$ 60,330,807	$ 33,216,448	$ 474,608	$ 1,010,448	$ 60,805,415	$ 34,226,896	$ 26,578,519	77.65%
Deferred Outflows of Resources	$ 9,645,874	$ 7,656,542	$ -	$ -	$ 9,645,874	$ 7,656,542	$ 1,989,332	25.98%
Current Liabilities	$ 6,064,741	$ 5,078,602	$ 485,760	$ 1,216,006	$ 6,550,501	$ 6,294,608	$ 255,893	4.07%
Noncurrent Liabilities	95,512,479	67,101,807	-	-	95,512,479	67,101,807	28,410,672	42.34%
Total Liabilities	$101,577,220	$ 72,180,409	$ 485,760	$ 1,216,006	$ 102,062,980	$ 73,396,415	$ 28,666,565	39.06%
Deferred Inflows of Resources	$ 2,151,198	$ 2,216,761	$ -	$ -	$ 2,151,198	$ 2,216,761	$ (65,563)	-2.96%
Net Position								
Net Investment in Capital Assets	$ 17,232,113	$ 13,363,707	$ 28,664	$ 33,508	$ 17,260,777	$ 13,397,215	$ 3,863,562	28.84%
Restricted	24,196,662	500,218	-	-	24,196,662	500,218	23,696,444	4737.22%
Unrestricted	(75,180,512)	(47,388,105)	(39,816)	(239,066)	(75,220,328)	(47,627,171)	(27,593,157)	-57.94%
Total Net Position	$ (33,751,737)	$(33,524,180)	$ (11,152)	$ (205,558)	$ (33,762,889)	$(33,729,738)	$ (33,151)	-0.10%
Total Net Position June 30, 2021	$ (33,751,737)		$ (11,152)		$ (33,762,889)			
Total Net Position June 30, 2020	$ (33,524,180)		$ (205,558)		$ (33,729,738)			
Restatement - Change in Accounting	65,386		-		65,386			
Increase(Decrease) in Total Net Position	$ (292,943)		$ 194,406		$ (98,537)			
	-0.88%		94.57%		-0.29%			

Total net position decreased $(33,151) or 0.10%. Restricted net position increased $23,696,444 or 4737.22% to $24,196,662. Total Liabilities increased 39.06% in the amount of $28,666,565. Current Liabilities increased $255,893 or 4.07% while Noncurrent Liabilities increased 42.34% in the amount of $28,410,672. The District's investment in total assets, net of related debt, increased $3,863,562 or 28.84%.

Table 1A
Net Position

	Net Investment in Capital Assets	Net Position Unrestricted	Net Position Restricted	Total Net Position
2021 District-wide Total	$ 17,260,777	$ (75,220,328)	$ 24,196,662	$ (33,762,889)
2020 District-wide Total	13,397,215	(47,627,171)	500,218	(33,729,738)
June 30, 2021 Increase(Decrease)	$ 3,863,562	$ (27,593,157)	$ 23,696,444	$ (33,151)
	28.84%	-57.94%	4737.22%	-0.10%

Table 1B
Liabilities

	Current Liabilities	Noncurrent Liabilities	Total Liabilities
2021 District-wide Total	$ 6,550,501	$ 95,512,479	$102,062,980
2020 District-wide Total	6,294,608	67,101,807	73,396,415
June 30, 2021 Increase(Decrease)	$ 255,893	$ 28,410,672	$ 28,666,565
	4.07%	42.34%	39.06%

Table 1C
Total Assets

	Current Assets	Noncurrent Assets	Total Assets
2021 District-wide Total	$ 33,695,425	$ 27,109,990	$ 60,805,415
2020 District-wide Total	9,334,681	24,892,215	34,226,896
June 30, 2021 Increase(Decrease)	$ 24,360,744	$ 2,217,775	$ 26,578,519
	260.97%	8.91%	77.65%

Governmental Activities

The Statement of Activities shows the cost of program services. The statement also shows revenues (charges for those services, and grants) that offset the cost of program services. Table 2 lists both total cost of program services, and net cost of program services for the years ending June 30, 2021 and June 30, 2020.

Table 2
Program Expenses
6/30/2021

	2021 Total Costs of Services	2021 Net Costs of Services	2020 Total Costs of Services	2020 Net Costs of Services	2021 Net Costs of Services
Governmental Activities:					Increase(Decrease)
Instruction	$26,751,871	$ 19,592,634	$25,994,508	$ 19,968,477	-1.88%
Instructional Student Support	2,470,655	2,318,639	2,549,146	2,411,957	-3.87%
Administration	4,200,317	4,200,317	3,873,792	3,873,792	8.43%
Maintenance	3,101,479	3,096,479	2,608,634	2,591,725	19.48%
Pupil Transportation	2,322,419	650,162	2,328,050	492,707	31.96%
Student Activities	704,635	704,635	704,050	680,622	3.53%
Community Services	8,689	8,689	1,627	1,627	434.05%
Interest and Debt Issuance Costs on Long-Term Debt	738,108	306,936	374,136	(57,007)	638.42%
Unallocated Depreciation	1,114,549	1,114,549	1,094,075	1,094,075	1.87%
Total Governmental Activities	$41,412,722	$ 31,993,040	$39,528,018	$ 31,057,975	3.01%
Business-Type Activities:					
Food Services	$ 860,925	$ 105,869	$ 821,643	$ 90,554	16.91%

Table 2 on the prior page shows a 3.01% overall increase in the net costs of services for Governmental Activities and an increase of 16.91% net costs of services for Food Services. Net costs for the following program expenses changed as follows: Instruction decreased 1.88%, Instructional Student Support decreased 3.87%, Administration Services increased 8.43%, and Maintenance increased 19.48%. Pupil Transportation Services increased 31.96%, and Student Activities increased 3.53%, and net costs for Community Services increased by 434.05% from 2020. All increase are related to the District reinstating in-house learning from the prior year's remote learning related to the COVID-19 Pandemic.

Table 3 is the summary of revenues and costs of program services and the change in Net Position.

Table 3

Changes in Net Position 6/30/2021	Governmental Activities		Business-Type Activities		District-wide Total	
	2021	2020	2021	2020	2021	2020
Program Revenues						
Charges for Services	$ 65,750	$ 45,204	$ 44,273	$ 424,876	$ 110,023	$ 470,080
Operating Grants and Contributions	8,922,760	7,993,696	710,783	487,321	9,633,543	8,481,017
Capital grants and Contributions	431,172	431,143	-	-	431,172	431,143
Total Program Revenues	$ 9,419,682	$ 8,470,043	$ 755,056	$ 912,197	$ 10,174,738	$ 9,382,240
General Revenues						
Property Taxes	$ 20,909,843	$ 19,945,206	$ -	$ -	$ 20,909,843	$ 19,945,206
Earned Income and Other Taxes	3,109,246	2,579,846	-	-	3,109,246	2,579,846
Grants and Entitlements	7,930,556	7,928,421	-	-	7,930,556	7,928,421
Investment Earnings	17,842	139,560	275	6,312	18,117	145,872
Miscellaneous	32,610	115,680	-	-	32,610	115,680
Total General Revenues	$ 32,000,097	$ 30,708,713	$ 275	$ 6,312	$ 32,000,372	$ 30,715,025
Total Revenues	$ 41,419,779	$ 39,178,756	$ 755,331	$ 918,509	$ 42,175,110	$ 40,097,265
Program Services:						
Instruction	$ 26,751,871	$ 25,994,508	$ -	$ -	$ 26,751,871	$ 25,994,508
Support Services:						
Instructional Student Support	2,470,655	2,549,146	-	-	2,470,655	2,549,146
Administration	4,200,317	3,873,792	-	-	4,200,317	3,873,792
Maintenance	3,101,479	2,608,634	-	-	3,101,479	2,608,634
Pupil Transportation	2,322,419	2,328,050	-	-	2,322,419	2,328,050
Student Activities	704,635	704,050	-	-	704,635	704,050
Community Services	8,689	1,627	-	-	8,689	1,627
Interest on Long-Term Debt	738,108	374,136	-	-	738,108	374,136
Unallocated Depreciation	1,114,549	1,094,075	-	-	1,114,549	1,094,075
Food Service	-	-	860,925	821,643	860,925	821,643
Total Expenses	$ 41,412,722	$ 39,528,018	$ 860,925	$ 821,643	$ 42,273,647	$ 40,349,661
Excess Revenue or (Expense)	$ 7,057	$ (349,262)	$ (105,594)	$ 96,866	$ (98,537)	$ (252,396)
Loss on the disposal of assets	-	(859)	-	(91)	-	(950)
Transfers	(300,000)	(300,000)	300,000	300,000	-	-
Change in Net Position	$ (292,943)	$ (650,121)	$ 194,406	$ 396,775	$ (98,537)	$ (253,346)

Reporting the District's Most Significant Funds

Governmental Funds

The District's fund financial statements provide detailed information about its significant funds rather than the District-as-a-whole. Some funds are required by state law and some by bond requirements.

Most of the District's activities are reported in governmental funds, which focus on the determination of financial position and change in financial position, not on income determination. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's 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.

Proprietary Funds

These funds are used to account for the District activities that are similar to business operations in the private sector; or where the reporting is on determining net income, financial position, changes in financial position, and a significant portion of funding through user charges. When the District charges customers for services it provides — whether to outside customers or to other units in the District — these services are generally reported in proprietary funds. The Food Service Fund is the District's proprietary fund and is the same as the business-type activities we report in the government-wide statements. In the funds financial statements it is reported in more detail and with additional information, such as cash flows.

Fiduciary Funds

The District acts as agent for various student groups or extra-classroom activity funds. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations.

Fund Financial Statements

The District's governmental funds reported a combined fund balance of $28,381,210; an increase of $24,082,346 or 560.20% from June 30, 2020 to June 30, 2021.

Table 4

Fund Balance Governmental Funds 6/30/2021	General Fund	Capital Reserve Fund	Debt Service Fund	Miscellaneous Special Revenue	Total Government Funds
Fund balance (deficit) June 30, 2020	$4,298,834	$ 30	$ -	$ -	$4,298,864
Restatement for Change in Accounting	-	-	-	65,386	65,386
Increase (decrease) June 30, 2021	451,910	23,630,436	-	622	24,082,968
Fund balance (deficit) June 30, 2021	$4,750,744	$ 23,630,466	$ -	$ 66,008	$28,447,218
	10.51%	78768120.00%	0.00%	0.95%	551.82%

The District's financial statements show that +56.51% or $23,438,989 of the District's revenues is derived from local tax revenue. It is important to note the District's heavy reliance on tax revenue.

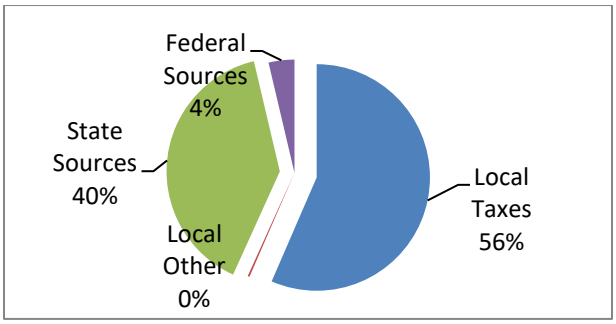


Table 5

FUND REVENUE 6/30/2021		2021	2020	Increase (Decrease)	Increase (Decrease)%
Local Taxes	56.51%	$23,438,989	$21,884,155	$1,554,834	7.10%
Local Other	0.26%	109,631	300,594	(190,963)	-63.53%
State Sources	39.55%	16,404,071	15,866,332	537,739	3.39%
Federal Sources	3.68%	1,527,320	1,133,965	393,355	34.69%
Total Revenues	100.00%	$41,480,011	$39,185,046	$2,294,965	5.86%

General Fund

The District's General Fund Balance increased $451,910 or 10.51% to $4,750,744 (Table 4). Tax revenues increased 7.10% or $1,554,834 with an overall total revenue increase of 5.86% or $2,294,965 for the period ending June 30, 2021 as compared to June 30, 2020. General Fund Revenues are given in Table 6.

Table 6
General Fund

Revenue 6/30/2021	2021 Revenue Amount	2021 Amount Growth Increase (Decrease)	2021 Percent Growth Increase (Decrease)	2020 Revenue Amount
Revenue				
Real Estate and Other Taxes	$23,438,989	$ 1,554,834	7.10%	$21,884,155
Interest	15,182	(124,378)	-89.12%	139,560
Other Revenue	94,449	(66,585)	-41.35%	161,034
State Program Revenues	16,404,071	537,739	3.39%	15,866,332
Federal Program Revenues	1,527,320	393,355	34.69%	1,133,965
Interfund Transfers	-	-	0.00%	-
Total Revenue	$41,480,011	$ 2,294,965	5.86%	$39,185,046

Other Funds

The Capital Projects Fund had major activity in 2021 due to the District's capital project for a new elementary school building and renovations and improvements to athletic facilities within the School District. The District is financing the capital project by issuing General Obligation Bonds Series 2021 in the amount of $24,995,000. Only a small portion of the bond proceeds were spent in the fiscal year the remaining balance is held in cash accounts until needed. There was a small capital project for renovation to the running track during 2020.

Table 7 Capital Projects Fund 6/30/2021	Major Fund Capital Projects 2021	Major Fund Capital Projects 2020
Total Revenue	$ 24,997,615	$ -
Current Expenditures	$ 3,236,241	$ 434,243
Support Services	-	-
Non-Instructional Services	-	-
Capital Outlay	-	-
Transfers Out (In)	(1,869,062)	(434,243)
Total Charges	$ 1,367,179	$ -
Net Change in Fund Balance	$ 23,630,436	$ -
Fund Balance (Deficit) Prior Year	30	30
Fund Balance (Deficit) Current Year	$ 23,630,466	$ 30

The District's Debt Service Fund balance at June 30, 2021 had no change as transfers are made to cover the required debt payments. The District continues to make all scheduled bond payment deposits with the trustee, Fulton Bank, so funds are available on the scheduled payment dates. The District current refunded the General Obligation Notes Series A & B of 2012 by issuing General Obligation Notes Series A & B 2020 with a lower interest rate yielding a savings to the District for total debt service over the life of the notes. The District received a bond premium on the General Obligation Bonds Series 2021 in the amount of $2,229,047. The premium will be recognized in the Government Wide Statements as a reduction in interest expense over the life of the bonds.

The District's Miscellaneous Special Revenue fund balance at June 30, 2021 was $66,008 after a change in accounting restatement in beginning fund balance of $65,386 for the implementation of GASB Statement No. 84, "Fiduciary Activities", where the funds previously held in a fiduciary fund are now included in governmental funds.

Business-Type Activities

The Proprietary Fund, Food Services, had unrestricted net position (deficit) at June 30, 2020 of $(39,816) a reduction in the prior year's unrestricted net deficit of $(239,066) [Table 1] representing an increase of $199,250, for the period 2020-2021. Total net position (deficit) at June 30, 2020 was $(11,152) compared to the deficit at June 30, 2020 in the amount of $(205,558), for an increase of $194,406 for the period. The Food Service fund had a loss of $(105,594) compared to net increase of $96,775 in 2020, prior to subsidies from the general fund of $300,000 in each year. The reduction was primarily due to reduced food sales from the COVID-19 pandemic and increase in food service costs. Meals continued to be served during the Covid-19 pandemic at no cost to the students.

General Fund Budget

The District's budget is prepared in accordance with Pennsylvania law and is based on the cash basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The General Fund is the most significant budgeted governmental fund.

In the Final Budget [column 2] in Table 8 are the ending revised budgeted amounts for each of the program areas. The amounts reflect changes as required by law whenever needs or actual spending patterns change.

Actual General Fund expenditures increased 3.25% overall in the amount of $1,292,415 for the period ending June 30, 2021 [Table 8] and General Fund revenues increased 5.86% overall in the amount of $2,294,965. The ending fund balance increased by $451,910 or 10.51% to $4,750,744.

Table 8 General Fund Budget 6/30/2021	Original Budget	Final Budget	Change Increase (Decrease)	%	Actual Period Ending 6/30/2021	Actual Period Ending 6/30/2020	Change Increase (Decrease)	%	
Total Revenue	$39,305,510	$ 39,281,110	$ (24,400)	-0.06%	$ 41,480,011	$ 39,185,046	$ 2,294,965	5.86%	5.86%
Expenditures									
Instructional:									
Regular Programs	$16,663,120	$ 16,659,107	$ (4,013)	-0.02%	$ 17,544,613	$ 16,207,042	$ 1,337,571	8.25%	8.25%
Special Programs	7,099,709	7,098,490	(1,219)	-0.02%	7,659,528	7,344,200	315,328	4.29%	4.29%
Vocational Programs	1,013,528	1,014,327	799	0.08%	871,840	923,765	(51,925)	-5.62%	-5.62%
Other Instructional	41,401	41,401	-	0.00%	73,596	64,813	8,783	13.55%	13.55%
Total Instructional	$24,817,758	$ 24,813,325	$ (4,433)	-0.02%	$ 26,149,577	$ 24,539,820	$ 1,609,757	6.56%	6.56%
Support Services:									
Pupil Personnel	$ 1,546,533	$ 1,547,752	$ 1,219	0.08%	$ 1,452,418	$ 1,426,159	$ 26,259	1.84%	1.84%
Instructional	598,930	602,027	3,097	0.52%	587,573	584,499	3,074	0.53%	0.53%
Administrative	2,336,543	2,336,560	17	0.00%	2,500,851	2,335,696	165,155	7.07%	7.07%
Pupil Health	400,458	402,958	2,500	0.62%	369,323	382,790	(13,467)	-3.52%	-3.52%
Business	569,642	566,992	(2,650)	-0.47%	548,996	560,639	(11,643)	-2.08%	-2.08%
Plant Maintenance	3,098,663	3,098,424	(239)	-0.01%	3,136,136	3,189,842	(53,706)	-1.68%	-1.68%
Student Transportation	2,694,367	2,694,367	-	0.00%	2,322,419	2,328,050	(5,631)	-0.24%	-0.24%
Central Support	1,115,713	1,115,952	239	0.02%	1,191,549	1,109,956	81,593	7.35%	7.35%
Other Support	-	-	-	0.00%	23,556	20,322	3,234	15.91%	15.91%
Total Support	$12,360,849	$ 12,365,032	$ 4,183	0.03%	$ 12,132,821	$ 11,937,953	$ 194,868	1.63%	1.63%
Non-instructional Services:									
Food Services	$ -	$ -	$ -	0.00%	$ -	$ -	$ -	0.00%	0.00%
Student Activities	726,027	726,277	250	0.03%	704,635	704,050	585	0.08%	0.08%
Community Services	6,000	6,000	-	0.00%	8,689	1,627	7,062	434.05%	434.05%
Facility	-	-	-	0.00%	35,982	18,045	17,937	99.40%	100.00%
	$ 732,027	$ 732,277	$ 250	0.03%	$ 749,306	$ 723,722	$ 25,584	3.54%	3.54%
Other Objects	$ -	$ -	$ -	0.00%	$ (21,927)	$ (45,756)	$ 23,829	-52.08%	-52.08%
CTC Payments	85,775	93,656	7,881	9.19%	65,105	86,104	(20,999)	-24.39%	-24.39%
Interfund Transfer	2,059,100	2,051,220	(7,880)	-0.38%	1,953,219	2,493,843	(540,624)	-21.68%	-21.68%
Budgetary Reserve	200,000	200,000	-	0.00%		-	-	0.00%	0.00%
Total Other	$ 2,344,875	$ 2,344,876	$ 1	0.00%	$ 1,996,397	$ 2,534,191	$ (537,794)	-21.22%	-21.22%
Total Expenditures	$40,255,509	$ 40,255,510	$ 1	0.00%	$ 41,028,101	$ 39,735,686	$ 1,292,415	3.25%	3.25%
Net Change in Fund Balance	$ (949,999)	$ (974,400)	$ (24,401)	2.57%	$ 451,910	$ (550,640)	$ 1,002,550	-182.07%	182.07%
Est./Actual Beg. Fund Balance	4,298,834	4,298,834	-	0.00%	4,298,834	4,849,474	(550,640)	-11.35%	-11.35%
Est./Actual End. Fund Balance	$ 3,348,835	$ 3,324,434	$ (24,401)	0.00%	$ 4,750,744	$ 4,298,834	$ 451,910	10.51%	10.51%

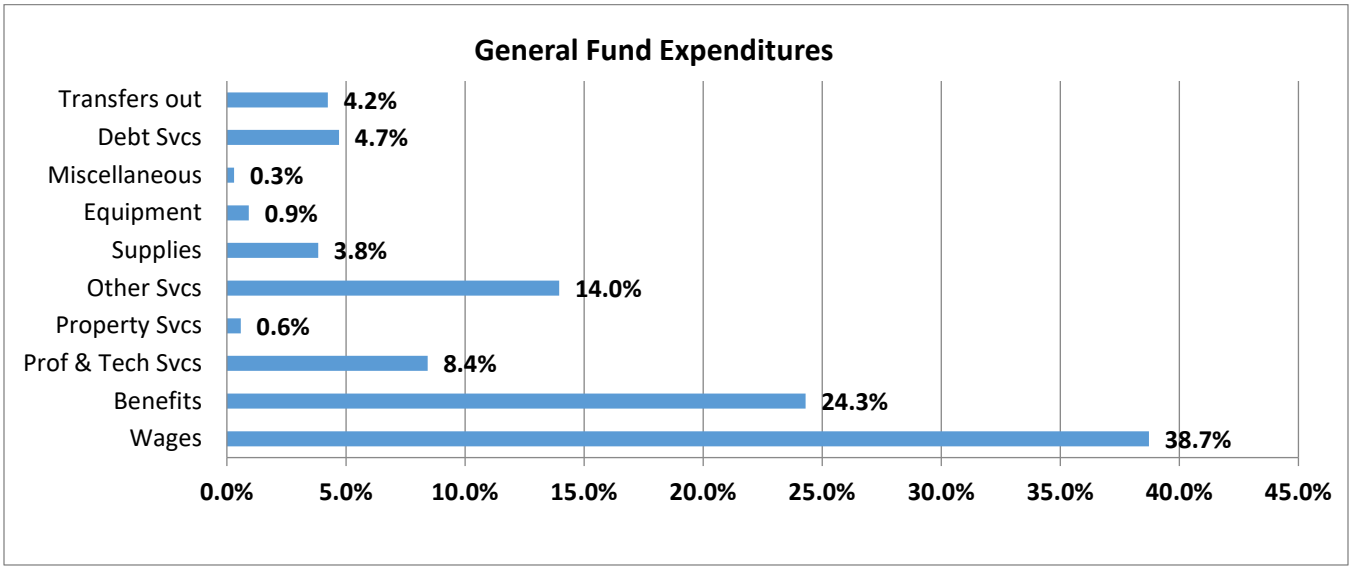
Table 9 lists the programs that the District incurred significant spending changes during the fiscal year. The programs selected have changes from their Final Budget compared to Actual Spending over or under 5%.

Table 9 Spending Variances 6/30/2021	Original Budget	Final Budget	Change Increase (Decrease)	Change %	Actual Period Ending 6/30/2021	Actual Period Ending 6/30/2020	Change Increase (Decrease)	Change %
Expenditures								
Regular Programs	$ 16,663,120	$ 16,659,107	$ (4,013)	-0.02%	$ 17,544,613	$ 16,207,042	$ 1,337,571	8.25%
Special Programs	7,099,709	7,098,490	(1,219)	-0.02%	7,659,528	7,344,200	315,328	4.29%
Vocational Programs	1,013,528	1,014,327	799	0.08%	871,840	923,765	(51,925)	-5.62%
Other Instructional	41,401	41,401	-	0.00%	73,596	64,813	8,783	13.55%
Pupil Personnel	1,546,533	1,547,752	1,219	0.08%	1,452,418	1,426,159	26,259	1.84%
Student Transportation	2,694,367	2,694,367	-	0.00%	2,322,419	2,328,050	(5,631)	-0.24%
Central Support	1,115,713	1,115,952	239	0.02%	1,191,549	1,109,956	81,593	7.35%
Community Services	6,000	6,000	-	0.00%	8,689	1,627	7,062	434.05%
Facility	-	-	-	0.00%	35,982	18,045	17,937	99.40%
Pupil Health	400,458	402,958	2,500	0.62%	369,323	382,790	(13,467)	-3.52%
Administration	2,336,543	2,336,560	17	0.00%	2,500,851	2,335,696	165,155	7.07%
Other Objects	-	-	-	0.00%	(21,927)	(45,756)	23,829	-52.08%
Prior Year Refund	85,775	93,656	7,881	9.19%	65,105	86,104	(20,999)	-24.39%
Interfund Transfer	2,059,100	2,051,220	(7,880)	-0.38%	1,953,219	2,493,843	(540,624)	-21.68%
Total	$ 35,062,247	$ 35,061,790	$ (457)	0.00%	$ 36,027,205	$ 34,676,334	$ 1,350,871	3.90%

Table 10 compares General Fund expenditures by objects for 2020-2021 and 2019-2020 fiscal periods.

Chart 10 Expenses by Objects 6/30/2021	2020-2021	2019-2020	Change Increase (Decrease)	Change %
Wages	$ 16,590,425	$ 15,740,517	$ 849,908	5.40%
Benefits	10,412,814	10,036,041	376,773	3.75%
Prof & Tech Svcs	3,610,695	2,749,545	861,150	31.32%
Property Svcs	249,493	489,263	(239,770)	-49.01%
Other Svcs	5,978,145	5,977,879	266	0.00%
Supplies	1,641,123	1,472,259	168,864	11.47%
Equipment	394,973	688,807	(293,834)	-42.66%
Miscellaneous	132,109	1,428	130,681	9151.33%
Transfers out	2,018,324	300,000	1,718,324	0.00%
Debt Svcs	1,818,324	2,279,947	(461,623)	-20.25%
Total Expenses	$ 42,846,425	$ 39,735,686	$ 3,110,739	7.83%

The following chart graphs 2020-2021 expenditures by objects.



General Fund expenditures increased 3.25% overall in the amount of $1,292,415 for the period ending June 30, 2021 [Table 8] and General Fund revenues increased 5.86% overall in the amount of $2,294,965. The ending fund balance increased by $451,910 or 10.51% to $4,750,744.

CAPITAL ASSETS AND DEBT

Capital Assets

The District has $27,109,990 invested in capital assets net of depreciation. The District purchased $100,927 of capital assets and placed $424,243 of the prior year's capital project in service during the fiscal year 2021 and had construction in progress for the 2021 capital project, a new elementary school building and renovations and improvements to athletic facilities within the School District, of $3,236,241. Depreciation of Capital Assets Governmental Activities was $1,114,549 and $4,844 for Business Type Activity for the fiscal year 2021. A durable single-item purchase or a group purchase of durable items with a purchase price of at least $1,000 and an expected life greater than one year are defined as capital assets.

Table 11

Total Assets 6/30/2021	2021 Governmental Activities	2020 Governmental Activities	2021 Business-Type Activities	2020 Business-Type Activities	2021 District-wide Total	2020 District-wide Total	2021 District-wide Incr(decrease)	2020 District-wide Incr(decrease)
Current Assets	$ 33,249,481	$ 8,357,741	$ 445,944	$ 976,940	$ 33,695,425	$ 9,334,681	$ 24,360,744	260.97%
Noncurrent Assets	27,081,326	24,858,707	28,664	33,508	27,109,990	24,892,215	2,217,775	8.91%
Total Assets	$ 60,330,807	$ 33,216,448	$ 474,608	$ 1,010,448	$ 60,805,415	$ 34,226,896	$ 26,578,519	77.65%

Debt

As of June 30, 2021, the District had $35,223,000 in outstanding bonds and notes payable. The District current refunded the General Obligation Notes Series A & B of 2012 by issuing General Obligation Notes Series A & B 2020 with a lower interest rate yielding a savings to the District for total debt service over the life of the notes. The District issued General Obligation Bonds Series 2021 in the amount of $24,995,000 to financing the new 2021 capital project. The District made scheduled debt payments of $1,435,000 in principal and paid $320,788 in interest on bonds and notes payable during the 2020-2021 Fiscal Year.

Table 12 Debt 6/30/2021

Maturity	Description	Series	Principal	Interest	Total P&I
2/15/2024	General Obligation Notes	Series 2020A	$ 3,339,000	$ 56,419	$ 3,395,419
2/15/2029	General Obligation Notes	Series 2020B	6,889,000	608,998	7,497,998
6/30/2051	General Obligation Bonds	Series 2021	24,995,000	14,680,541	39,675,541
	Balance 6/30/2021		$ 35,223,000	$15,345,958	$ 50,568,958

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District had an enrollment of 2,450 for the period ending June 30, 2021. Enrollment for the period ending June 30, 2020 was 2,273. Enrollments have been mixed. There have been both ups and downs in the year-to-year enrollment numbers. Enrollment trends have trended with the community's economy as it expands and contracts. Pennsylvania Department of Education forecast of growth has been realized and enrollment has been relatively level for the past 10 years but is expected to decrease slightly in the future.

In the Governmental Funds Statements: Total revenues exceeded expenses in the amount of $451,910 in the 2020-2021 period. Total Revenues increase was $2,294,965 or 5.86%. Expenditures also increased by $1,292,415 or 3.25%. The increase of expenditures in the Governmental funds is due to increases in instruction and support services and a small increase in operation of non-instructional services.

In the Government-Wide Statements: Governmental Activities General Revenues increased 4.21% from $30,708,713 to $32,000,097 [Table 3] and Program Revenues increased 11.21% from $8,470,043 to $9,419,682 in the 2020-2021 period. Expenditures exceeded revenues by $(292,943) for the Governmental Activities. The outlook for the 2021-2022 period remains cautious given the general economic conditions and the continuing Covid-19 crisis.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Business Affairs, Northern Lebanon School District, 345 School Drive, Fredericksburg, PA 17026, or call 717-865-0541.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	$ 30,707,760	$ 274,506	$ 30,982,266
Taxes Receivable, Net	1,137,908	-	1,137,908
Due from Other Governments	1,390,460	-	1,390,460
Prepaid Expenses	3,750	-	3,750
Other Receivable	9,603	139,791	149,394
Inventories	-	31,647	31,647
Total Current Assets	33,249,481	445,944	33,695,425
Noncurrent Assets:			
Land	538,950	-	538,950
Construction in Progress	3,236,241	-	3,236,241
Building and Building Improvements, net of depreciation	22,369,496	-	22,369,496
Furniture and Equipment net of depreciation	776,193	28,664	804,857
Vehicles, net of depreciation	160,446	-	160,446
Total Noncurrent Assets	27,081,326	28,664	27,109,990
TOTAL ASSETS	60,330,807	474,608	60,805,415
DEFERRED OUTFLOWS OF RESOURCES			
Bond Refunding	62,003	-	62,003
Pension Related	8,586,119	-	8,586,119
Other Postemployment Benefits	997,752	-	997,752
TOTAL DEFERRED OUTFLOWS OF RESOURCES	$ 9,645,874	$ -	$ 9,645,874

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2021
(CONTINUED)

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Current Liabilities:			
Due to Other Governments	$ 159,412	$ -	$ 159,412
Due to External Party	(375,917)	375,917	-
Accounts Payable	537,046	91,861	628,907
Accrued Salaries and Benefits	3,832,211	-	3,832,211
Payroll Deductions and Withholdings	172,673	-	172,673
Retainage Payable	-	-	-
Accrued Interest Payable	215,183	-	215,183
Unearned Revenues	6,900	17,982	24,882
Current Portion of Healthcare Retirement Benefits	2,233	-	2,233
Current Portion of Long-Term Debt	1,515,000	-	1,515,000
Total Current Liabilities	6,064,741	485,760	6,550,501
Noncurrent Liabilities:			
Bonds and Notes Payable	33,708,000	-	33,708,000
Bond Premium	2,229,048	-	2,229,048
Long-Term Portion of Healthcare Retirement Benefits	2,931	-	2,931
Other Postemployment Benefits	5,295,074	-	5,295,074
Long-Term Portion of Compensated Absences	1,493,426	-	1,493,426
Net Pension Liability - Proportionate Share	52,784,000	-	52,784,000
Total Noncurrent Liabilities	95,512,479	-	95,512,479
TOTAL LIABILITIES	101,577,220	485,760	102,062,980
DEFERRED INFLOWS OF RESOURCES			
Pension Related	2,004,000	-	2,004,000
Other Postemployment Benefits	147,198	-	147,198
TOTAL DEFERRED INFLOWS OF RESOURCES	2,151,198	-	2,151,198
NET POSITION			
Net Investment in Capital Assets	17,232,113	28,664	17,260,777
Restricted	24,196,662	-	24,196,662
Unrestricted	(75,180,512)	(39,816)	(75,220,328)
TOTAL NET POSITION	$ (33,751,737)	$ (11,152)	$ (33,762,889)

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities	Net (Expense) Revenue and Changes in Net Position: Business- Type Activities	Net (Expense) Revenue and Changes in Net Position: Total
Governmental Activities:							
Instruction	$ 26,751,871	$ 60,750	$ 7,098,487	$ -	$ (19,592,634)	$ -	$ (19,592,634)
Instructional Student Support	2,470,655	-	152,016	-	(2,318,639)	-	(2,318,639)
Administrative and Financial Support Services	4,200,317	-	-	-	(4,200,317)	-	(4,200,317)
Operation and Maintenance of Plant Services	3,101,479	5,000	-	-	(3,096,479)	-	(3,096,479)
Pupil Transportation	2,322,419	-	1,672,257	-	(650,162)	-	(650,162)
Student Activities	704,635	-	-	-	(704,635)	-	(704,635)
Community Services	8,689	-	-	-	(8,689)	-	(8,689)
Interest and Debt Issuance Costs on Long-Term Debt	738,108	-	-	431,172	(306,936)	-	(306,936)
Unallocated Depreciation Expense	1,114,549	-	-	-	(1,114,549)	-	(1,114,549)
Total Governmental Activities	$ 41,412,722	$ 65,750	$ 8,922,760	$ 431,172	$ (31,993,040)	$ -	(31,993,040)
Business-Type Activities							
Food Services	860,925	44,273	710,783	-	-	(105,869)	(105,869)
Total	$ 42,273,647	$ 110,023	$ 9,633,543	$ 431,172	$ (31,993,040)	$ (105,869)	$ (32,098,909)
General Revenues:							
Taxes:							
Property Taxes, Levied for General Purposes, Net					20,909,843	-	20,909,843
Earned Income, Realty Transfer and Per Capita Taxes Levied for General Purposes, Net					3,109,246	-	3,109,246
Grants, Subsidies, and Contributions Not Restricted					7,930,556	-	7,930,556
Interest Earnings					17,842	275	18,117
Miscellaneous Income					32,610	-	32,610
Gain (Loss) on Disposals					-	-	-
Transfers					(300,000)	300,000	-
Total General Revenues and Transfers					31,700,097	300,275	32,000,372
Change in Net Position					(292,943)	194,406	(98,537)
Net Position - July 1, 2020					(33,524,180)	(205,558)	(33,729,738)
Restatement - Change in Accounting					65,386	-	65,386
Net Position - July 1, 2020, Restated					(33,458,794)	(205,558)	(33,664,352)
Net Position - June 30, 2021					$ (33,751,737)	$ (11,152)	$ (33,762,889)

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Capital Projects Fund	Debt Service Fund	Miscellaneous Special Revenue	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	$ 5,267,935	$ 25,373,817	$ -	$ 66,008	$ 30,707,760
Taxes Receivable (Net)	1,137,908	-	-	-	1,137,908
Due from Other Funds	1,943,564	-	-	-	1,943,564
Due from Other Governments	1,390,460	-	-	-	1,390,460
Other Receivables	9,603	-	-	-	9,603
Prepaid Expenses	3,750	-	-	-	3,750
TOTAL ASSETS	9,753,220	25,373,817	-	66,008	35,193,045
DEFERRED OUTFLOWS OF RESOURCES					
Deferred Outflows of Resources	-	-	-	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	-	-	-	-
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCE					
LIABILITIES					
Due to Other Funds	-	1,567,647	-	-	1,567,647
Due to Other Governments	159,412	-	-	-	159,412
Accounts Payable and Other Liabilities	361,342	175,704	-	-	537,046
Accrued Salaries and Benefits	3,832,211	-	-	-	3,832,211
Payroll Deductions and Withholdings	172,673	-	-	-	172,673
Retainage Payable	-	-	-	-	-
Unearned Income	6,900	-	-	-	6,900
TOTAL LIABILITIES	4,532,538	1,743,351	-	-	6,275,889
DEFERRED INFLOWS OF RESOURCES					
Deferred Inflows of Resources	469,938	-	-	-	469,938
TOTAL DEFERRED INFLOWS OF RESOURCES	469,938	-	-	-	469,938
FUND BALANCE					
Nonspendable	3,750	-	-	-	3,750
Restricted	-	23,630,466	-	66,008	23,696,474
Committed - Reserve for Health Care	500,188	-	-	-	500,188
Unassigned	4,246,806	-	-	-	4,246,806
TOTAL FUND BALANCE	$ 4,750,744	$ 23,630,466	$ -	$ 66,008	$ 28,447,218

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2021

Total Fund Balances - Governmental Funds		$ 28,447,218
Amounts reported for governmental activities in the statement of net position are different because:		
Capital Assets used in governmental activities are not current financial resources and therefore are not reported as assets in governmental funds. The cost of assets is $55,550,613 and the accumulated depreciation is $28,469,287		27,081,326
Bond premiums amortized in governmental activities are not financial resources and therefore are not reported as liabilities in governmental funds. The bond premium received is $2,229,048 and the accumulated amortization is $0		(2,229,048)
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the Life of the respective debt in the government-wide statement of net position (deficit)		62,003
Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are deferred in the governmental funds		469,938
Long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
Net Pension Liability	(52,784,000)	
Net Other Postemployment Benefit (OPEB) Liability	(5,295,074)	
Bonds/note payable	(35,223,000)	
Accrued interest on the bonds/notes	(215,183)	
Healthcare retirement benefits payable	(5,164)	
Compensated absences	(1,493,426)	(95,015,847)
Deferred inflows of resources - are not due and payable in the current period and therefore, are not reported in the funds.		
Pension Related		(2,004,000)
Other Postemployment Benefit (OPEB) Liability		(147,198)
Deferred outflows of resources - not due and collectable in the current period and therefore, are not reported in the funds:		
Pension Related		8,586,119
Other Postemployment Benefit (OPEB) Liability		997,752
Total Net Position - Governmental Activities		$ (33,751,737)

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Projects Fund	Debt Service Fund	Miscellaneous Special Revenue	Total Governmental Funds
REVENUES					
Local Sources:					
Real Estate Taxes and Penalties	$ 20,329,743	$ -	$ -	$ -	$ 20,329,743
Other Taxes	3,109,246	-	-	-	3,109,246
Interest	15,182	2,615	-	45	17,842
Revenue from Student Activities	-	-	-	-	-
Tuition	60,750	-	-	-	60,750
Fees	-	-	-	-	-
Rentals	5,000	-	-	-	5,000
Contributions from Private Sources	10,881	-	-	-	10,881
Other Revenue	17,818	-	-	3,911	21,729
Total Local Sources	23,548,620	2,615	-	3,956	23,555,191
State Sources	16,404,071	-	-	-	16,404,071
Federal Sources	1,527,320	-	-	-	1,527,320
TOTAL REVENUES	41,480,011	2,615	-	3,956	41,486,582
EXPENDITURES					
Current:					
Instruction	26,149,577	-	-	3,334	26,152,911
Support Services	12,132,821	-	-	-	12,132,821
Operation of Noninstructional Services	749,306	-	-	-	749,306
Total Current	39,031,704	-	-	3,334	39,035,038
Capital Outlay:					
Facilities Acquisition, Construction and Improvement Services	-	3,236,241	-	-	3,236,241
Total Capital Outlay	-	3,236,241	-	-	3,236,241
Debt Service and Lease Payments to CTC					
Principal	-	-	1,435,000	-	1,435,000
Lease Payments to CTC	65,105	-	-	-	65,105
Bond Issuance Costs	-	-	425,417	-	425,417
Interest and Fiscal Charges	-	-	320,788	-	320,788
Total Debt Service	65,105	-	2,181,205	-	2,246,310
TOTAL EXPENDITURES	39,096,809	3,236,241	2,181,205	3,334	44,517,589
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	2,383,202	(3,233,626)	(2,181,205)	622	(3,031,007)
OTHER FINANCING SOURCES (USES)					
Interfund Transfers In (Out)	(1,953,219)	1,869,062	(215,843)	-	(300,000)
Proceeds from Issuance of Bonds	-	24,995,000	-	-	24,995,000
Bond Premium	-	-	2,229,048	-	2,229,048
Proceeds from Refunding Bonds	-	-	11,663,000	-	11,663,000
Debt Service - Principal for Bonds Refunded			(11,495,000)	-	(11,495,000)
Budgetary Reserve	-	-	-	-	-
Refund of Prior Year Revenue	21,927	-	-	-	21,927
Other Income	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(1,931,292)	26,864,062	2,181,205	-	27,113,975
Net Change in Fund Balances	451,910	23,630,436	-	622	24,082,968
Fund Balance - July 1, 2020, Beginning of Year, As Previous	4,298,834	30	-	-	4,298,864
Restatement - Change in Accounting	-	-	-	65,386	65,386
Fund Balance - June 30, 2021	$ 4,750,744	$ 23,630,466	$ -	$ 66,008	$ 28,447,218

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES & CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

Total net change in fund balance - governmental funds		$ 24,082,968
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense in the period.		
Depreciation expense	$ (1,114,549)	
Capital outlays, net	3,337,169	2,222,620
Proceeds from bond premiums are reported in governmental funds as revenues However, in the statement of activities, the unearned revenue is allocated over the life of the bonds as a reduction of interest expense. This is the amount that current year premiums received exceeds the amortization in the period.		21,839
Deferred outflows of resources for deferred amounts on debt refunding are currently expended in the governmental funds, whereas they are capitalized and amortized over the Life of the respective debt in the government-wide statement of net position (deficit)		62,003
Because some property taxes will not be collected for several months after the District's fiscal year end, they are not considered as "available" revenues in the governmental funds. Deferred tax revenues increased by this amount this year.		(66,803)
Bond proceeds provide current financial resources to governmental funds, while the repayment of principal on debt is an expenditure in the governmental funds. Neither transaction, however, has any effect on net assets. This is the amount by which principal payments exceeded debt issued.		(25,957,048)
In the statement of activities, deferred inflows of resources - pension, deferred outflows of resources - pension, and pension expense are recognized in conjunction with net pension liability. Whereas in the governmental funds, pension expense is recorded when required contributions are payable.		(168,119)
In the statement of activities, deferred inflows of resources - OPEB deferred outflows of resources - OPEB, and OPEB expense are recognized in conjunction with net OPEB. Whereas in the governmental funds, OPEB expense is recorded when required contributions are payable.		(359,254)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. They consist of:		
Increase in compensated absences		(61,341)
Decrease in healthcare retirement benefits payable		5,937
OTHER		
Decrease in accrued interest expense on bonds/notes payable		(75,745)
Change in net position of governmental activities		$ (292,943)

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION
PROPRIETARY FUND - FOOD SERVICE
JUNE 30, 2021

ASSETS	
Current Assets:	
Cash and Cash Equivalents	$ 274,506
Other Receivables	139,791
Inventories	31,647
Total Current Assets	445,944
Noncurrent Assets	
Furniture and Equipment, net of accumulated depreciation	28,664
Total Noncurrent Assets	28,664
TOTAL ASSETS	474,608
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Current Liabilities:	
Accounts Payable	91,861
Due to other Funds	375,917
Unearned Revenue	17,982
Total Current Liabilities	485,760
Noncurrent Liabilities:	
Long-Term Portion of Compensated Absences	-
Total Noncurrent Liabilities	-
TOTAL LIABILITIES	485,760
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Net Investment in Capital Assets	28,664
Unrestricted	(39,816)
TOTAL NET POSITION	$ (11,152)

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUND - FOOD SERVICE
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES:	
Food Service Revenue	$ 37,093
Charges for Services	7,180
TOTAL OPERATING REVENUES	44,273
OPERATING EXPENSES:	
Purchased Property Service	-
Other Objects	-
Other Purchased Service	777,997
Supplies	78,084
Depreciation	4,844
TOTAL OPERATING EXPENSES	860,925
OPERATING (LOSS)	(816,652)
NONOPERATING REVENUES (EXPENSES):	
Earnings on Investments	275
Loss on Disposal of Fixed Assets	-
State Sources	23,303
Federal Sources	687,480
TOTAL NONOPERATING REVENUES	711,058
GAIN (LOSS) BEFORE CONTRIBUTIONS	(105,594)
Transfers In	300,000
CHANGE IN NET POSITION	194,406
TOTAL NET POSITION - JULY 1, 2020	(205,558)
TOTAL NET POSITION - JUNE 30, 2021	$ (11,152)

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS
PROPRIETARY FUND - FOOD SERVICE
FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities		
Cash Received from Users	$	(62,454)
Cash Received from (Paid to) Others		(797,578)
Cash Payments to Suppliers for Goods and Services		(781,163)
Net Cash (Used for) Operating Activities		(1,641,195)
Cash Flows from Noncapital Financing Activities		
State Sources		23,303
Federal Sources		687,480
Operating Transfers In		300,000
Net Cash Provided by Noncapital Financing Activities		1,010,783
Cash Flows from Capital and Related Financing Activities		
Purchase of Machinery and Equipment		-
Net Cash (Used for) Capital and Related Financing Activities		-
Cash Flows from Investing Activities		
Earnings on Investments		275
Net Cash Provided by Investing Activities		275
Net Decrease in Cash and Cash Equivalents		(630,137)
Cash and Cash Equivalents Beginning of Year		904,643
Cash and Cash Equivalents End of Year	$	274,506
Reconciliation of Operating Income to Net Cash (Used for) for Operating Activities:		
Operating (Loss)	$	(816,652)
Adjustments to Reconcile Operating (Loss) to Net Cash Used by Operating Activities:		
Depreciation		4,844
(Increase) Decrease in Accounts Receivable		(108,629)
(Increase) Decrease in Inventories		9,488
Increase (Decrease) in Due to Other Funds		(797,578)
Increase (Decrease) in Accounts Payable		65,430
Increase (Decrease) in Unearned Revenue		1,902
Total Adjustments		(824,543)
Net Cash Used by Operating Activities	$	(1,641,195)
Supplemental Disclosure for Noncash items		
Donated Commodities - noncash	$	64,281

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2021

	Custodial Fund Activities
ASSETS	
Cash and Cash Equivalents	$ 212,036
Investments	-
Due from Other Funds	-
TOTAL ASSETS	212,036
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflows of Resources	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-
LIABILITIES	
Due to Other Funds	-
Due to Student Groups	-
Due to Employees	-
TOTAL LIABILITIES	-
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources	-
TOTAL DEFERRED INFLOWS OF RESOURCES	-
NET POSITION	
Unrestricted	$ 212,036

The accompanying notes are an integral part of these financial statements.

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	Custodial Fund
ADDITIONS	
Extraclassroom Receipts	$ 171,421
TOTAL ADDITIONS	171,421
DEDUCTIONS	
Extraclassroom Disbursements	207,271
TOTAL DEDUCTIONS	207,271
CHANGE IN NET POSITION	(35,850)
NET POSITION - JULY 1, 2020, AS PREVIOUSLY STATED	-
RESTATEMENT - CHANGE IN ACCOUNTING	247,886
NET POSITION - JUNE 30, 2021	$ 212,036

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

The Northern Lebanon School District operates four elementary schools and one Junior/Senior High School in Lebanon County, Pennsylvania. The District operates under current standards prescribed by the Pennsylvania Department of Education in accordance with the provision of the School laws of Pennsylvania. The District operates under a locally elected nine member Board form of government.

The financial statements of Northern Lebanon School District (the District) have been prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the authoritative standard-setting body for the establishment of governmental accounting and financial reporting principles. The more significant of these accounting policies are as follows:

Reporting Entity

In evaluating the School District as a reporting entity, management has addressed all potential component units which may or may not fall within the School District's financial accountability. The criteria used to evaluate component units for possible inclusion as part of the School District's reporting entity are financial accountability and the nature and significance of the relationship. This report presents the activities of Northern Lebanon School District. The School District is not a component unit of another reporting entity, nor does it have any component units.

The following joint ventures are not component units of Northern Lebanon School District, and are not included in this report:

Lebanon County Career and Technology Center (LCCTC) – is a separate legal entity. It was organized by the six public school districts in Lebanon County to provide services in the county. Each of the public school districts appoints one member to serve on the joint operating committee, and each has an ongoing financial responsibility to fund the LCCTC. The amount paid to LCCTC for the year ended June 30, 2021 was $651,314.

Lebanon County Vo-Tech School Authority (Vo-Tech Authority) – is a separate legal entity. The District is also a member of the Vo-Tech Authority. In 1965, the Vo-Tech Authority entered into an agreement with the member school districts and the Vo-Tech Board to acquire land and construct buildings to provide facilities for the operation of the LCCTC. In 1991, the Vo-Tech Authority entered into an additional agreement with the member districts and the Vo-Tech Board to provide for the upgrading and modernization of the facilities utilized by the LCCTC. In 1993, the Vo-Tech Authority entered into an additional agreement with the member districts and the Vo-Tech Board to advance refund the Vo-Tech Authority's 1991 bonds. In 2001 and 2008, additional funding was authorized for the costs of design and construction of improvements and renovations by the issuance of lease revenue bonds, series of 2001 and 2008, respectively. The 2008 lease revenue bonds were re-financed in fiscal year 2014 and then again in fiscal year 2021(see Note 10).

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (Continued)

Lancaster-Lebanon Intermediate Unit #13 (LLIU) – is a separate legal entity. It was organized by the constituent school districts in Lancaster and Lebanon counties to provide services to the school districts. Each member school district appoints one member to serve on the Board of Directors of the LLIU. The District contracts with the LLIU for special education services for District students. The amount paid for these services for the year ended June 30, 2021 was $2,503,065.

Lancaster-Lebanon Joint Authority (Joint Authority) – is a separate legal entity. The Joint Authority was incorporated on February 14, 1980 under the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended by the Boards of School Directors of the 22 school districts located in Lancaster and Lebanon counties. The school districts established the Joint Authority for the purpose of acquiring, holding, constructing, improving, maintaining, operating, owning, and/or leasing projects for public school purposes and for purposes of the LLIU. The District paid $0 to the Joint Authority during the year ended June 30, 2021.

Complete financial statements for each of the entities described above can be obtained from the administrative office of each.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities and changes in net position) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by intergovernmental grants, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services.

The statement of activities and changes in net position demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from services or privileges provided by a given function or segment and 2) grants and/or contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported as general revenues.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

Government-wide and Fund Financial Statements (Continued)
The fund statements provide information about the District's funds, including fiduciary funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. If the District believes a fund is "particularly important to financial statement users" it may report the fund as a major fund. All remaining governmental funds are aggregated and reported as non-major.

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 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 to the extent collectible. Grants and similar items are recognized as soon as all eligibility requirements imposed by the grantor 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. Governmental fund revenues accrued on this basis include real estate taxes, deed transfer tax, and fees. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and expenditures related to compensated absences and claims and judgments are recorded only when payment is due.

Unearned revenue has been recorded for certain receivables that are measurable but not available to finance current liabilities. Revenues from intergovernmental grants are recognized on the basis of actual expenditures incurred and to the extent amounts are available.

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 the proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise fund are food service charges. Operating expenses for the District's enterprise fund include food production costs, supplies, administrative costs, and depreciation on capital assets. All revenues or expenses not meeting this definition are reported as non-operating revenues and expenses.

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

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)
The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures or expenses, as appropriate.

The District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.

The *Capital Projects Fund* is used to account for transfers from other funds and related investment earnings for capital outlays not accounted for in another fund.

The *Debt Service Fund* is used to account for accumulation of resources for, and the payment of long-term debt principal, interest and related costs.

The District reports the following non-major fund as a major governmental fund, displayed in a separate column.

The *Miscellaneous Special Revenue Fund* is used to account for activities in the various scholarship accounts, whose sole purpose is to provide scholarships as prescribed by donor stipulations.

The District has one business-type activity:

The *Food Service Fund* is used to account for the activities of the District's food service program.

Additionally, the District reports the following fiduciary fund types:

Fiduciary Funds - Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the district-wide financial statements, because their resources do not belong to the District, and are not available to be used. The School District reports the following Fiduciary Funds:

> ***Custodial Funds:*** These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

Inter-fund Activity in the Government-wide Statements
As a general rule, the effect of Inter-fund activity has been eliminated from the government-wide financial statements.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Classification on Government-wide Statement of Activities

Amounts reported as *program revenues* include 1) charges to customers for services provided and rents, 2) operating grants, and 3) capital grants and contributions. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Budget and Budgetary Accounting

An operating budget is adopted prior to the beginning of each year for the General Fund on a modified accrual basis of accounting. The General Fund is the only fund for which a budget is legally required and is the only fund for which the District adopts a budget.

The Pennsylvania School Code dictates specific procedures relative to adoption of the District's budget and reporting of its financial statements, specifically:

> The District, before levying annual school taxes, is required to prepare an operating budget for the succeeding fiscal year.
>
> The District is required to publish notice by advertisement, at least once in two newspapers of general circulation in the municipality in which it is located, and within fifteen days of final action, that the proposed budget has been prepared and is available for public inspection at the administrative office of the District.
>
> Notice that public hearings will be held on the proposed operating budget must be included in the advertisement; such hearings are required to be scheduled at least ten days prior to when final action on adoption is taken by the Board.

Legal budgetary control is maintained at the sub-function/major object level. The Board of School Directors may make transfers of funds appropriated to any particular item of expenditure by legislative action in accordance with the Pennsylvania School Code. Management may amend the budget at the sub-function/sub-object level without Board approval. Appropriations lapse at the end of the fiscal period. Budgetary information reflected in the financial statements is presented at or below the level of budgetary control and includes the effect of approved budget amendments.

Included in the General Fund budget are program budgets as prescribed by the federal and state agencies funding the program. These budgets are approved on a program-by-program basis by the federal and state funding agencies.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and Investments

Cash and cash equivalents are defined as short-term, highly liquid investments that are readily convertible to known amounts of cash and include investments with original maturities of three months or less. Cash and cash equivalents consist of demand deposits at various financial institutions, certificates of deposit, money market funds, and deposits with the Pennsylvania School District Liquid Asset Fund (PSDLAF). Cash on hand was $1,285 as of June 30, 2021. The fair values of deposits are equal to the cost of the deposits including accrued interest which approximates fair value.

Short-term Inter-fund Receivables/Payables

Activity between funds that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as "Due from Other Funds" or "Due to Other Funds" on the balance sheet. Any residual balances outstanding between the governmental activities and fiduciary funds are reported in the government-wide financial statements as "Due from External Party" or "Due to External Party".

Inventories

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2021. The inventory consisted of government donated commodities which were valued at estimated fair market value, and purchased commodities and supplies, both valued at cost using the first-in, first-out (FIFO) method. Any unused commodities donated by the federal government at June 30, 2021 are reported as unearned revenue.

Capital Assets

Capital assets, which include buildings, building improvements, furniture and equipment, and vehicles, are reported at cost. Capital assets are defined by the District as assets with an initial, individual cost of more than $1,000 and an estimated useful life in excess of one year. Management has elected to include certain homogeneous asset categories with individual assets less than $1,000 as composite groups for financial reporting purposes. In addition, capital assets purchased with long-term debt may be capitalized regardless of the thresholds established. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. To the extent the District's capitalization threshold is met, capital outlays are recorded and depreciated using the straight-line method over the following estimated useful lives:

Building and Building Improvements	40 years
Furniture and Equipment	5 to 12 years
Vehicles	12 years

Maintenance and repairs are charged to operations when incurred. Expenses that materially change capacities or extend useful lives are capitalized.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets (Continued)
Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Proprietary fund equipment purchases are capitalized in the proprietary fund at cost and depreciated on a straight-line basis over its useful life 7-12 years.

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 reported amount of assets and deferred outflows, liabilities and deferred inflows, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, post-employment benefits, pensions, potential contingent liabilities, and useful lives of long-lived assets.

Pensions
District employees participate in the Public School Employees' Retirement System (PSERS). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Vested Employee Benefits - Compensated Absences
Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

The District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting method and an accrual for that liability is included in the district-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end. In the funds statements only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Postemployment Benefits

The District's other post-employment benefits (OPEB) include a single-employer defined benefit plan that provides medical and prescription drug benefits to eligible retired employees, spouses, and dependents. In addition, the District participates in a multiple-employer OPEB health insurance premium assistance program administered by the Public School Employees' Retirement System (PSERS). For purposes of measuring the net OPEB liability, deferred outflows of resources, deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the PSERS and additions to/deductions from PSERS's fiduciary net position have been determined on the same basis as they are reported by PSERS. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The School District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 9 for additional information.

Equity Classifications - District-wide Statements

In the district-wide statements there are three classes of net position:

- **Net investment in capital assets –** consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- **Restricted net position –** reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted net position –** reports all other net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Equity Classifications - Governmental Statements

In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact.

Restricted – Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Directors. The School District has committed fund balances of $500,188 at June 30, 2021 for health care.

Assigned – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

Unassigned – Includes all other General Fund amounts that do not meet definition of the above four classifications and are deemed to be available for general use by the School District.

ACCOUNTING STANDARDS ADOPTED IN 2021

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021 the District implemented the following applicable new standards issued by GASB:

GASB has issued Statement No. 84, *Fiduciary Activities* effective for the year ending June 30, 2021. This statement improves guidance regarding identification of fiduciary activities for accounting and reporting purposes.

GASB has issued Statement No. 90, *Accounting and Financial Reporting for Majority Equity Interest* effective for the year ending June 30, 2021. This statement improves the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.

FUTURE ACCOUNTING STANDARDS

The Government Accounting Standards Board (GASB) issued Statement No. 95, Postponement of the Effective Dates of Certain Authoritative Guidance. This Statement was intended to provide relief to governments in light of the COVID-19 pandemic. The following Standards effective dates have been revised according:

GASB has issued Statement No. 87, *Leases,* effective for the year ending June 30, 2022.

GASB has issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period,* effective for the year ending June 30, 2022.

GASB Statement No. 92, Omnibus, effective for the year ending June 30, 2022.

GASB has issued Statement No. 91, *Conduit Debt Obligations,* effective for the year ending June 30, 2023.

GASB Statement No. 93, Replacement of Interbank Offered Rates, effective for the year ending June 30, 2022.

GASB Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Agreements, effective for the year ending June 30, 2023.

GASB Statement No. 96, Subscription-Based information Technology Agreements, effective for the year ending June 30, 2023.

NOTE 1 - SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES (continued)

FUTURE ACCOUNTING STANDARDS (continued)

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for the year ending June 30, 2022 (the requirements in paragraph 4, as they apply to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, and paragraph 5 were effective as of June 2021).

The District is currently studying the statements and plans adoption if and when required.

DEFERRED INFLOWS/OUTFLOWS OF RESOURCES

The statement of net position (deficit) in addition to reporting assets and liabilities will sometimes report a separate section for deferred inflows/outflows of resources. Deferred inflows/outflows of resources represent either a consumption or acquisition of net position that applies to future period(s) and will not be recognized as an inflow/outflow (revenue/expense) of resources until that period.

The District's deferred inflows/outflows of resources are reported on the government-wide statement of net position (deficit) for Pension and Other Post-Employment Benefits (OPEB) and the deferred effect of bond defeasance.

The District also reports unavailable revenue only in the governmental funds balance sheet, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. The governmental funds report unavailable revenues from property taxes.

NOTE 2 - CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT RISK

Section 440.1 of the Pennsylvania Public School Code of 1949, as amended (the Code), permits the District to hold deposits in savings accounts, time deposits, or share accounts of institutions insured by the Federal Deposit Insurance Corporation (FDIC) to the extent that such accounts are so insured and, for any amounts above the insured maximum, provided that approved collateral as provided by law is pledged by the depository. The District complied with these requirements at June 30, 2021.

The Code also permits the District to invest its monies in obligations of (1) the United States of America or any of its agencies or instrumentalities backed by the full faith and credit of the United States of America, (2) the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the Commonwealth, or (3) any political subdivision of the Commonwealth of Pennsylvania or any of its agencies or instrumentalities backed by the full faith and credit of the political subdivision.

The District invests in certificates of deposit and the PSDLAF as authorized by the Board. PSDLAF was established to enable school districts to pool funds for investment in instruments authorized by the Code. These funds have the characteristics of open-end mutual funds and are not subject to credit risk classification.

The District invests in money market funds, which are collateralized as prescribed by Act 72 of the Commonwealth of Pennsylvania.

NOTE 2 - CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT RISK (continued)

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to them. The District does not have a deposit policy for custodial credit risk. As of June 30, 2021, $31,162,089 of the School District's bank balances of $31,912,119 was exposed to custodial credit risk as follows:

Uninsured and Uncollateralized	$ -
Collateralized with Securities Held by the Pledging Financial Institution	-
Uninsured and Collateral Held by the Pledging Bank's Trust Department not in the School District's Name	31,162,089
	$ 31,162,089

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured Amount Above	$ 31,162,089
Insured Amount	750,000
Invested in US Treasury Backed or PSDLAF	30
Bank Balance	31,912,119
Deposit in Transit	-
Outstanding Checks	(719,102)
Carrying Amount – Bank Balances	31,193,017
Petty Cash	1,285
Total Cash and Cash Equivalents per Financial Statements	$ 31,194,302

NOTE 3 - REAL ESTATE AND PER CAPITA TAXES AND UNEARNED INCOME

Based upon assessments provided by the County, the tax collector bills and collects property taxes and remits them to the District. The District tax rate for the year ended June 30, 2021 was 14.1256 mills as levied by the Board of School Directors. The Board of School Directors also levies per capita taxes based on the census of residents in the District. The tax rate under Section 679 is $5/person and under Act 511 is $5/person. The total per capita tax levied by the District is $10/person. The schedule for real estate and per capita taxes levied for each fiscal year is as follows:

July 1	Levy Date
July 1 – August 31	2% Discount Period
September 1 – October 31	Face Payment Period
November 1 – December 31	10% Penalty Period
January 1	Lien Date

The District, in accordance with Generally Accepted Accounting Principles, recognized the delinquent and unpaid taxes receivable reduced by an allowance for uncollectible taxes as determined by the administration. The District has determined that a $196,600 allowance is necessary. A portion of the net amount estimated to be collectable which was measurable and available within 60 days was recognized as revenue and the balance as deferred inflows of resources.

The balances at June 30, 2021 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Inflows of Resources
Real Estate	$ 498,042	$ -	$ 498,042	$ 126,168	$ 371,874
Interims	23,405	-	23,405	9,269	14,136
Per Capita	331,465	196,600	134,865	56,827	78,038
Earned Income Tax	427,341	-	427,341	427,341	-
Realty Transfer	54,255	-	54,255	54,255	-
TOTAL	$ 1,334,508	$ 196,600	$ 1,137,908	$ 673,860	$ 464,048

NOTE 3 - REAL ESTATE AND PER CAPITA TAXES AND UNEARNED INCOME (continued)

In the Balance Sheet - Governmental Funds, the General Fund deferred inflows of resources consists of the following at June 30, 2021:

Deferred Inflows of Resources-tax related	$ 464,048
Unearned Income	5,890
TOTAL	$ 469,938

NOTE 4 - DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2021, the following amounts are due from other governmental units:

	General Fund
Federal (through the state)	$ 200,895
State	1,083,082
Other	106,483
TOTAL	$1,390,460

NOTE 5 - TAX ABATEMENTS/PAYMENTS IN LIEU OF TAXES

The District enters into property tax abatement agreements with the Pennsylvania Game Commission for State Game Lands located within the school district. This payment is made in part from Game Fund revenues in accordance with the Act of May 17, 1929, as amended by Act 1995-49 and provides $0.40 per acre. This payment is also made in part from Pennsylvania Gaming Control Board's State Gaming Fund revenue in accordance with Act 102, which provides an additional $0.80 per acre for State Gaming lands located within the district. The payment in lieu of tax amounted to $23,606 for the year ended June 30, 2021. The District also receives a payment in lieu of taxes on property acquired by the state for the purpose of water conservation on the Swatara Gap State Park project, based on the assessed value of the property of $419,650 at the tax rate of 14.1256. The payment in lieu of taxes amounted to $5,928.

NOTE 6 - CHANGES IN CAPITAL ASSETS

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

	Beginning Balance	Increases	Retirements/ Reclassifications	Ending Balance
Governmental Activities				
Capital Assets That Are Not Depreciated:				
Land	$ 538,950	$ -	$ -	$ 538,950
Construction in Progress	434,243	3,236,241	(434,243)	3,236,241
Total Cost Non-Depreciable Assets	973,193	3,236,241	(434,243)	3,775,191
Capital Assets That Are Depreciated:				
Building & Building Improvements	42,636,229	434,243	-	43,070,472
Furniture & Equipment	8,074,246	100,927	(27,540)	8,147,633
Vehicles	557,317	-	-	557,317
Total Cost Depreciated Assets	51,267,792	535,170	(27,540)	51,775,422
Less Accumulated Depreciation for:				
Building & Building Improvements	(19,752,050)	(948,926)	-	(20,700,976)
Furniture & Equipment	(7,247,176)	(147,042)	22,778	(7,371,440)
Vehicles	(383,052)	(18,581)	4,762	(396,871)
Total Accumulated Depreciation	(27,382,278)	(1,114,549)	27,540	(28,469,287)
Net Capital Assets Subject to Depreciation	23,885,514	(579,379)	-	23,306,135
Governmental Activities, Capital Assets, Net	$ 24,858,707	$ 2,656,862	$ (434,243)	$ 27,081,326

	Beginning Balance	Increases	Retirements/ Reclassifications	Ending Balance
Business-Type Activities				
Capital Assets That Are Depreciated:				
Equipment	$ 1,091,942	$ -	$ (31,411)	$ 1,060,531
Less Accumulated Depreciation for:				
Equipment	(1,058,434)	(4,844)	31,411	(1,031,867)
Net Capital Assets Subject to Depreciation	33,508	(4,844)	-	28,664
Business-Type Activities, Capital Assets, Net	$ 33,508	$ (4,844)	$ -	$ 28,664

NOTE 7 - GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2021, general long-term debt changed as follows:

	Beginning Balance	Issued	Redeemed/ Refunded	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligation Bonds and Notes:					
Series A of 2012	$ 4,700,000	-	$ (4,700,000)	$ -	$ -
Series B of 2012	6,795,000	-	(6,795,000)	-	-
Series A of 2020	-	4,761,000	(1,422,000)	3,339,000	1,473,000
Series B of 2020	-	6,902,000	(13,000)	6,889,000	42,000
Series of 2021	-	24,995,000	-	24,995,000	-
Total bonds & notes payable	$ 11,495,000	$ 36,658,000	$ (12,930,000)	$35,223,000	$ 1,515,000
Compensated Absence Benefits	$ 1,432,085	$ 610,936	$ (549,595)	$ 1,493,426	$ -
Health Care Retirement Benefits	11,101	120	(6,057)	5,164	2,233
Other Postemployment Benefits	4,565,809	729,265	-	5,295,074	-
Net Pension Liabilities:	50,993,000	1,791,000	-	52,784,000	-
Total long-term liabilities	$ 68,496,995	$ 39,789,321	$ (13,485,652)	$94,800,664	$ 1,515,233

The payments of general long-term debt are to be funded by the General Fund and Debt Service Fund.

Interest on long-term debt for the year was composed of:

Interest paid	$ 320,788
Less interest accrued in the prior year	(139,438)
Plus interest accrued in the current year	215,183
Recognition of loss on refunding	5,520
Amortization of bond premium	(21,839)
Total Interest Expense	$ 380,214

During the year ended June 30, 2021, the District incurred bond issuance costs of $65,431 on the Series A & B of 2020 Notes and $359,986 on the Series of 2021 Bonds for a total of $425,417 which is included with interest expense in the Statement of Activities. The District had a loss on the refunding of $67,523 which will be recognized over the life of the bonds, which reduced interest expense.

The future annual payments required to amortize the bonds and notes outstanding as of June 30, 2021, including total interest payments are as follows:

Year Ended June 30	Principal	Interest	Total
2022	$ 1,515,000	$ 824,948	$ 2,339,948
2023	1,598,000	903,042	2,501,042
2024	1,399,000	882,565	2,281,565
2025	1,328,000	858,436	2,186,436
2026	1,350,000	833,241	2,183,241
2027-2031	5,808,000	3,741,049	9,549,049
2032-2036	4,430,000	3,008,700	7,438,700
2037-2041	5,100,000	2,295,750	7,395,750
2042-2046	5,870,000	1,474,350	7,344,350
2047-2051	6,825,000	523,876	7,348,876
TOTAL	$ 35,223,000	$ 15,345,957	$ 50,568,957

NOTE 7 - GENERAL LONG-TERM DEBT (continued)

General Obligation Notes, Series A of 2012
On May 15, 2012, the District issued $9,225,000 general obligation Notes. The District issued the Notes (1) to refund the outstanding aggregate principal amount of $9,285,000 of the series 2007 general obligation Bonds, (2) pay the costs of issuing the Bonds. The Notes bear interest rates at 3.00% with principal maturities from February 2013 to February 2024. The Notes were current refunded in full on November 23, 2020 by the issuance of the General Obligation Note, Series A of 2020.

General Obligation Notes, Series B of 2012
On May 15, 2012, the District issued $6,795,000 general obligation Notes. The District issued the Notes (1) for the District's capital improvement project to the existing elementary and secondary school facilities, (2) capitalizing interest on a portion of the Notes, and (3) pay the costs of issuing the Notes. The Notes bear interest rates ranging from 3.00% to 3.50% with principal maturities from February 2024 to February 2029. The Notes were current refunded in full on November 23, 2020 by the issuance of the General Obligation Note, Series B of 2020.

General Obligation Notes, Series A of 2020
On November 23, 2020, the District issued $4,761,000 general obligation Notes. The District issued the Notes (1) to refund the outstanding aggregate principal amount of $4,700,000 of the series general obligation Notes, Series A of 2012, (2) pay the costs of issuing the Notes $22,101. The notes bear interest rates at 1.010% with principal maturities from February 2021 to February 2024. The balance outstanding at June 30, 2021 was $3,339,000. The refunding transaction resulted in an estimated cash flow savings of $125,961 and an estimated economic gain of $121,320.

General Obligation Notes, Series B of 2020
On November 23, 2020, the District issued $6,902,000 general obligation Notes. The District issued the Notes (1) to refund the outstanding aggregate principal amount of $6,795,000 of the series general obligation Notes, Series B of 2012, (2) pay the costs of issuing the notes $43,330. The Notes bear interest rates at 1.578% with principal maturities from February 2021 to February 2029. The balance outstanding at June 30, 2021 was $6,889,000. The refunding transaction resulted in an estimated cash flow savings of $596,433 and an estimated economic gain of $450,148.

General Obligation Bonds, Series of 2021
On April 15, 2021, the District issued $24,995,000 general obligation Bonds. The District issued the Bonds (1) for planning, designing and construction of a new elementary school and renovations and improvements to athletic facilities within the School District, (2) pay the costs of issuing the notes $359,986. The Notes bear interest rates ranging from 3% to 4% with principal maturities from September 2022 to September 2050. The balance outstanding at June 30, 2021 was $24,995,000.

NOTE 7 - GENERAL LONG-TERM DEBT (continued)

Compensated Absences

Vacation – The District administrators, and classified staff are granted vacation in varying amounts based on individual contracts and on length of service. Employees are allowed to accumulate vacation days and upon termination or retirement, the employee receives a lump sum payout based on the number of days accumulated multiplied by the authorized rate.

Personal Days – The District administrators and professional staff are granted 3 days of personal leave annually. A maximum of 2 days may be accumulated and carried over to the following school year. Days accumulated in excess of 2 at the end of a school year will be forfeited.

Sick Leave – The District allows all employees to accumulate their unused sick leave as specified in negotiated labor contracts, employee handbooks or individual employment contracts. Employees are entitled to a payout of unused sick leave. Sick leave provisions for each employee group are:

Group	Days per Year	Accumulation	Lump Sum Payout
Administrators	Per Contract	Unlimited	Per Contract
Teachers & Other Licensed Professionals	10	Unlimited	Per Negotiated Labor Contract
Classified Personnel	8 – 10	Unlimited	Per Negotiated Labor Contract

Post Employment Benefits Other than Pension Benefits

The Board of School Directors adopted a policy to permit members of the administrative team who retire on or after July 1, 1988 to continue group insurance coverage, at the District's expense, on the basis of three months of paid coverage for each full year, or major fraction thereof, of service in the Northern Lebanon School District. Retirement is defined as qualifying for pension or annuity from the Pennsylvania Public School Employees' Retirement System. Persons eligible for dependent coverage at the time of retirement shall be included in such coverage. In the event of death of the retired member before such benefits are exhausted, surviving eligible dependents shall be entitled to continue coverage until such time as the retired member's benefits would have been exhausted. Currently, there are three participants receiving benefits.

NOTE 8 - PENSION PLAN

General Information about the Pension Plan

Plan Description

The School District contributes to a governmental cost-sharing multi-employer defined benefit pension plan administered by Public School Employees' Retirement System (PSERS). PSERS provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in PSERS include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania.

PSERS issues a publicly available financial report that can be obtained at www.psers.state.pa.us.

Benefits Provided

PSERS provides retirement, disability, and death benefits. Members are eligible for monthly retirement benefits upon reaching (a) age 62 with at least 1 year of credited service; (b) age 60 with 30 or more years of credited service; or (c) 35 or more years of service regardless of age. Act 120 of 2010 (Act 120) preserves the benefits of existing members and introduced benefit reductions for individuals who become new members on or after July 1, 2011. Act 120 created two new membership classes, Membership Class T-E (Class T-E) and Membership Class T-F (Class T-F). To qualify for normal retirement, Class T-E and Class T-F members must work until age 65 with a minimum of 3 years of service or attain a total combination of age and service that is equal to or greater than 92 with a minimum of 35 years of service. Benefits are generally equal to 2% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service. For members whose membership started prior to July 1, 2011, after completion of five years of service, a member's right to the defined benefits is vested and early retirement benefits may be elected. For Class T-E and Class T-F members, the right to benefits is vested after ten years of service.

NOTE 8 - PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Benefits Provided (continued)
Participants are eligible for disability retirement benefits after completion of five years of credited service. Such benefits are generally equal to 2.0% or 2.5%, depending upon membership class, of the member's final average salary (as defined in the Code) multiplied by the number of years of credited service, but not less than one-third of such salary nor greater than the benefit the member would have had at normal retirement age. Members over normal retirement age may apply for disability benefits.

Death benefits are payable upon the death of an active member who has reached age 62 with at least one year of credited service (age 65 with three years of credited service for Class T-E and Class T-F members) or who has at least five years of credited service (ten years for Class T-E and Class T-F members). Such benefits are actuarially equivalent to the benefit that would have been effective if the member has retired on the day before death.

Contributions
Member contributions rates are set by law (redefined with the provisions of Act 9 of 2001 and Act 120) and are dependent upon membership class. Member contributions rates are as follows:

Member Contributions
Active members who joined the System prior to July 22, 1983, contribute at 5.25% (Membership Class T- C) or at 6.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System on or after July 22, 1983, and who were active or inactive as of July 1, 2001, contribute at 6.25% (Membership Class T-C) or at 7.50% (Membership Class T-D) of the member's qualifying compensation.

Members who joined the System after June 30, 2001 and before July 1, 2011, contribute at 7.50% (automatic Membership Class T-D). For all new hires and for members who elected Class T-D membership, the higher contribution rates began with service rendered on or after January 1, 2002.

Members who joined the System after June 30, 2011, automatically contribute at the Membership Class T-E rate of 7.5% (base rate) of the member's qualifying compensation. All new hires after June 30, 2011, who elect Class T-F membership, contribute at 10.3% (base rate) of the member's qualifying compensation. Membership Class T-E and Class T-F are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause the Membership Class T-E contribution rate to fluctuate between 7.5% and 9.5% and Membership Class T-F contribution rate to fluctuate between 10.3% and 12.3%.

Members who joined the system after June 30, 2019 are eligible for Hybrid Defined Benefit and Defined Contribution Membership Classes T-G or T-H or a 100% Defined Contribution option, as enacted by Act 5.

NOTE 8 - PENSION PLAN (continued)

General Information about the Pension Plan (continued)

Employer Contributions

The School District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 33.43% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the pension plan from the School District were $5,509,119 for the year ended June 30, 2021.

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

At June 30, 2021, the School District reported a liability of $52,784,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by rolling forward PSERS's total pension liability as of June 30, 2019 to June 30, 2020. The School District's proportion of the net pension liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll. At June 30, 2021, the School District's proportion was .1072 percent, which was a decrease of .0018 percent from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the School District recognized pension expense of $5,664,000. At June 30, 2021, the School district reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between Expected and Actual Experience	$ 138,000	$1,265,000
Changes in Assumptions	-	-
Net Difference between Projected and Actual Investment Earnings	2,320,000	-
Net Change in Proportions	619,000	739,000
Difference between Employer Contributions and Proportionate Share of Total Contributions	-	-
Contributions Subsequent to the Measurement Date	5,509,119	-
Total	$ 8,586,119	$2,004,000

NOTE 8 - PENSION PLAN (continued)

General Information about the Pension Plan (continued)

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

$5,509,119 reported as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	$ 80,000
2023	(168,000)
2024	472,000
2025	689,000
2026	-
Total	$ 1,073,000

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined by rolling forward PSERS's total pension liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry age normal, level percentage of pay.
- Investment Rate of Return - 7.25%, including inflation of 2.75%.
- Salary growth – Effective average of 5.00%, which reflects as allowance for inflation of 2.75%, and 2.25% for real wage growth and merit or seniority increases.
- Mortality rates were based on the RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

The actuarial assumptions used in the June 30, 2020 valuation were based on the experience study that was performed for the five-year period ended June 30, 2015.

NOTE 8 - PENSION PLAN (continued)

Actuarial Assumptions (continued)
The long-term expected rate of return on pension plan investments 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.

The pension plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Plan assets are managed with a long-term objective of achieving and maintaining a fully funded status for the benefits provided through the pension.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Public Equity	15.0%	5.2%
Private Equity	15.0%	7.2%
Fixed Income	36.0%	1.1%
Commodities	8.0%	1.8%
Absolute Return	10.0%	2.5%
Infrastructure/MLPs	6.0%	5.7%
Real Estate	10.0%	5.5%
Risk Parity	8.0%	3.3%
Cash	6.0%	(1.0%)
Financing (LIBOR)	(14.0%)	(0.7%)
Total	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2020.

Discount Rate
The discount rate used measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension 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 pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

NOTE 8 - PENSION PLAN (continued)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability, calculated using the discount rate of 7.25%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25%) or 1 percentage point higher (8.25%) than the current rate.

	1 Percent Lower 6.25%	Current Discount 7.25%	1 Percent Higher 8.25%
School District's Proportionate Share of The Net Pension Liability	$65,305,000	$52,784,000	$42,177,000

Pension Plan Fiduciary Net Position

Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on PSERS' website at www.psers.state.pa.us.

Payable to the Pension Plan

At June 30, 2021, the School District reported a payable of $1,661,247 for outstanding amount of employer contribution to PSERS required for the year ended June 30, 2021. These amounts relate to the second quarter of 2021 and are payable to PSERS within five business days of the School District receiving its related retirement subsidy from the Commonwealth of Pennsylvania. In addition, the School District also reported a payable of $117,413 for the employee contributions withheld during June 2021 which are payable to PSERS by July 10, 2021.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

GENERAL INFORMATION ABOUT THE OPEB PLAN – MULTIPLE EMPLOYER OPEB PLAN

Cost Sharing Multiple-Employer Defined Benefit OPEB Plan

PSERS provides health insurance premium assistance which, is a governmental cost sharing, multiple-employer OPEB plan for all eligible retirees who qualify and elect to participate. Employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year. Effective January 1, 2002 under the provisions of Act 9 of 2001, participating eligible retirees are entitled to receive premium assistance payments equal to the lessor of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS' Health Options Program. As of June 30, 2021 there were no assumed future benefit increases to participating eligible retirees.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Retirees of the System can participate in the Premium Assistance program if they satisfy the following criteria:

- Have 24 ½ or more years of service, or
- Are a disability retiree, or
- Have 15 more years of service and retired after reaching superannuation age, and
- Participate in the PSERS' Health Option Program or employer-sponsored health insurance program.

Pension Plan Description

PSERS is a governmental cost-sharing multiple-employer defined benefit pension plan that provides retirement benefits to public school employees of the Commonwealth of Pennsylvania. The members eligible to participate in the System include all full-time public school employees, part-time hourly public school employees who render at least 500 hours of service in the school year, and part-time per diem public school employees who render at least 80 days of service in the school year in any of the reporting entities in Pennsylvania. PSERS issues a publicly available financial report that can be obtained at www.psers.pa.gov.

Benefits Provided

Participating eligible retirees are entitled to receive premium assistance payments equal to the lesser of $100 per month or their out-of-pocket monthly health insurance premium. To receive premium assistance, eligible retirees must obtain their health insurance through either their school employer or the PSERS's Health Option Program. As of June 30, 2020 there were no assumed future benefit increases to participating eligible retirees.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2021 was 0.82% of covered payroll, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. Contributions to the OPEB plan from the District were $134,514 for the year ended June 30, 2021.

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

At June 30, 2021, the District reported a liability of $2,321,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by rolling forward PSERS' total OPEB liability as of June 30, 2019 to June 30, 2020. The District's proportion of the net OPEB liability was calculated utilizing the employer's one-year reported covered payroll as it relates to the total one-year reported covered payroll of all School Districts in the PSERS Plan. At June 30, 2021, the District's proportion was 0.1074% percent, which was a decrease of 0.0016% from its proportion measured as of June 30, 2020.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

For the year ended June 30, 2021, the District recognized an OPEB expense of $129,000. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 95,000	$ 51,000
Difference between Expected and Actual Experience	21,000	-
Net Difference between Projected and Actual Investment Earnings	4,000	-
Changes in Proportion of the Net OPEB Liability	64,000	35,000
Contributions Subsequent to the Measurement Date	134,514	-
Total	$ 318,514	$ 86,000

$134,514 reported as deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ended June 30:	
2022	$ 20,000
2023	19,000
2024	18,000
2025	30,000
2026	9,000
Thereafter	2,000
Total	$ 98,000

Actuarial Assumptions

The total OPEB liability as of June 30, 2020, was determined by rolling forward the System's total OPEB liability as of June 30, 2019 to June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – Entry Age Normal – level % of pay.
- Investment return – 2.66% - S&P 20 Year Municipal Bond Rate.
- Salary growth – Effective average of 5.00% comprised of inflation of 2.75% and 2.25% for real wage growth and for merit of seniority increases.
- Premium Assistance reimbursement is capped at $1,200 per year.
- Assumed Healthcare cost trends were applied to retirees with less than $1,200 in premium assistance per year.
- Mortality rates were based on the RP-2014 Mortality Tables for males and females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.
- Participation rate:
    - Eligible retirees will elect to participate Pre age 65 at 50%
    - Eligible retirees will elect to participate Post age 65 at 70%

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Actuarial Assumptions (continued)

The following assumptions were used to determine the contribution rate

- The results of the actuarial valuation as of June 30, 2018 determined the employer contribution rate for fiscal year 2020.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.
- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- Mortality rates were based on RP-2014 Mortality Tables for Males and Females, adjusted to reflect PSERS's experience and projected using a modified version of the MP-2015 Mortality Improvement Scale.

Change in Actuarial Assumptions

The discount rate used to measure the total OPEB liability decreased from 2.79% as of June 30, 2019 to 2.66% as of June 30, 2020.

Investments

Investments consist primarily of short term assets designed to protect the principal for the OPEB plan assets. The expected rate of return on OPEB plan investments was determined using the OPEB asset allocation policy and best estimates of geometric real rates of return for each asset class.

The OPEB plan's policy in regard to the allocation of invested plan assets is established and may be amended by the Board. Under the program, as defined in the retirement code employer contribution rates for health insurance premium assistance are established to provide reserves in the health insurance account that are sufficient for the payment of health insurance premium assistance benefits for each succeeding year.

OPEB Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	50.3%	(1.0%)
US Core Fixed Income	46.5%	(0.1%)
Non-US Developed Fixed	3.2%	(0.1%)
Total	100.0%	

For the year ended June 30, 2020, the annual-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 1.97%. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Discount Rate

The discount rate used to measure the OPEB liability was 2.66%. Under the OPEB plan's funding policy, contributions are structured for short term funding of Premium Assistance. The funding policy sets contribution rates necessary to assure solvency of Premium Assistance through the third fiscal year after the actuarial valuation date. The Premium Assistance account is funded to establish reserves that are sufficient for the payment of Premium Assistance benefits for each succeeding year. Due to the short term funding policy, the OPEB plan's fiduciary net position was not projected to be sufficient to meet projected future benefit payments, therefore the OPEB plan is considered a "pay-as-you-go" plan. A discount rate of 2.66% which represents the Standard & Poor's 20 year municipal bond rate at June 30, 2020, was applied to all projected benefit payments to measure the total OPEB liability.

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates

Healthcare cost trends were applied to retirees receiving less than $1,200 in annual premium assistance. As of June 30, 2020, retirees premium assistance benefits are not subject to future healthcare cost increases. The annual Premium Assistance reimbursement for qualifying retirees is capped at a maximum of $1,200. As of June 30, 2020, 93,693 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2019, 688 members were receiving less than the maximum amount allowed of $1,200 per year. The actual number of retirees receiving less than the $1,200 per year cap is a small percentage of the total population and has a minimal impact on healthcare cost trends as depicted below.

The following presents the net OPEB liability for June 30, 2020, calculated using current healthcare cost trends as well as what net OPEB liability would be if heath cost trend rates were 1-percentage point lower or 1-percentage point higher than the current rate (rounded to the nearest thousandth):

	1 Percent Lower	Trend Rate	1 Percent Higher
School District's Proportionate Share of The Net OPEB Liability	$2,320,000	$2,321,000	$2,321,000

Sensitivity of the School District's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using a discount rate of 2.66%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.66%) or 1-percentage point higher (3.66%) than the current rate:

	1 Percent Lower (1.66%)	Trend Rate (2.66%)	1 Percent Higher (3.66%)
School District's Proportionate Share of The Net OPEB Liability	$2,646,000	$2,321,000	$2,051,000

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

OPEB Plan Fiduciary Net Position
Detailed information about PSERS' fiduciary net position is available in PSERS Comprehensive Annual Financial Report which can be found on PSERS's website at www.psers.pa.gov.

GENERAL INFORMATION ABOUT THE OPEB PLAN – SINGLE EMPLOYER OPEB PLAN

Single-Employer Defined Benefit OPEB Plan
The District's other post-employment benefits (OPEB) include a single-employer defined benefit plan (the "Plan") that provides medical and prescription drug benefits to eligible retired employees, spouses, and dependents. The benefits, benefits level, employee contributions and employer contribution are administered by School District board members and can be amended by the School District through its personnel manual and union contracts. The plan is not accounted for as a trust fund, an irrevocable trust has not been established to account for the plan. The OPEB Plan does not issue a stand-alone financial report and is not included in the report of any public employee retirement system or any other entity.

OPEB Plan Membership
Membership in the OPEB plan at July 1, 2020 consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	20
Active Plan Members	274
Total	294

Funding Policy and Funding Status
The District negotiates the contribution percentage between the district and employees through union contracts and its personnel policy. The required contribution rates of the employer and the members vary depending on the application agreement. The District contributes enough money to the plan to satisfy current obligations on pay-as-you-go basis. The costs of administering the plan are paid by the District. The plan is an unfunded plan with no assets accumulated in a trust. Contributions to the plan are equal to benefit payments.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

Plan Benefits Provided

The medical, prescription drug, vision, dental, and life insurance plan is a single employer, defined benefit plan. Participants must be eligible to retire under the Public School Employees' Retirement System (PSERS) and meet the minimum requirements of age 55 with 5 years of service (or 10 years for individuals who become members after July 1, 2011). For early retirement employees must attain age 55 with 25 years of PSERS service. For normal retirement employees must attain age 62 with one year of PSERS service, attain age 60 with 30 years of PSERS service, or reach 35 years of service regardless of age. For individuals who became members of PSERS on or after July 1, 2011, employees are eligible upon reaching age 65 with 3 years of service or upon an attainment of a total combination of age plus service equal to or greater than 92 with a minimum of 35 years of PSERS service. For disability employees must reach 5 years of PSERS service.

Administrator members and spouses may elect benefits for medical, prescription drug, and dental. For each year of service with the District, the member and spouse may receive 3 months of full paid medical and prescription drug coverage. If the member and/or spouse reach Medicare age and have exhausted benefits at the District's expense, the District will reimburse the member and/or spouse for a Medicare supplement plan (chosen by the member) but not to exceed the amount of the current premiums. In addition to the reimbursements, if the member retired prior to July 1, 2019, the District will also contributes $4,000/year into an HSA during the period that member is receiving fully subsidized coverage. Upon the death of a retiree, the spouse may continue coverage only if benefits at the District's expense are not exhausted. When this benefit is exhausted, the spouse is no longer eligible to remain on the group plan. If the member retires before age 70, the member may elect to continue life insurance in the amount of $10,000 at the group rate by paying the full premium until age 75. Otherwise, if the member retires before age 75, the member may elect to continue life insurance in the amount of $5,000 at the group rate by paying the full premium until age 75.

All other District employees and spouses may elect medical, prescription drug, dental, and vision coverage by paying the full premium. For retirees who pay the full premium and have spouse covered, there is an additional $1,200 spousal surcharge applied. Member coverage ceases upon Medicare age, spouses coverage ceases upon the earlier of Medicare age and member Medicare age.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2021 the District recognized $0 for its share of insurance premiums for currently enrolled retirees because the retirees are paying 100% of the premiums.

Actuarial Methods and Significant Assumptions

- Discount rate – 1.86% - based on S&P Municipal Bond 20 year high grade rate index at July 1, 2020.
- Salary – An assumption for salary increases is used only for spreading contributions over future pay under the entry age normal cost method. For this purpose, salary increases are composed of a 2.50% cost of living adjustment, 1.00% for real wage growth, and for teachers and administrators a merit increase which varies from 0.00% to 2.75%.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

- Withdrawal – Rates of withdrawal vary by age, gender and years of service. Sample rates for employees with more than 10 years of service are shown below. Rates for new employees start at 22.90% for both men and women and decrease with age and service.

Age	Male Rate	Female Rate	Age	Male Rate	Female Rate
25	2.57%	5.02%	45	1.37%	1.65%
30	2.57%	4.02%	50	1.92%	2.06%
35	1.50%	2.85%	55	3.38%	3.11%
40	1.34%	1.60%	60	5.57%	6.40%

- Mortality – Separate rates are assumed preretirement and postretirement using the rates assumed in the PSERS defined benefit pension plan actuarial valuation. Incorporated into the table are rates projected generationally by the Buck Modified 2016 projection scale to reflect mortality improvement.
- Disability – No disability was assumed.
- Retirement – Assumed retirement rates are based on PSERS plan experience and vary by age, service and gender.
- Percent of Eligible Retirees Electing Coverage in Plan – 100% of Administrators eligible for a subsidy, 60% of Administrators not eligible for a subsidy, 60% of Teachers, and 50% of the Support Staff are assumed to elect coverage.
- Percent Married at Retirement – 80% of Administrators eligible for a subsidy and 30% of all other employees are assumed to be married and have a spouse covered by the plan at retirement. Non-spouse dependents are deemed to be immaterial.
- Spouse Age – Wives are assumed to be two years younger than their husbands.
- Retiree Contributions – Retiree contributions are assumed to increase at the same rate as the Health Care cost Trend Rate.
- Health Care Cost Trend Rate – 5.5% in 2020 through 2023. Rates gradually decrease from 5.4% in 2024 to 4.08% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend Model.
- Actuarial Value of Assets – Equal to the market value of assets.
- Actuarial Cost method – Entry Age Normal – Under the Entry Age Normal Cost Method, the Normal Cost is the present value of benefits allocated to the year following the valuation date. Benefits are allocated on a level basis over the earnings of an individual between the date of hire and the assumed retirement age. The Accrued Liability as of the valuation date is the excess of the present value of future benefits over the present value of future Normal Cost. The Unfunded Accrued Liability is the excess of the Accrued liability over the Actuarial Vale of Assts. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.
- Changes in Assumptions and benefit terms – The discount rate changed from 3.36% to 1.86%. The trend assumption was updated. Assumptions for salary, mortality, withdrawal and retirement were updated based on new PSERS assumptions. The spousal surcharge is now $1,200 for all employees. Administrators retired after July 1, 2019 will no longer received additional HSA payments.

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2020. The total OPEB liability was determined by an actuarial valuation as of July 1, 2020. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is $2,974,074, all of which is unfunded. As of June 30, 2021, the OPEB liability of $2,974,074 is related to governmental funds and is recorded in the governmental activities in the government-wide statement of net position.

The District's change in its OPEB liability reported for the year ended June 30, 2021 was as follows:

Balances as of July 1, 2019	$ 2,418,336
Changes for the Year	
Interest on total OPEB obligation	86,907
Service Costs	213,986
Changes of benefit terms	(35,105)
Differences between expected and Actual experience	37,591
Changes in assumptions	336,933
Benefit payments	(84,574)
Net changes	555,738
Balances as of July 1, 2020	$ 2,974,074

Sensitivity of the OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the OPEB liability, calculated using current healthcare cost trends as well as what the OPEB liability would be if it health cost trends were 1-percentage point lower or 1-percetnatge point higher than the current rate:

	1 Percent Lower	Trend Rate	1 Percent Higher
School District's Proportionate Share of The Net OPEB Liability	$2,607,589	$2,974,074	$3,414,044

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using a discount rate of 1.86%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (0.86%) or 1-percentage point higher (2.86%) than the current rate:

	1 Percent Lower (0.86%)	Trend Rate (1.86%)	1 Percent Higher (2.86%)
School District's Proportionate Share of The Net OPEB Liability	$3,203,009	$2,974,074	$2,756,618

NOTE 9 - POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (continued)

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

For the year ended June 30, 2021, the District recognized OPEB expense of $310,606. At June 30, 2021, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in Assumptions	$ 339,465	$ 61,198
Difference between Expected and Actual Experience	221,966	-
Benefit Payments Subsequent to the Measurement Date	117,807	-
Total	$ 679,238	$ 61,198

$117,807 reported as deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date will be recognized as a reduction of the net OPEB liability at July 1, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expenses as follows:

Year Ended June 30:	
2022	$ 44,818
2023	44,818
2024	44,818
2025	44,818
2026	44,818
Thereafter	276,143
Total	$ 500,233

NOTE 10 - LEASES

The District leases office and computer equipment under operating lease agreements expiring at various times through 2025. For the year ended June 30, 2021, the District had $108,282 in expenditures under these lease agreements.

The future minimum annual lease payments are as follows:

Year Ended June 30	Office Equipment	Computer Equipment
2022	$ 56,581	$ 49,052
2023	56,581	49,052
2024	54,004	-
2025	4,893	-
2026	-	-
Thereafter	-	-
TOTAL	$ 172,059	$ 98,104

NOTE 10 - LEASES (continued)

Lease Revenue Bond, Series of 2008 re-financed with Series of 2013 & Series 2020

On April 15, 2008, each of the six public school districts in Lebanon County signed lease rental debt agreements with the Lebanon County Vocational-Technical School Authority (the Authority). The Authority issued $9,035,000 of bonds and each district agreed to make debt service payment of their pro-rated share of the Authority's debt. On August 30, 2013, the Authority current refunded the Series 2008 with Series of 2013 bonds in the amount of $8,675,000. On March 31, 2020, the Authority current refunded the Series 2013 with Series of 2020 bonds in the amount of $6,390,000. Each district's share was calculated using assessed market value of real estate. Northern Lebanon School District's allocation is 14.068% of the Series of 2020 bonds and amounts to $898,945 with annual principal payments and semi-annual interest payments at 2.09%. The principal of the bonds matures from September 1, 2020 to 2032. For the year ended June 30, 2021, the district had $65,105 in expenditures under this arrangement. The District's portion of the future annual rental debt payments are as follows:

Year Ended June 30	
2022	$ 79,707
2023	79,791
2024	80,541
2025	80,552
2026	79,836
2027-2031	406,781
2032-2036	159,433
TOTAL	$ 966,641

NOTE 11 - CONTINGENT LIABILITIES

Grant Programs

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

NOTE 12 - PARTICIPATION IN RISK SHARING POOL

The District has elected to become a member of a self-insurance pool for worker's compensation insurance with the Lancaster-Lebanon Intermediate Unit No. 13 and twenty-two other school districts. The District entered into an agreement which states that the District pays an annual premium to the fund for the purpose of seeking prevention or lessening of claims due to injuries of employees of the members and to pool worker's compensation and occupational disease insurance risks, reserves, claims and losses and to provide self-insurance and re-insurance thereof. Each member is assessed an amount based on their covered payroll and prior experience of worker's compensation claims. All claims are then paid from the pool with reinsurance being purchased by the pool for claims in excess of $250,000 per occurrence. Claims are paid on an aggregate basis, and separate accounts for each member are not maintained. If there is a deficiency in the pooled funds, each member is assessed an amount equal to their proportional share as described above. As of June 30, 2021, the District is not aware of any additional assessments relating to the fund.

NOTE 13 - INTERFUND RECEIVABLE/PAYABLE

Interfund receivable and payable balances as of June 30, 2021 consisted of the following:

	Due from Other Funds	Due to Other Funds
General Fund	$ 1,943,563	$ -
Capital Projects Fund	-	1,567,647
Debt Service Fund	-	-
Proprietary Fund-Food Services	-	375,916
TOTAL	$ 1,943,563	$ 1,943,563

These balances result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

NOTE 14 - INTERFUND TRANSFERS

Interfund Transfers for the year ended June 30, 2021 consisted of the following:

	Transfer to Other Funds	Transfer from Other Funds
General Fund	$ 1,953,219	$ -
Capital Projects Fund	-	1,869,062
Proprietary Fund-Food Service	-	300,000
Debt Service Fund	1,869,062	1,653,219
Total	$ 3,822,281	$ 3,822,281

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The District participates in the Lancaster-Lebanon Public Schools Insurance Pool for property/casualty insurance, a self-funded property casualty program designed to provide oversight, administrative support, and cost containment strategies. The District has purchased various insurance policies to safeguard its assets from risk or loss. During the year ended June 30, 2021 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 16 - SUBSEQUENT EVENTS

The District has evaluated events and transactions that occurred between July 1, 2021 and October 29, 2021, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

The COVID-19 outbreak has caused a severe impact to the United States economy. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration and spread. Therefore, while the District expects this matter to negatively impact its operating results and financial condition, the related financial impact and duration cannot be reasonably estimated at this time.

NOTE 17 - DEFICIT FUND BALANCE

The District has a deficit fund balance in the Proprietary Fund – Food Service. The District evaluated food service activities and implemented steps, including outsourcing the food service management, in 2014 to improve operations.

NOTE 18 - RESTATEMENT

During the year, the District adopted GASB Statement No. 84. The District's beginning of the year fund balance for governmental and net position for government-wide funds has been restated to reflect the following:

Fund Balance (Deficit) - Balance at July 1, 2020	$ 4,298,864
GASB Statement No. 84 Implementation	65,386
Fund Balance (Deficit) - Beginning of Year, as Restated	$ 4,364,250

Governmental Activities:	
Net Position (Deficit) - Balance at July 1, 2020	$ (33,524,180)
GASB Statement No. 84 Implementation	65,386
Net Position (Deficit) - Beginning of Year, as Restated	$ (33,458,794)

In addition, net position for the custodial funds has been restated to reflect the following:

Net Position - Balance at July 1, 2020	$ -
GASB Statement No. 84 Implementation	247,886
Net Position – Beginning of Year, as Restated	$ 247,886

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUE FROM LOCAL SOURCES				
Current Real Estate Taxes	$ 19,495,213	$ 19,495,213	$ 19,316,648	$ (178,565)
Interim Real Estate Taxes	57,605	57,605	87,741	30,136
Public Utility Realty Tax	20,500	20,500	21,286	786
Payment in Lieu of Current Taxes	31,000	31,000	29,534	(1,466)
Current Per Capita Taxes - Sec. 679	34,000	34,000	32,776	(1,224)
Current Per Capita Taxes - Act 511	34,000	34,000	32,776	(1,224)
Current Earned Income Taxes	2,025,000	2,025,000	2,098,255	73,255
Current Real Estate Transfer Taxes	260,000	260,000	917,615	657,615
Delinquent Real Estate Taxes	424,097	424,097	895,820	471,723
Delinquent Interim Real Estate Taxes	-	-	-	-
Delinquent Per Capita Taxes - Sec. 679	4,000	4,000	11,878	7,878
Delinquent Per Capita Taxes - Sec. 511	8,000	8,000	15,946	7,946
Interest on Investments	180,000	180,000	15,182	(164,818)
Revenues from Student Activities	22,400	22,400	-	(22,400)
Fees	3,000	3,000	-	(3,000)
Rentals	14,500	14,500	5,000	(9,500)
Contributions and Donations from Private Sources	5,000	5,000	10,881	5,881
Tuition from Patrons	-	-	60,750	60,750
Refunds and Other Miscellaneous Revenue	15,000	15,000	17,818	2,818
TOTAL REVENUE FROM LOCAL SOURCES	22,633,315	22,633,315	23,569,906	936,591
REVENUE FROM STATE SOURCES				
Basic Instructional Subsidy	11,188,973	11,188,973	7,909,270	(3,279,703)
Charter Schools - Nonpublic	-	-	-	-
Tuition for Orphans and Children Placed in Private Homes	55,000	55,000	33,202	(21,798)
School Improvement	-	-	-	-
Homebound Instruction	-	-	-	-
Vocational Education	70,000	70,000	213,724	143,724
Alternative Education	-	-	-	-
Driver Education - Student	-	-	-	-
Migratory Children	-	-	-	-
Specialized Education of Exceptional Pupils	1,416,930	1,416,930	1,400,202	(16,728)
Educational Assistance	-	-	-	-
Transportation	1,481,983	1,481,983	1,672,257	190,274
Rentals and Sinking Fund Payments	436,807	436,807	431,172	(5,635)
Medical, Dental, and Nurse Services	42,000	42,000	41,971	(29)
State Property Tax	646,902	646,902	646,903	1
Ready to Learn Grant	305,011	305,011	305,011	-
PA Public Schools	-	-	11,561	11,561
Other State Revenue	25,000	600	206,070	205,470
State Share of Social Security and Medicare Taxes	-	-	642,835	642,835
State Share of Retirement Contributions	-	-	2,868,607	2,868,607
TOTAL REVENUE FROM STATE SOURCES	15,668,606	15,644,206	16,382,785	738,579

See paragraph on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
REVENUE FROM FEDERAL SOURCES				
Individuals with Disabilities Education Act (IDEA)	596,952	596,952	552,686	(44,266)
ACCESS	-	-	85,984	85,984
Improving the Academic Achievement of the Disadvantaged, ESEA, Title I	341,637	341,637	331,867	(9,770)
ESSEA, Title II	65,000	65,000	80,666	15,666
Other Grants for ESEA and IDEA Programs	-	-	29,379	29,379
CARES Act - ESSER, GEER	-	-	446,738	446,738
Education Jobs Fund	-	-	-	-
Other Grants-in-Aid Through the Commonwealth	-	-	-	-
Other Grants	-	-	-	-
TOTAL REVENUE FROM FEDERAL SOURCES	1,003,589	1,003,589	1,527,320	523,731
TOTAL REVENUES	39,305,510	39,281,110	41,480,011	2,198,901
OTHER FINANCING SOURCES				
Sale or Compensation for Loss of Fixed Assets	-	-	-	-
Transfers from Bond Fund	-	-	-	-
Insurance Recoveries	-	-	-	-
TOTAL OTHER FINANCING SOURCES	-	-	-	-
TOTAL REVENUES AND OTHER FINANCING SOURCES	$ 39,305,510	$ 39,281,110	$ 41,480,011	$ 2,198,901

See paragraph on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES				
INSTRUCTION				
REGULAR PROGRAMS				
Salaries	$ 9,613,422	$ 9,613,422	$ 9,850,592	$ (237,170)
Employee Benefits	6,107,097	6,107,097	5,812,167	294,930
Purchased Professional and Technical Services	1,560	1,685	14,998	(13,313)
Purchased Property Services	1,341	1,341	1,977	(636)
Other Purchased Services	676,155	678,805	1,200,982	(522,177)
Supplies	259,135	250,257	559,595	(309,338)
Property	3,000	5,090	101,279	(96,189)
Other Objects	1,410	1,410	3,023	(1,613)
TOTAL REGULAR PROGRAMS	16,663,120	16,659,107	17,544,613	(885,506)
SPECIAL PROGRAMS				
Salaries	2,019,425	2,019,425	1,993,859	25,566
Employee Benefits	1,602,886	1,602,886	1,455,194	147,692
Purchased Professional and Technical Services	2,447,600	2,447,600	2,673,766	(226,166)
Purchased Property Services	1,500	1,500	-	1,500
Other Purchased Services	1,015,868	1,015,618	1,531,212	(515,594)
Supplies	12,280	11,311	5,422	5,889
Property	-	-	-	-
Other Objects	150	150	75	75
TOTAL SPECIAL PROGRAMS	7,099,709	7,098,490	7,659,528	(561,038)
VOCATIONAL EDUCATION PROGRAMS				
Salaries	194,307	194,307	114,406	79,901
Employee Benefits	124,060	124,060	83,916	40,144
Purchased Property Services	1,750	1,750	1,230	520
Other Purchased Services	679,250	680,825	653,167	27,658
Supplies	13,811	13,035	15,965	(2,930)
Property	-	-	-	-
Other Objects	350	350	3,156	(2,806)
TOTAL VOCATIONAL EDUCATION PROGRAMS	1,013,528	1,014,327	871,840	142,487
OTHER INSTRUCTIONAL PROGRAMS				
Salaries	12,800	12,800	22,785	(9,985)
Employee Benefits	5,396	5,396	9,551	(4,155)
Purchased Professional and Technical Services	17,880	17,880	25,682	(7,802)
Purchased Property Services	5,325	5,325	-	5,325
Other Purchased Services	-	-	15,578	(15,578)
Supplies	-	-	-	-
TOTAL OTHER INSTRUCTIONAL PROGRAMS	41,401	41,401	73,596	(32,195)
TOTAL INSTRUCTION	24,817,758	24,813,325	26,149,577	(1,336,252)

See paragraph on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES (Continued)				
SUPPORT SERVICES				
PUPIL PERSONNEL				
Salaries	916,829	916,829	887,291	29,538
Employee Benefits	594,581	594,581	540,380	54,201
Purchased Professional and Technical Services	2,574	2,574	3,591	(1,017)
Purchased Property Services	-	-	-	-
Other Purchased Services	5,600	5,151	169	4,982
Supplies	24,749	26,417	20,609	5,808
Property	1,600	1,600	-	1,600
Other Objects	600	600	378	222
TOTAL PUPIL PERSONNEL	1,546,533	1,547,752	1,452,418	95,334
INSTRUCTIONAL STAFF				
Salaries	198,257	198,257	190,505	7,752
Employee Benefits	341,392	341,392	358,317	(16,925)
Purchased Professional and Technical Services	8,000	8,000	340	7,660
Purchased Property Services	-	-	-	-
Other Purchased Services	6,400	6,400	720	5,680
Supplies	43,981	47,078	37,452	9,626
Property	-	-	-	-
Other Objects	900	900	239	661
TOTAL INSTRUCTIONAL STAFF	598,930	602,027	587,573	14,454
ADMINISTRATION				
Salaries	1,203,445	1,203,445	1,323,111	(119,666)
Employee Benefits	833,108	833,108	765,540	67,568
Purchased Professional and Technical Services	168,700	164,400	173,815	(9,415)
Purchased Property Services	-	-	420	(420)
Other Purchased Services	76,390	80,690	78,625	2,065
Supplies	27,750	28,017	18,817	9,200
Property	-	-	-	-
Other Objects	27,150	26,900	140,523	(113,623)
TOTAL ADMINISTRATION	2,336,543	2,336,560	2,500,851	(164,291)
PUPIL HEALTH				
Salaries	230,741	230,741	216,220	14,521
Employee Benefits	166,638	166,638	143,855	22,783
Purchased Professional and Technical Services	1,625	1,625	6,092	(4,467)
Purchased Property Services	40	40	787	(747)
Other Purchased Services	380	380	115	265
Supplies	941	3,441	2,124	1,317
Property	-	-	-	-
Other Objects	93	93	130	(37)
TOTAL PUPIL HEALTH	400,458	402,958	369,323	33,635

See paragraph on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES (Continued)				
BUSINESS				
Salaries	309,487	309,487	315,152	(5,665)
Employee Benefits	215,405	215,405	199,961	15,444
Purchased Professional and Technical Services	13,500	10,850	5,969	4,881
Purchased Property Services	-	-	135	(135)
Other Purchased Services	3,650	2,350	359	1,991
Supplies	26,350	27,750	26,161	1,589
Property	-	-	-	-
Other Objects	1,250	1,150	1,259	(109)
TOTAL BUSINESS	569,642	566,992	548,996	17,996
OPERATION AND MAINTENANCE OF THE PLANT				
Salaries	917,962	917,962	1,006,633	(88,671)
Employee Benefits	757,351	757,351	700,079	57,272
Purchased Professional and Technical Services	291,400	336,239	438,392	(102,153)
Purchased Property Services	90,400	133,984	134,712	(728)
Other Purchased Services	120,650	116,769	100,111	16,658
Supplies	448,550	682,260	744,971	(62,711)
Property	471,000	152,509	10,993	141,516
Other Objects	1,350	1,350	245	1,105
TOTAL OPERATION AND MAINTENANCE OF PLANT	3,098,663	3,098,424	3,136,136	(37,712)
STUDENT TRANSPORTATION				
Salaries	32,976	32,976	33,420	(444)
Employee Benefits	27,531	27,531	25,070	2,461
Purchased Professional and Technical Services	28,000	28,000	22,471	5,529
Other Purchased Services	2,600,250	2,600,250	2,237,320	362,930
Supplies	5,610	5,610	4,138	1,472
TOTAL STUDENT TRANSPORTATION	2,694,367	2,694,367	2,322,419	369,931
CENTRAL SUPPORT SERVICES				
Salaries	268,590	268,590	259,334	9,256
Employee Benefits	210,623	210,623	163,226	47,397
Purchased Professional and Technical Services	74,200	74,439	200,880	(126,441)
Purchased Property Services	106,000	106,000	110,075	(4,075)
Other Purchased Services	106,600	91,600	80,272	11,328
Supplies	108,200	123,200	136,538	(13,338)
Property	241,500	241,500	241,224	276
Other Objects	-	-	-	-
TOTAL CENTRAL SUPPORT SERVICES	1,115,713	1,115,952	1,191,549	(75,597)

See paragraph on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE - GENERAL FUND
SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

	Budgeted Amounts		Actual	Variance Positive
	Original	Final	Amounts	(Negative)
EXPENDITURES (Continued)				
OTHER SUPPORT SERVICES				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Other Purchased Services	-	-	21,888	(21,888)
Dues and Fees	-	-	1,668	(1,668)
TOTAL OTHER SUPPORT SERVICES	-	-	23,556	(23,556)
TOTAL SUPPORT SERVICES	12,360,849	12,365,032	12,132,821	230,194
OPERATION OF NONINSTRUCTIONAL SERVICES				
SERVICES				
FOOD SERVICES				
Salaries	-	-	-	-
Supplies	-	-	-	-
TOTAL FOOD SERVICES	-	-	-	-
STUDENT ACTIVITIES				
Salaries	347,002	347,002	377,117	(30,115)
Employee Benefits	172,742	172,742	155,558	17,184
Purchased Professional and Technical Services	67,650	67,650	44,699	22,951
Purchased Property Services	500	667	157	510
Other Purchased Services	71,166	65,366	48,938	16,428
Supplies	51,862	54,700	67,663	(12,963)
Property	11,300	14,995	5,495	9,500
Other Objects	3,805	3,155	5,008	(1,853)
TOTAL STUDENT ACTIVITIES	726,027	726,277	704,635	21,642
COMMUNITY SERVICES				
Salaries	-	-	-	-
Employee Benefits	-	-	-	-
Purchased Professional and Technical Services	-	-	-	-
Other Purchased Services	6,000	6,000	8,689	(2,689)
Supplies	-	-	-	-
Other Objects	-	-	-	-
TOTAL COMMUNITY SERVICES	6,000	6,000	8,689	(2,689)
FACILITY				
Purchased Professional and Technical Services	-	-	35,982	(35,982)
TOTAL FACILITY	-	-	35,982	(35,982)
TOTAL OPERATION OF NON-INSTRUCTIONAL SERVICES	732,027	732,277	749,306	18,953
TOTAL EXPENDITURES	37,910,634	37,910,634	39,031,704	(1,087,105)
OTHER FINANCING USES				
Interfund Transfers	2,059,100	2,051,220	1,953,219	98,001
Payments to CTC	85,775	93,656	65,105	28,551
Refund of Prior Year Revenue	-	-	(21,927)	21,927
TOTAL OTHER FINANCING USES	2,144,875	2,144,876	1,996,397	148,479
BUDGETARY RESERVE	200,000	200,000	-	200,000
TOTAL EXPENDITURES AND OTHER FINANCING USES	$ 40,255,509	$ 40,255,510	$ 41,028,101	$ (738,626)

See paragraph on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY - PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Public School Employees' Retirement System (PSERS)

	2021 *	2020 *	2019 *	2018 *	2017 *	2016 *	2015 *
District's proportion of the net pension liability (asset)	0.1072%	0.1090%	0.1094%	0.1055%	0.1037%	0.1048%	0.1026%
District's proportionate share of the net pension liability (asset)	$ 52,784,000	$ 50,993,000	$ 52,517,000	$ 52,105,000	$ 51,390,000	$ 45,394,000	$ 40,609,000
District's covered-employee payroll	$ 15,071,115	$ 15,031,322	$ 14,730,918	$ 14,043,726	$ 13,433,036	$ 13,489,000	$ 13,093,674
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	350.23%	339.24%	356.51%	371.02%	382.56%	336.53%	310.14%
Plan fiduciary net position as a percentage of the total pension liability	63.67%	55.66%	54.00%	51.84%	50.14%	54.36%	57.24%

* Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of
Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF EMPLOYER CONTRIBUTIONS - PUBLIC SCHOOL EMPLOYEES' RETIREMENT SYSTEM
LAST 10 FISCAL YEARS

Public School Employees' Retirement System (PSERS)

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 5,509,119	$ 5,028,238	$ 4,888,762	$ 4,640,487	$ 4,161,895	$ 3,411,191	$ 2,691,631
Contributions in relation to the contractually required contribution	5,509,119	5,028,238	4,888,762	4,640,487	4,161,895	3,411,191	2,691,631
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 15,071,115	$ 15,031,322	$ 14,730,918	$ 14,043,726	$ 13,433,036	$ 13,489,000	$ 13,093,674
Contributions as a percentage of covered employee payroll	36.55%	33.45%	33.19%	33.04%	30.98%	25.29%	20.56%

Note - amounts presented for each fiscal year were determined as of the June 30th measurement date as of the prior fiscal year

(1) Data not available prior to fiscal year 2015 implementation of
Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions.

See paragraph on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN OPEB LIABILITY - SINGLE EMPLOYER PLAN
YEAR ENDED JUNE 30, 2021

	2021	2020	2019	2018
Valuation Date	July 1, 2020	July 1, 2018	July 1, 2018	July 1, 2017
Total OPEB Liability				
Service cost	$ 213,986	$ 213,134	$ 151,853	$ 149,137
Interest	86,907	73,316	63,561	46,841
Changes in benefit terms	(35,105)	-	-	-
Differences between expected and actual experience in the measurement of the total OPEB liability	37,591	-	243,448	-
Changes of assumptions or other inputs	336,933	(72,324)	1,720	37,974
Benefit payments	(84,574)	(93,640)	(90,754)	(82,779)
Net change in total OPEB liability	555,738	120,486	369,828	151,173
Total OPEB liability - beginning	2,418,336	2,297,850	1,928,022	1,776,849
Total OPEB liability - ending	$ 2,974,074	$ 2,418,336	$ 2,297,850	$ 1,928,022
Covered payroll	$ 14,082,893	$ 14,382,972	$ 14,382,972	$ 13,014,467
Total OPEB liability as a percentage of covered payroll	21.12%	16.81%	15.98%	14.81%

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate each period. The discount rate in effect at the current measurement date is 1.86%.

10 years of historical information will not be available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available

(1) Data not available prior to fiscal year 2018 implementation of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

* Ratios not provided

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE OPEB LIABILITY - PSERS
FOR THE YEAR ENDED JUNE 30, 2021

Public School Employees' Retirement System (PSERS)

	2021	2020	2019	2018
District's proportion of the net OPEB liability	0.1074%	0.1090%	0.1094%	0.1055%
District's proportionate share of the net OPEB liability	$ 2,321,000	$ 2,318,000	$ 2,281,000	$ 2,149,000
District's covered-employee payroll	$ 15,071,115	$ 15,031,322	$ 14,730,918	$ 14,043,726
District's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	15.40%	15.42%	15.48%	15.30%
Plan fiduciary net position as a percentage of the total OPEB liability	5.69%	5.56%	5.56%	5.73%

See report on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S OPEB PLAN CONTRIBUTIONS - PSERS
FOR THE YEAR ENDED JUNE 30, 2021
LAST 10 FISCAL YEARS

Public School Employees' Retirement System (PSERS)

	2021	2020	2019	2018
Contractually required contribution	$ 134,514	$ 126,442	$ 124,758	$ 122,264
Contributions in relation to the contractually required contribution	134,514	126,442	124,758	122,264
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 15,071,115	$ 15,031,322	$ 14,730,602	$ 14,043,726
Contributions as a percentage of covered employee payroll	0.89%	0.84%	0.85%	0.87%

Data not available prior to fiscal year 2018 implementation of Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*

See paragraph on supplementary schedules included in auditors' report.

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor Project Title	Source Code	Federal Assistance Listing Number	Pass-through Grantor's Number	Grant Period Beginning/ Ending Date	Grant Amount	Accrued (Unearned) Revenue at June 30, 2020	Total Received for the Year	Expenditures	Accrued (Unearned) Revenue at June 30, 2021
U.S. Department of Agriculture									
Passed through the Pennsylvania Department of Education									
COVID-19 National School Lunch Program	I/F	10.555	113-38-500-3	07/01/20-06/30/21	N/A	$ 11,735	$ 425,443	$ 507,125	$ 93,417
COVID-19 National School Breakfast Program	I/F	10.553	113-38-500-3	07/01/20-06/30/21	N/A	7,418	98,126	116,074	25,366
Total Passed through the Pennsylvania Department of Education						19,153	523,569	623,199	118,783
Passed through the Pennsylvania Department of Agriculture									
National School Lunch Program									
Food Distribution (Note 2)	I/F	10.555	N/A	07/01/20-06/30/21	N/A	(20,780) A	64,281 B	72,362 C	(12,699) D
Total U.S. Department of Agriculture - Child Nutrition Cluster						(1,627)	587,850	695,561	106,084
U.S. Department of Education									
Passed through the Pennsylvania Department of Education:									
Title I Grants to Local Educational Agencies	I/F	84.010	013-200298	07/25/19-09/30/21	$ 340,329	(33)	-	33	-
Title I Grants to Local Educational Agencies	I/F	84.010	013-210298	08/21/20-09/30/21	331,867	-	331,867	331,867	-
Supporting Effective Instruction State Grant	I/F	84.367	020-190298	07/05/18-09/30/19	69,861	-	8,641	8,641	-
Supporting Effective Instruction State Grant	I/F	84.367	020-200298	07/25/19-09/30/21	68,570	14,511	27,062	17,197	4,646
Supporting Effective Instruction State Grant	I/F	84.367	020-210298	08/21/20-09/30/22	65,157	-	50,995	54,827	3,832
Student Support and Academic Enrichment	I/F	84.424	144-200298	07/25/19-09/30/20	25,931	-	8,476	8,476	-
Student Support and Academic Enrichment	I/F	84.424	144-210298	08/21/20-09/30/21	25,807	-	16,590	16,590	-
COVID-19 Educational Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act	I/F	84.425D	200-200298	03/13/20-09/30/22	279,500	-	205,947	279,500	73,553
COVID-19 Educational Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act (ESSER II)	I/F	84.425D	200-210298	03/13/20-09/30/23	1,235,519	-	56,920	129,172	72,252
COVID-19 Educational Stabilization Fund under the Coronavirus Aid, Relief and Economic Security Act (GEER)	I/F	84.425C	200-200298	03/13/20-09/30/22	38,066	-	6,010	38,066	32,056
Total U.S. Department of Education Passed through the Pennsylvania Department of Education						$ 14,478	$ 712,508	$ 884,369	$ 186,339

See auditors' report and accompanying notes to the schedule of expenditures of federal awards.

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021
(CONTINUED)

Federal Grantor Project Title	Source Code	Federal Assistance Listing Number	Pass-through Grantor's Number	Grant Period Beginning/ Ending Date	Grant Amount	Accrued (Unearned) Revenue at July 1, 2020	Total Received for the Year	Expenditures	Accrued (Unearned) Revenue at June 30, 2021
U.S. Department of Education									
Passed through the Lancaster-Lebanon Intermediate Unit #13									
Title III, Part A - English Language Acquisition Grants	I/F	84.365	113-385003	07/01/19-09/30/20	$ 1,680	$ 374	$ 374	$ -	$ -
Title III, Part A - English Language Acquisition Grants	I/F	84.365	113-385003	07/01/20-09/30/21	2,132	1,204	1,156	2,132	2,180
						1,578	1,530	2,132	2,180
Special Education - Grants to States (IDEA, Part B)	I/F	84.027	062-20-0-013	07/01/19-09/30/20	549,560	549,560	549,560	-	-
Special Education - Grants to States (IDEA, Part B)	I/F	84.027	062-21-0-000	07/01/20-09/30/21	561,899	-	561,899	561,899	-
Special Education - Preschool Grants (IDEA, Preschool)	I/F	84.173	131-19-0-013	07/01/19-06/30/20	2,685	2,805	2,805	-	-
Special Education - Preschool Grants (IDEA, Preschool)	I/F	84.173	131-20-0-013	07/01/20-06/30/21	1,755	-	-	1,755	1,755
						552,365	1,114,264	563,654	1,755
U.S. Department of Education									
Passed through the Pennsylvania Department of Education:									
COVID-19 Special Education - Grants to States (IDEA, Part B)	I/F	84.027	252-200298	07/01/20-09/30/21	17,671	-	5,890	-	(5,890)
Total U.S. Department of Education - Special Education Cluster						552,365	1,120,154	563,654	(4,135)
Total U.S. Department of Education Passed through the Lancaster-Lebanon Intermediate Unit #13						553,943	1,121,684	565,786	(1,955)
Total U.S. Department of Education						568,421	1,834,192	1,450,155	184,384
Total Expenditures of Federal Awards						$ 566,794	$ 2,422,042	$ 2,145,716	$ 290,468

Legend
I = Indirect Funding
F = Federal Share

See auditors' report and accompanying notes to the schedule of expenditures of federal awards.

NORTHERN LEBANON SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2021

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent they are included in the federal financial reports used as the source for the data presented. Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The District has not elected to use the 10 percent *de minimis* cost rate in CFR 200.414 Indirect (F&A) costs.

NOTE 2 - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2021, the School District had food commodities totaling $12,699 in inventory and commodities donated were $64,281.

A = Beginning inventory at July 1, 2020.
B = Total amount of commodities received from the Department of Agriculture.
C = Total amount of commodities used.
D = Ending inventory at June 30, 2021.

NOTE 3 - OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value, and is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

No amounts were provided to sub-recipients.

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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*

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, PA

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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Northern Lebanon School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Northern Lebanon School District's basic financial statements and have issued our report thereon dated October 29, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northern Lebanon School District's internal control over financial reporting (internal control) as a basis for designing 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 Northern Lebanon School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Northern Lebanon School 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 over financial reporting was for the limited purpose described in the first paragraph in this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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* (CONTINUED)

Compliance and Other Matters

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

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* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Crowley & Halloran, CPAs, P.C.

Pamela Halloran CPA

By: Pamela J. Halloran, CPA
October 29, 2021

Crowley & Halloran, CPAs, P.C.

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of School Directors
Northern Lebanon School District
Fredericksburg, PA

Report on Compliance for Each Major Federal Program

We have audited Northern Lebanon School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northern Lebanon School District's major federal programs for the year ended June 30, 2021. The Northern Lebanon School District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Northern Lebanon School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northern Lebanon School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Northern Lebanon School 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 federal programs for the year ended June 30, 2021.

Crowley & Halloran, CPAs, P.C.
Certified Public Accountants, Auditors, and Consultants

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal 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 federal 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 federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Crowley & Halloran, CPAs, P.C.

Pamela Halloran CPA

By: Pamela J. Halloran, CPA
October 29, 2021

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. The auditors' report expresses an unmodified opinion on the general purpose financial statements of Northern Lebanon School District.

2. No deficiencies were identified during the audit of the general purpose financial statements of Northern Lebanon School District that were determined to be material weaknesses.

3. No significant deficiencies were reported in internal control over financial reporting of the general purpose financial statements of Northern Lebanon School District.

4. No instances of noncompliance material to the financial statements of Northern Lebanon School District were disclosed during the audit.

Federal Awards

5. No significant deficiencies or material weaknesses relating to the audit of the major federal award programs were reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.

6. The auditors' report on compliance for the major federal award programs for Northern Lebanon School District expresses an unmodified opinion on the programs tested as major federal programs.

7. No audit findings relative to the major federal award programs for Northern Lebanon School District that are required to be reported in accordance with 2 CFR Section 200.516(a) reported in this Schedule.

8. The programs tested as major programs include:

   Identification of major programs

Federal Assistance Listing Number(s) – (CFDA)	Name of Federal Program or Cluster
10.555	National School Lunch Program
10.553	National School Breakfast Program

9. The dollar threshold used to distinguish between Type A and Type B programs was $750,000.

10. Northern Lebanon School District was determined to be a low-risk auditee.

SECTION II - FINANCIAL STATEMENT FINDINGS

None noted

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None noted

NORTHERN LEBANON SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2021

None Noted