

LEBANON SCHOOL DISTRICT
LEBANON, PENNSYLVANIA

AUDIT REPORT

JUNE 30, 2023

NORTHERN LEBANON SCHOOL DISTRICT

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NORTHERN LEBANON SCHOOL DISTRICT

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& COMPANY

INDEPENDENT AUDITOR'S REPORT

January 31, 2024

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

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the Northern Lebanon School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Northern Lebanon School District, as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and budgetary comparison statement for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

503 Carr Road ◻ Suite 100 ◻ Wilmington, DE 19809
302.478.8940 ◻ www.btcpa.com

To the Board of School Directors
Northern Lebanon School District

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Northern Lebanon School District's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northern Lebanon School District's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of a Matter

As discussed in Notes 1 and 18 to the financial statements, the Northern Lebanon School District has adopted the requirements of GASB Statement No. 96, "Subscription Based Information Technology Arrangements." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain subscription arrangements as an asset and liabilities for those arrangements. As a result, the District has restated is governmental activities net position as of July 1, 2021. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 18 and the schedule of the District's proportionate share of the net pension liability, schedule of District pension contributions, schedule of the District's proportionate share of the net OPEB liability - PSERS, schedule of District OPEB contributions - PSERS, and schedule of changes in the District's net OPEB liability - single employer plan on pages 70 through 74 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.

Supplementary 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 schedule of expenditures of federal awards as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information 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.

To the Board of School Directors
Northern Lebanon School District

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 January 31, 2024, 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 the Northern Lebanon School District's internal control over financial reporting and compliance.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

This discussion and analysis of the Northern Lebanon School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2023.

Financial Highlights

District-Wide Statements: Net position decreased $6,494,540 or 19.53% from a deficit $(33,251,089) to $(39,031,338) after a restatement, of $714,291 for changes in accounting principles and estimates. Capital outlay for the period was $37,083,118 for governmental activities. Total Liabilities decreased $13,038,300 or 8.46%. Depreciation and amortization for governmental activities was $1,241,431 and depreciation for business-type activities was $4,800. The District implemented GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which required a restatement of $7 increasing net position and increasing right-to use assets and subscription liability. The District also reevaluated the transportation contract which was previously recorded as a lease under GASB 87. Upon the reevaluation, the District concluded this contract was not a lease and the result was a restatement of $714,284, and decreasing right-to-use asset and lease liabilities. The 2022 balances in this Management's Discussion and Analysis have not been restated to reflect the change.

Governmental Funds Statements: The ending fund balance for Governmental Funds decreased $36,411,635 or 87.42% down from $41,652,935 to $5,241,300. Governmental Funds revenues were $45,825,556, for an overall increase of $2,272,880 from 2022. Governmental expenditures increased 23.58% or $15,783,424 and include $37,083,118 of capital outlay for the on-going capital project.

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 $6,494,540 or 19.53% from June 30, 2022 to June 30, 2023 after an increase of $714,291 for the restatements noted earlier. Total Liabilities decreased $13,038,300 or 8.46%, mainly due to current year repayments on bonds. Total assets decreased by $21,326,761 or 18.13% mainly due to spending bond proceeds in the cash balance. Deferred outflows of resources decreased $1,754,354 or 14.46%. Over time, increases or decreases in the District's net position are an indication of whether its financial health is improving or deteriorating, respectively.

Seventy-nine percent or $76.5 million of the $96.3 million in total governmental assets is invested in capital assets. The $76.5 million investment in the capital assets is reported without its related debt of $71.8 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, 2023 and 2022.

Table 1
Net Position

	Governmental Activities		Business-type Activities		District-wide Totals		District-wide $ Increase	District-wide % Increase
	2023	2022	2023	2022	2023	2022	(Decrease)	(Decrease)
Assets:								
Current assets	$ 19,597,012	$ 53,410,112	$ 147,635	$ 274,342	$ 19,744,647	$ 53,684,454	(33,939,807)	-63.22%
Noncurrent assets	76,519,322	63,901,476	19,064	23,864	76,538,386	63,925,340	12,613,046	19.73%
Total Assets	96,116,334	117,311,588	166,699	298,206	96,283,033	117,609,794	(21,326,761)	-18.13%
Deferred Outflows of Resources	10,381,046	12,135,400	-	-	10,381,046	12,135,400	(1,754,354)	-14.46%
Liabilities:								
Current liabilities	16,037,887	15,136,222	101,055	127,600	16,138,942	15,263,822	875,120	5.73%
Noncurrent liabilities	124,980,296	138,893,716	-	-	124,980,296	138,893,716	(13,913,420)	-10.02%
Total Liabilities	141,018,183	154,029,938	101,055	127,600	141,119,238	154,157,538	(13,038,300)	-8.46%
Deferred Inflows of Resources	4,576,179	8,838,745	-	-	4,576,179	8,838,745	(4,262,566)	-48.23%
Net Position:								
Net investment in capital assets	3,820,086	14,653,297	19,064	23,864	3,839,150	14,677,161	(10,838,011)	-73.84%
Restricted	-	36,682,642	-	-	-	36,682,642	(36,682,642)	-100.00%
Unrestricted	(42,917,068)	(84,757,634)	46,580	146,742	(42,917,068)	(84,610,892)	41,693,824	-49.28%
Total Net Position	$ (39,096,982)	$ (33,421,695)	$ 65,644	$ 170,606	$ (39,031,338)	$ (33,251,089)	$ (5,653,982)	17.52%
Total Net Position:								
June 30, 2023	(38,096,982)		65,644		(39,031,338)			
June 30, 2022	(33,421,695)		170,606		(33,251,089)			
Restatement - Change in Accounting Principle & Estimate	714,291		-		714,291			
Increase (Decrease) in Total Net Position	(6,389,578)		(104,962)		(6,494,540)			
	19.12%		-61.52%		19.53%			

Total net position decreased $6,494,540 or 19.53%. Restricted net position decreased $36,682,642 or 100% to $0. Total liabilities decreased 8.46% in the amount of $13,038,300. Current liabilities increased $875,120 or 5.73% while noncurrent liabilities decreased 10.02% in the amount of $13,913,420. The District's investment in total assets, net of related debt, decreased $10,838,011 or 73.84%.

Table 1A
Net Position

	Net Investment in Capital Assets	Net Position		
		Unrestricted	Restricted	Total
2023 District-wide Total	$ 3,839,150	$(42,870,488)	$ -	$ (39,031,338)
2022 District-wide Total	14,677,161	(84,610,892)	36,682,642	(33,251,089)
June 30, 2023 Increase (Decrease)	$ (10,838,011)	$ 41,740,404	$ (36,682,642)	$ (5,780,249)
	-73.84%	-49.33%	-100.00%	17.38%

Table 1B
Liabilities

	Liabilities		
	Current	Noncurrent	Total
2023 District-wide Total	$ 16,138,942	$124,980,296	$141,119,238
2022 District-wide Total	15,263,822	138,893,716	154,157,538
June 30, 2023 Increase (Decrease)	$ 875,120	$ (13,913,420)	$(13,038,300)
	5.73%	-10.02%	-8.46%

Table 1C
Assets

	Assets		
	Current	Noncurrent	Total
2023 District-wide Total	$ 19,744,647	$ 76,538,386	$ 96,283,033
2022 District-wide Total	53,684,454	63,925,340	117,609,794
June 30, 2023 Increase (Decrease)	$ (33,939,807)	$ 12,613,046	$(21,326,761)
	-63.22%	19.73%	-18.13%

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, 2023 and June 30, 2022.

Table 2
Program Expenses

	2023		2022		
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Increase (Decrease)
Governmental Activities:					
Instruction	$ 36,749,791	$ 28,981,064	$ 26,272,354	$ 18,594,015	55.86%
Instructional student support	2,055,562	1,804,716	2,525,480	2,358,432	-23.48%
Administration	4,649,758	4,277,142	4,470,998	4,270,998	0.14%
Maintenance	3,007,192	2,770,388	3,144,632	3,141,732	-11.82%
Pupil transportation	2,924,288	1,146,439	2,516,983	1,110,545	3.23%
Student activities	946,982	851,123	818,447	790,988	7.60%
Community services	50,102	30,186	9,892	9,892	205.16%
Interest on long-term debt	2,162,914	1,871,063	2,443,377	2,013,496	-7.07%
Unallocated depreciation	-	-	1,264,609	1,264,609	-100.00%
Total Governmental Activities	$ 52,546,589	$ 41,732,121	$ 43,466,772	$ 33,554,707	24.37%
Business-type Activities:					
Food services	$ 1,381,964	$ 105,371	$ 1,248,617	$ 181,575	-41.97%

Table 2 above shows a 24.37% overall increase in the net costs of services for Governmental Activities and a decrease of 41.97% net costs of services for Food Services.

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

Table 3
Changes in Net Position

	Governmental Activities		Business-type Activities		District-wide Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	$ 866,791	$ 150,136	$ 413,908	$ 116,072	$ 1,280,699	$ 266,208
Operating grants and contributions	3,488,002	9,132,048	862,685	1,314,120	4,350,687	10,446,168
Capital grants and contributions	6,459,675	429,881	-	-	6,459,675	429,881
Total Program Revenues	10,814,468	9,712,065	1,276,593	1,430,192	12,091,061	11,142,257

	Governmental Activities		Business-type Activities		District-wide Totals	
(cont'd)	2023	2022	2023	2022	2023	2022
General Revenues:						
Property taxes	22,268,711	21,983,862	-	-	22,268,711	21,983,862
Earned income and other taxes	3,336,290	3,265,359	-	-	3,336,290	3,265,359
Grants and entitlements	9,530,975	8,846,315	-	-	9,530,975	8,846,315
Investment earnings	185,613	33,920	409	182	186,022	34,102
Miscellaneous	20,954	162,178	-	-	20,954	162,178
Total General Revenues	35,342,543	34,291,634	409	182	35,342,952	34,291,816
Total Revenues	46,157,011	44,003,699	1,277,002	1,430,374	47,434,013	45,434,073
Expenses						
Program Services:						
Instruction	36,749,791	26,272,354	-	-	36,749,791	26,272,354
Support Services:						
Instructional student support	2,055,562	2,525,480	-	-	2,055,562	2,525,480
Administration	4,649,758	4,270,998	-	-	4,649,758	4,270,998
Maintenance	3,007,192	3,144,632	-	-	3,007,192	3,144,632
Pupil transportation	2,924,288	2,516,983	-	-	2,924,288	2,516,983
Student activities	946,982	818,447	-	-	946,982	818,447
Community services	50,102	9,892	-	-	50,102	9,892
Interest on long-term debt	2,162,914	2,443,377	-	-	2,162,914	2,443,377
Unallocated depreciation	-	1,264,609	-	-	-	1,264,609
Food service	-	-	1,381,964	1,248,617	1,381,964	1,248,617
Total Expenses	52,546,589	43,266,772	1,381,964	1,248,617	53,928,553	44,515,389
Excess revenue or (expense)	(6,389,578)	736,927	(104,962)	181,757	(6,494,540)	918,684
Change in Net Deficit	$(6,389,578)	$ 736,927	$ (104,962)	$ 181,757	$(6,494,540)	$ 918,684

The changes in net deficit table show the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. It identifies the cost of these services supported by tax revenue and unrestricted state entitlements. Table 3 also shows, for business-type activities, the total cost of services and the net cost of services.

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 and Changes in 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 $5,241,300; a decrease of $36,411,635 or 87.42% from June 30, 2022 to June 30, 2023.

Table 4
Fund Balance - Governmental Funds

	General Fund	Capital Reserve Fund	Debt Service Fund	Miscellaneous Special Revenue	Total Governmental Funds
Fund balance June 30, 2022	$ 5,470,482	$ 36,115,127	$ -	$ 67,326	$ 41,652,935
Increase (decrease) June 30, 2023	655,354	(37,043,043)	-	(23,946)	(36,411,635)
Fund balance (deficit) June 30, 2023	$ 6,125,836	$ (927,916)	$ -	$ 43,380	$ 5,241,300
	11.98%	-102.57%	0.00%	-35.57%	-87.42%

The District's financial statements show that 56.48% or $25,882,538 of the District's revenues is derived from local tax revenue. It is important to note the District's heavy reliance on tax revenue.

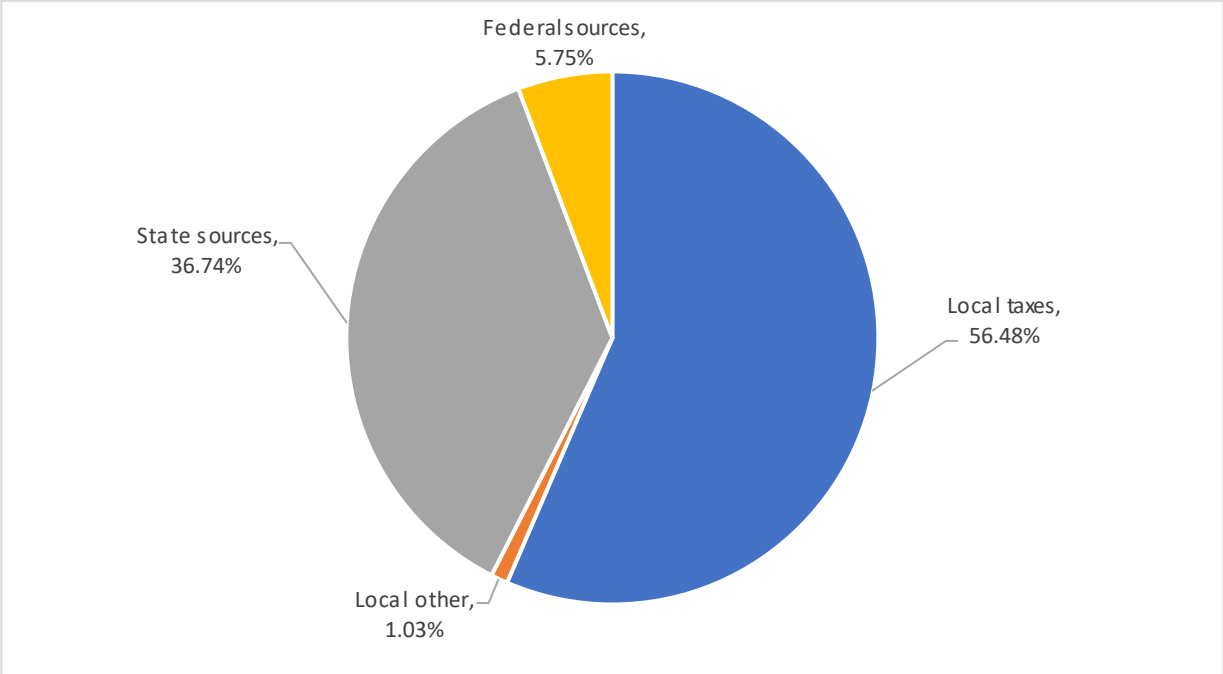


Table 5
Fund Revenue

	2023	2022	$ Increase (Decrease)	% Increase (Decrease)
Local taxes	$ 25,882,538	$ 24,621,711	$ 1,260,827	5.12%
Local other	470,883	872,350	(401,467)	-46.02%
State sources	16,836,704	16,343,249	493,455	3.02%
Federal sources	2,635,431	2,712,435	(77,004)	-2.84%
Total Revenues	$ 45,825,556	$ 44,549,745	$ 1,275,811	2.86%

General Fund

The District's General Fund balance increased $655,354 or 11.98% to $6,125,836 (Table 4). Tax revenues increased 5.12% or $1,260,827 with an overall total revenue increase of 3.83% or $1,706,643 for the period ending June 30, 2023 as compared to June 30, 2022. General Fund revenues are given in Table 6.

Table 6
Revenue

	2023 Revenue Amount	2023 Amount Growth Increase (Decrease)	2023 Percent Growth Increase (Decrease)	2022 Revenue Amount
Real estate and other taxes	$ 25,882,538	$ 1,260,827	5.12%	$ 24,621,711
Interest	145,168	130,759	907.48%	14,409
Other revenue	756,547	(101,394)	-11.82%	857,941
State program revenues	16,836,704	493,455	3.02%	16,343,249
Federal program revenues	2,635,431	(77,004)	-2.84%	2,712,435
Total Revenues	$ 46,256,388	$ 1,706,643	3.83%	$ 44,549,745

Other Funds

The Capital Projects Fund had major activity in 2023 due to the District's capital project for a new elementary school building and renovations and improvements to athletic facilities within the District. The District is financing the capital project by issuing General Obligation Bonds Series 2022 in the amount of $36,000,000, and $24,995,000 were issued in 2021. Expenditures were made in the amount of $37,083,406 in 2023 on the capital projects in progress.

Table 7
Capital Projects Fund

	Major Fund Capital Projects 2023	2022
Total Revenue	$ 40,363	$ 36,019,448
Current expenditures	37,083,406	24,111,116
Transfers out (in)	-	(576,329)
Total Charges	37,083,406	23,534,787
Net Change in Fund Balance	(37,043,043)	12,484,661
Fund Balance Prior Year	36,115,127	23,630,466
Fund Balance (Deficit) Current Year	$ (927,916)	$ 36,115,127

The District's Debt Service Fund balance at June 30, 2023 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 received a bond premium of $1,628,497 with the issuance of General Obligation Bond Series 2022. The District received a bond premium on the General Obligation Bonds Series 2021 in the amount of $2,229,047. The premiums 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, 2023 was $43,380, a decrease of $23,946 from June 30, 2022.

Business-type Activities

The Proprietary Fund, Food Services, had unrestricted net position at June 30, 2023 of $65,644 a decrease of $104,962 from the prior year's unrestricted net position of $170,606 (Table 1). The amount due to the general fund from the food service fund was increased to $71,317 from $55,856 in 2022.

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 33.08% overall in the amount of $14,498,821 for the period ending June 30, 2023 (Table 8) and General Fund revenues increased 4.88% overall in the amount of $2,257,759. The ending fund balance increased by $655,354 or 11.98% to $6,125,836.

Table 8
General Fund Budget

	Original Budget	Final Budget	Change Increase (Decrease)	Change %
Total Revenue	$ 45,101,986	$ 45,101,986	$ -	0.00%
Expenditures				
Instructional:				
Regular programs	18,135,175	18,211,304	(76,129)	-0.42%
Special programs	8,572,412	8,572,412	-	0.00%
Vocational programs	922,108	922,108	-	0.00%
Other instructional	3,558	3,558	-	0.00%
Total Instructional	27,633,253	27,709,382	(76,129)	-0.28%
Support Services:				
Pupil personnel	1,524,610	1,536,849	(12,239)	-0.80%
Instructional	571,843	571,843	-	0.00%
Administrative	2,649,957	2,654,010	(4,053)	-0.15%
Pupil health	420,585	420,585	-	0.00%
Business	647,571	646,593	978	0.15%
Plant maintenance	3,407,884	3,407,884	-	0.00%
Student transportation	2,699,088	2,699,088	-	0.00%
Central support	1,570,034	1,488,059	81,975	5.22%
Other support	27,000	27,000	-	0.00%
Total Support	13,518,572	13,451,911	66,661	0.49%

Table 8
General Fund Budget

	Original Budget	Final Budget	Change Increase (Decrease)	Change %
(cont'd)				
Noninstructional services:				
Student activities	804,692	804,692	-	0.00%
Community services	6,000	6,000	-	0.00%
Total Noninstructional Services	810,692	810,692	-	0.00%
Other:				
Debt service	79,800	79,800	-	0.00%
Interfund transfer	3,631,088	3,631,088	-	0.00%
Budgetary reserve	200,000	200,000	-	0.00%
Total Other	3,910,888	3,910,888	-	0.00%
Total Expenditures	45,873,405	45,882,873	(9,468)	
Net Change in Fund Balance	(771,419)	(780,887)	9,468	1.23%
Estimated/Actual Beginning Fund Balance	5,470,482	5,470,482	-	0.00%
Estimated/Actual Ending Fund Balance	$ 4,699,063	$ 4,689,595	$ 9,468	0.20%

	Year Ending 06/30/2023	Year Ending 06/30/2022	Change Increase (Decrease)	Change %
Total Revenue	$ 46,256,388	$ 43,998,629	$ 2,257,759	4.88%
Expenditures				
Instructional:				
Regular programs	18,746,947	17,374,901	1,372,046	7.32%
Special programs	7,560,501	8,846,590	(1,286,089)	-17.01%
Vocational programs	925,557	908,148	17,409	1.88%
Nonpublic school programs	36,210	-	36,210	100.00%
Other instructional	18,760	143,412	(124,652)	-664.46%
Total Instructional	27,287,975	27,273,051	14,924	0.05%
Support Services:				
Pupil personnel	1,725,413	1,580,027	145,386	8.43%
Instructional	564,865	589,746	(24,881)	-4.40%
Administrative	2,723,363	2,576,195	147,168	5.40%
Pupil health	415,041	386,413	28,628	6.90%
Business	628,655	620,820	7,835	1.25%
Plant maintenance	3,067,386	3,205,169	(137,783)	-4.49%
Student transportation	2,980,446	609,789	2,370,657	79.54%
Central support	1,455,370	1,650,180	(194,810)	-13.39%
Other support	18,932	17,823	1,109	5.86%
Total Support	13,579,471	11,236,162	2,343,309	-1.51%

Table 8
General Fund Budget

	Period Ending 06/30/2023	Period Ending 06/30/2022	Change Increase (Decrease)	Change %
(cont'd)				
Noninstructional services:				
Student activities	927,082	818,447	108,635	11.72%
Community services	26,074	9,892	16,182	62.06%
Total Noninstructional Services	953,156	828,339	124,817	13.10%
Other:				
Other objects	-	(551,116)	551,116	0.00%
CTC payments	62,206	79,708	(17,502)	-28.14%
Interfund transfer	3,718,226	2,339,943	1,378,283	37.07%
Lease financing	-	2,072,801	(2,072,801)	0.00%
Total Other	3,780,432	3,941,336	(160,904)	-4.26%
Total Expenditures	45,180,813	4,328,888	40,851,925	90.42%
Net Change in Fund Balance	655,354	719,741	(64,387)	-9.82%
Estimated/Actual Beginning Fund Balance	5,470,482	4,750,744	719,738	13.16%
Estimated/Actual Ending Fund Balance	$ 6,125,836	$ 5,470,485	$ 655,351	10.70%

Below are 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%.

- Special programs was under budget by $1,011,911 or 11.80% mainly due to savings in salaries during the year.
- Other instructional programs was over budget by $15,202 or 427.26% mainly due to an increase in Homebound instruction.
- Pupil personnel services was over budget by $188,564 or 12.37% mainly due to changes in salary during the year.
- Operation and maintenance of plant services was under budget by $340,498 or 9.99% mainly due to fewer repairs than budgeted during the year to prepare for building consolidation.
- Student transportation services was over budget by $281,358 or 10.42% mainly due to increased transportation costs during the year.
- Other support services was under budget by $8,068 or 29.88% mainly due to lower subsidy deductions.

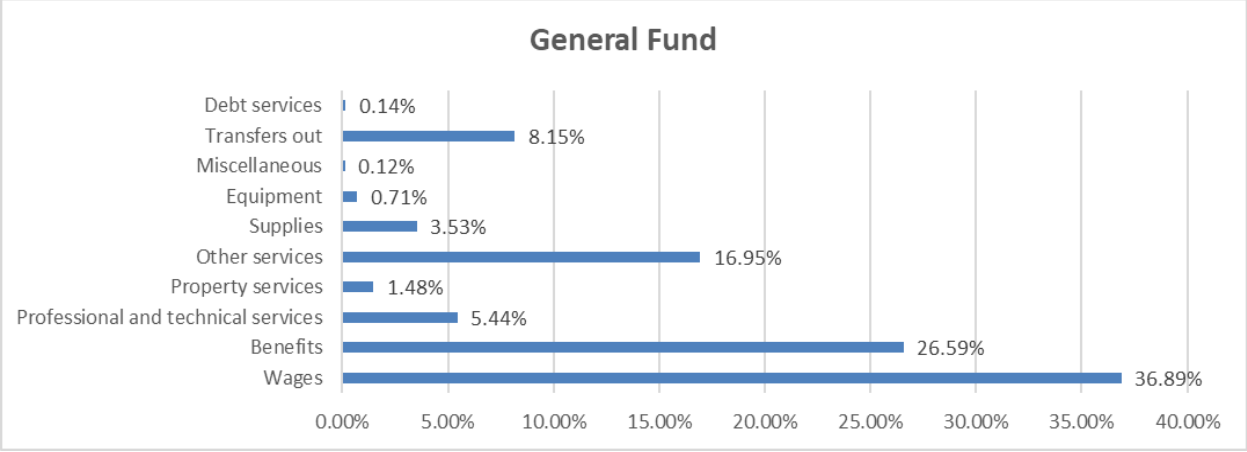
- Student activities was over budget by $122,390 or 15.21% mainly due to salary increases for coaches and staff.
- Community service was over budget by $20,074 or 334.57% mainly due to increase expense for crossing guards
- Debt Service was under budget by $17,594 or 22.05%.

Table 10 compares General Fund expenditures by objects for 2021-2022 and 2022-2023 fiscal periods.

Table 10
Expenditures and Other Financing Sources by Objects

			Change	
	2022-2023	2021-2022	Increase (Decrease)	%
Wages	$ 16,827,637	$ 16,772,893	$ 54,744	0.33%
Benefits	12,119,497	11,336,253	783,244	6.91%
Professional and technical services	2,480,449	3,196,775	(716,326)	-22.41%
Property services	675,674	529,987	145,687	27.49%
Other services	7,731,183	5,332,316	2,398,867	44.99%
Supplies	1,609,833	1,315,334	294,499	22.39%
Equipment	323,216	795,477	(472,261)	-59.37%
Miscellaneous	53,113	58,517	(5,404)	-9.23%
Transfers out	3,718,226	2,072,801	1,645,425	79.38%
Debt services	62,206	2,419,651	(2,357,445)	-97.43%
Total Expenses	$ 45,601,034	$ 43,830,004	$ 1,771,030	4.04%

The following chart graphs 2022-2023 expenditures by objects.



General Fund expenditures increased 4.04% overall in the amount of $1,771,030 for the period ending June 30, 2023 (Table 8) and General Fund revenues increased 6.07% overall in the amount of $1,706,643. The ending fund balance increased by $655,354 or 11.98% to $6,125,836.

CAPITAL ASSETS AND DEBT

Capital Assets

The District has $76,538,386 invested in capital assets net of depreciation and amortization. The District purchased $746,283 of capital assets and had construction in progress for the 2023 capital project, a new elementary school building and renovations and improvements to athletic facilities within the District, of $26,453,603. Beginning capital assets were increased with right-to-use subscriptions of $13,632 and accumulated amortization of $4,544 for the implementation of GASB No. 96, *Subscription Based Information Technology Arrangements.* Depreciation and amortization of Capital Assets Governmental Activities was $1,241,431 and $4,800 for Business Type Activities for the fiscal year 2023. Accumulated amortization related to the right-to-use assets was $208,941. 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

	Governmental Activities		Business-type Activities		District-wide Totals		District-wide $ Increase	District-wide % Increase
	2023	2022	2023	2022	2023	2022	(Decrease)	(Decrease)
Current assets	$ 19,597,012	$ 53,410,112	$ 147,635	$ 274,342	$ 19,744,647	$ 53,684,454	$ (33,939,807)	-63.22%
Noncurrent assets	76,519,322	63,901,476	19,064	23,864	76,538,386	63,925,340	12,613,046	19.73%
Total Assets	$ 96,116,334	$117,311,588	$ 166,699	$ 298,206	$ 96,283,033	$117,609,794	$ (21,326,761)	-18.13%

Debt

As of June 30, 2023, the District had $68,110,000 in outstanding bonds and notes payable. The District made scheduled debt payments of $1,598,000 in principal and paid $2,162,914 in interest on bonds and notes payable during the 2022- 2023 Fiscal Year.

Table 12
Debt

Maturity	Description	Series	Principal	Interest	Total P&I
2/15/2024	General Obligation Notes	Series 2020A	$ 381,000	$ 180,646	$ 561,646
2/15/2029	General Obligation Notes	Series 2020B	6,804,000	392,243	7,196,243
6/30/2051	General Obligation Notes	Series 2021	24,925,000	13,560,275	38,485,275
6/30/2051	General Obligation Notes	Series 2022	36,000,000	26,767,176	62,767,176
			$ 68,110,000	$ 40,900,340	$109,010,340

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District had an enrollment of 2,254 for the period ending June 30, 2023. Enrollment for the period ending June 30, 2022 was 2,321. 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 begun to decrease as anticipated.

In the Governmental Funds Statements: Total revenues exceeded expenses in the amount of $719,741 in the 2021- 2022 period. Total Revenues increase was $2,518,618 or 6.07%. Expenditures also increased by $2,250,787 or 5.49%.

In the Government-Wide Statements: Governmental Activities General Revenues increased 7.16% from $32,000,097 to $34,291,634 (Table 3) and Program Revenues increased 3.10% from $9,419,682 to $9,712,065 in the 2022-2023 period. Revenues exceeded Expenses by $736,927 for the Governmental Activities. The outlook for the 2023-2024 period remains cautious given the general economic conditions.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the 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, 2023

	Governmental Activities	Business-type Activities	Totals
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES			
ASSETS:			
Cash and cash equivalents	$ 11,276,949	$ 152,022	$ 11,428,971
Investments	5,528,691	-	5,528,691
Taxes receivable, net	1,016,337	-	1,016,337
Due from other governments	1,693,015	-	1,693,015
Internal balances	71,317	(71,317)	-
Other receivables	10,703	54,719	65,422
Inventories	-	12,211	12,211
Land	538,950	-	538,950
Construction-in-progress	53,800,959	-	53,800,959
Buildings and improvements	43,070,472	-	43,070,472
Furniture and equipment	9,263,569	1,060,531	10,324,100
Vehicles	554,700	-	554,700
Accumulated depreciation	(30,775,529)	(1,041,467)	(31,816,996)
Right to use assets	266,819	-	266,819
Right to use subscription	19,300	-	19,300
Accumulated amortization	(219,918)	-	(219,918)
TOTAL ASSETS	96,116,334	166,699	96,283,033
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred amounts on bond refunding	36,905	-	36,905
Deferred outflows relating to pension	9,150,962	-	9,150,962
Deferred outflows relating to OPEB	1,193,179	-	1,193,179
TOTAL DEFERRED OUTFLOWS OF RESOURCES	10,381,046	-	10,381,046
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 106,497,380	$ 166,699	$ 106,664,079
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION (DEFICIT)			
LIABILITIES:			
Accounts payable	$ 7,148,065	$ 101,055	$ 7,249,120
Accrued salaries and benefits	4,588,649	-	4,588,649
Retainage payable	1,846,943	-	1,846,943
Accrued interest	593,354	-	593,354
Long-term liabilities:			
Portion due or payable within one year:			
Bonds/notes payable in future years, net	1,799,024	-	1,799,024
Leases payable	55,411	-	55,411
Subscription payable	6,441	-	6,441
Portion due or payable after one year:			
Bonds/notes payable in future years, net	69,927,723	-	69,927,723
Leases payable	6,767	-	6,767
Subscription payable	1,895	-	1,895
Accumulated compensated absences	1,250,004	-	1,250,004
Net pension liability	49,527,000	-	49,527,000
Net OPEB liability	4,266,907	-	4,266,907
TOTAL LIABILITIES	141,018,183	101,055	141,119,238
DEFERRED INFLOWS OF RESOURCES:			
Deferred inflows relating to pension	2,797,000	-	2,797,000
Deferred inflows relating to OPEB	1,779,179	-	1,779,179
TOTAL DEFERRED INFLOWS OF RESOURCES	4,576,179	-	4,576,179
NET POSITION (DEFICIT):			
Net investment in capital assets	3,820,086	19,064	3,839,150
Unrestricted (deficit)	(42,917,068)	46,580	(42,870,488)
TOTAL NET DEFICIT	(39,096,982)	65,644	(39,031,338)
TOTAL LIABILITIES AND NET POSITION (DEFICIT)	$ 106,497,380	$ 166,699	$ 106,664,079

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

		Program Revenues			Net (Expense) Revenue and Changes in Net Deficit		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Totals
GOVERNMENTAL ACTIVITIES:							
Instruction	$ 36,749,791	$ 824,600	$ 2,074,203	$ 4,869,924	$ (28,981,064)	$ -	$ (28,981,064)
Instructional student support	2,055,562	-	208,852	41,994	(1,804,716)	-	(1,804,716)
Administrative and financial support services	4,649,758	-	372,616	-	(4,277,142)	-	(4,277,142)
Operation and maintenance of plant services	3,007,192	-	236,804	-	(2,770,388)	-	(2,770,388)
Pupil transportation	2,924,288	-	230,092	1,547,757	(1,146,439)	-	(1,146,439)
Student activities	946,982	24,288	71,571	-	(851,123)	-	(851,123)
Community services	50,102	17,903	2,013	-	(30,186)	-	(30,186)
Interest on long-term debt	2,162,914	-	291,851	-	(1,871,063)	-	(1,871,063)
TOTAL GOVERNMENTAL ACTIVITIES	52,546,589	866,791	3,488,002	6,459,675	(41,732,121)	-	(41,732,121)
BUSINESS-TYPE ACTIVITIES:							
Food service	1,381,964	413,908	862,685	-	-	(105,371)	(105,371)
TOTAL BUSINESS-TYPE ACTIVITIES	1,381,964	413,908	862,685	-	-	(105,371)	(105,371)
TOTAL PRIMARY GOVERNMENT	$ 53,928,553	$ 1,280,699	$ 4,350,687	$ 6,459,675	(41,732,121)	(105,371)	(41,837,492)
GENERAL REVENUES							
Property taxes, levied for general purposes					22,268,711	-	22,268,711
Taxes levied for specific purposes					3,336,290	-	3,336,290
Grants and entitlements not restricted to specific programs					9,530,975	-	9,530,975
Investment earnings					185,613	409	186,022
Miscellaneous					20,954	-	20,954
TOTAL GENERAL REVENUES					35,342,543	409	35,342,952
CHANGE IN NET DEFICIT					(6,389,578)	(104,962)	(6,494,540)
NET DEFICIT, BEGINNING OF YEAR					(33,421,695)	170,606	(33,251,089)
Restatement - change in accounting principle					7	-	7
Restatement - change in accounting estimate					714,284	-	714,284
NET DEFICIT, BEGINNING OF YEAR, RESTATED					(32,707,404)	170,606	(32,536,798)
NET DEFICIT, END OF YEAR					$ (39,096,982)	$ 65,644	$ (39,031,338)

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

NORTHERN LEBANON SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Miscellaneous Special Revenue Fund	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 1,895,690	$ 9,337,879	$ -	$ 43,380	$ 11,276,949
Investments	5,528,691	-	-	-	5,528,691
Taxes receivable, net	1,016,337	-	-	-	1,016,337
Due from other funds	1,638,964	-	-	-	1,638,964
Due from other governments	1,693,015	-	-	-	1,693,015
Other receivables	10,703	-	-	-	10,703
TOTAL ASSETS	$ 11,783,400	$ 9,337,879	$ -	$ 43,380	$ 21,164,659
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
LIABILITIES:					
Accounts payable	$ 296,860	$ 6,851,205	$ -	$ -	$ 7,148,065
Retainage payable	-	1,846,943	-	-	1,846,943
Due to other funds	-	1,567,647	-	-	1,567,647
Accrued salaries and benefits	4,588,649	-	-	-	4,588,649
TOTAL LIABILITIES	4,885,509	10,265,795	-	-	15,151,304
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenues - delinquent taxes	772,055	-	-	-	772,055
TOTAL DEFERRED INFLOWS OF RESOURCES	772,055	-	-	-	772,055
FUND BALANCES:					
Committed	929,254	-	-	-	929,254
Assigned	1,000,000	-	-	-	1,000,000
Unassigned (deficit)	4,196,582	(927,916)	-	-	3,268,666
TOTAL FUND BALANCES (DEFICIT)	6,125,836	(927,916)	-	43,380	5,241,300
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 11,783,400	$ 9,337,879	$ -	$ 43,380	$ 21,164,659

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

NORTHERN LEBANON SCHOOL DISTRICT
RECONCILIATION OF BALANCE SHEET - GOVERNMENTAL FUNDS
TO STATEMENT OF NET POSITION
JUNE 30, 2023

TOTAL GOVERNMENTAL FUND BALANCES		$ 5,241,300
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. These assets consist of:		
Land	$ 538,950	
Vehicles	554,700	
Construction-in-progress	53,800,959	
Buildings and improvements	43,070,472	
Furniture and equipment	9,263,569	
Accumulated depreciation	(30,775,529)	
Right to use assets	266,819	
Right to use subscription	19,300	
Accumulated amortization	(219,918)	76,519,322
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds. Those liabilities consist of:		
Bonds/Notes payable in future years, net	(71,726,747)	
Leases payable	(62,178)	
Subscription payable	(8,336)	
Accumulated compensated absences	(1,250,004)	
Accrued interest	(593,354)	
Net OPEB liability	(4,266,907)	
Net pension liability	(49,527,000)	(127,434,526)
Deferred inflows and outflows of resources related to the District's pension plan do not represent current resources or uses of resources and, therefore, are not reported in the funds. Deferred inflows and outflows of resources consist of the following:		
Deferred outflows of resources:		
Deferred outflows related to pension	9,150,962	
Deferred outflows related to OPEB	1,193,179	
Deferred inflows of resources:		
Deferred inflows related to pension	(2,797,000)	
Deferred inflows related to OPEB	(1,779,179)	5,767,962
Some of the District's revenues will be collected after year end but are not available soon enough to pay for the current period's expenditures and, therefore, are unavailable in the funds.		772,055
NET DEFICIT OF GOVERNMENTAL ACTIVITIES		$ (39,096,982)

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, 2023

	General Fund	Capital Projects Fund	Debt Service Fund	Miscellaneous Special Revenue Fund	Total Governmental Funds
REVENUES					
Local sources	$ 26,312,976	$ 40,363	$ -	$ 82	$ 26,353,421
State sources	16,836,704	-	-	-	16,836,704
Federal sources	2,635,431	-	-	-	2,635,431
TOTAL REVENUES	45,785,111	40,363	-	82	45,825,556
EXPENDITURES					
Current:					
Instruction	27,287,975	-	-	-	27,287,975
Support services	13,579,471	288	-	-	13,579,759
Operation of noninstructional services	953,156	-	-	24,028	977,184
Capital outlays	-	37,083,118	-	-	37,083,118
Debt service	62,206	-	3,718,226	-	3,780,432
TOTAL EXPENDITURES	41,882,808	37,083,406	3,718,226	24,028	82,708,468
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,902,303	(37,043,043)	(3,718,226)	(23,946)	(36,882,912)
OTHER FINANCING SOURCES (USES)					
Proceeds of extended term financing	5,668	-	-	-	5,668
Refund of prior year expenses	465,609	-	-	-	465,609
Interfund transfers	(3,718,226)	-	3,718,226	-	-
TOTAL OTHER FINANCING SOURCES (USES)	(3,246,949)	-	3,718,226	-	471,277
NET CHANGES IN FUND BALANCES	655,354	(37,043,043)	-	(23,946)	(36,411,635)
FUND BALANCES, BEGINNING OF YEAR	5,470,482	36,115,127	-	67,326	41,652,935
FUND BALANCES (DEFICIT), END OF YEAR	$ 6,125,836	$ (927,916)	$ -	$ 43,380	$ 5,241,300

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

NORTHERN LEBANON SCHOOL DISTRICT
RECONCILIATION OF STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS	$ (36,411,635)
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/amortization expense. This is the amount by which capital outlays exceeded depreciation/amortization expense and writeoffs in the period.	25,959,123
Because some revenues will not be collected for several months after the District's fiscal year ends, they are not considered as "available" revenues in the governmental funds and are recorded as deferred inflows of resources. Unavailable revenues increased by this amount this year.	322,372
The issuance of long-term debt (e.g. bonds/notes) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences.	1,652,868
Governmental funds report bond discounts as other financing uses and deferred bond refunding option proceeds and bond premiums as other financing sources. However, these amounts are reported on the statement of net position as deferred charges and credits and are amortized over the life of the debt.	135,024
In the statement of activities, certain operating expenses – compensated absences (vacations and sick leave) – are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).	212,716
Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due and, thus, requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.	(106,617)
In the statement of activities, OPEB expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, OPEB expenditures reflect payments made to fund the OPEB plan. This is the amount by which the change in net OPEB liability and deferred inflows and outflows of resources related to OPEB exceeded OPEB expenditures in the governmental funds during the year.	(95,610)
In the statement of activities, pension expense reflects the change in net pension liability, net of deferrals. In the governmental funds, however, pension expenditures reflect payments made to fund the pension plan. This is the amount by which the change in net pension liability and related deferrals exceeded pension contributions during the year.	1,953,165
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	$ (6,389,578)

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

NORTHERN LEBANON SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
REVENUE FROM LOCAL SOURCES				
Current real estate taxes	$ 21,482,975	$ 21,482,975	$ 21,662,961	$ (179,986)
Interim real estate taxes	55,000	55,000	100,204	(45,204)
Public utility realty tax	21,000	21,000	21,778	(778)
Payment in lieu of current taxes	31,000	31,000	30,024	976
Current per capita taxes - sec. 679	33,000	33,000	32,864	136
Current act 511 taxes - flat rate assessments	33,000	33,000	32,864	136
Current act 511 taxes - proportional assessments	2,500,000	2,500,000	3,149,971	(649,971)
Delinquencies on taxes levied/assesed by the LEA	666,000	666,000	851,872	(185,872)
Interest on investments	55,000	55,000	145,168	(90,168)
Revenues from LEA activities	17,500	17,500	42,191	(24,691)
Revenues from intermediary sources	-	-	6,517	(6,517)
Tuition from patrons	85,000	85,000	215,608	(130,608)
Refunds and other miscellaneous revenue	9,000	9,000	20,954	(11,954)
TOTAL REVENUE FROM LOCAL SOURCES	24,988,475	24,988,475	26,312,976	(1,324,501)
REVENUE FROM STATE SOURCES				
Basic instructional funding - subsidy	8,227,996	8,227,996	8,716,186	(488,190)
Basic instructional funding - social security	662,400	662,400	570,773	91,627
Tuition for orphans subsidy	50,000	50,000	34,417	15,583
Vocaitional education	90,000	90,000	139,228	(49,228)
Special educaion funds for school aged pupils	1,464,170	1,464,170	1,733,735	(269,565)
Pupil transpotation subsidy	1,406,000	1,406,000	1,458,437	(52,437)
Nonpublic and cahrter school pupil transportation subsidy	75,000	75,000	89,320	(14,320)
Rental and sinking fund subsidy	429,000	429,000	-	429,000
Health services	40,000	40,000	41,994	(1,994)
State property tax reduction allocation	814,789	814,789	814,789	-
Ready to learn block grant	305,011	305,011	305,011	-
Supplemental equipment grant	-	-	15,545	(15,545)
Other state grants	-	-	40	(40)
State share of retirement contributions	3,053,150	3,053,150	2,917,229	135,921
TOTAL REVENUE FROM STATE SOURCES	16,617,516	16,617,516	16,836,704	(219,188)
REVENUE FROM FEDERAL SOURCES				
Title I grant	300,000	300,000	476,071	(176,071)
Title II grant	35,000	35,000	70,526	(35,526)
Title IV grant	-	-	39,801	(39,801)
ARP ESSER - elementary and secondary school emergency relief fund	2,499,097	2,499,097	1,254,777	1,244,320
Individuals with diabilities act (IDEA)	661,898	661,898	713,069	(51,171)
Other grants	-	-	81,187	(81,187)
TOTAL REVENUE FROM FEDERAL SOURCES	3,495,995	3,495,995	2,635,431	860,564
TOTAL REVENUES	45,101,986	45,101,986	45,785,111	(683,125)

(Continued on next page.)

NORTHERN LEBANON SCHOOL DISTRICT
BUDGETARY COMPARISON STATEMENT - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Budgeted Amounts		Actual	Variance with Final Budget Positive
	Original	Final	(GAAP Basis)	(Negative)
EXPENDITURES				
Instruction:				
Regular programs	18,135,175	18,211,304	18,746,947	(535,643)
Special programs	8,572,412	8,572,412	7,560,501	1,011,911
Vocational programs	922,108	922,108	925,557	(3,449)
Nonpublic school programs	-	-	36,210	(36,210)
Other instructional programs	3,558	3,558	18,760	(15,202)
Total Instruction	27,633,253	27,709,382	27,287,975	421,407
Support Services:				
Pupil personnel services	1,524,610	1,536,849	1,725,413	(188,564)
Instructional staff services	571,843	571,843	564,865	6,978
Administrative services	2,649,957	2,654,010	2,723,363	(69,353)
Pupil health	420,585	420,585	415,041	5,544
Business services	647,571	646,593	628,655	17,938
Operation and maintenance of plant services	3,407,884	3,407,884	3,067,386	340,498
Student transportation services	2,699,088	2,699,088	2,980,446	(281,358)
Support services - central	1,570,034	1,488,059	1,455,370	32,689
Other support services	27,000	27,000	18,932	8,068
Total Support Services	13,518,572	13,451,911	13,579,471	(127,560)
Operation of Noninstructional Activities:				
Student activities	804,692	804,692	927,082	(122,390)
Community services	6,000	6,000	26,074	(20,074)
Total Operation of Noninstructional Services	810,692	810,692	953,156	(142,464)
Debt service	79,800	79,800	62,206	17,594
TOTAL EXPENDITURES	42,042,317	42,051,785	41,882,808	168,977
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	3,059,669	3,050,201	3,902,303	852,102
OTHER FINANCING USES				
Budgetary reserve	(200,000)	(200,000)	-	200,000
Refund of prior year expenditures	-	-	465,609	465,609
Proceeds from extended term financing	-	-	5,668	5,668
Transfers out	(3,631,088)	(3,631,088)	(3,718,226)	(87,138)
TOTAL OTHER FINANCING USES	(3,831,088)	(3,831,088)	(3,246,949)	584,139
NET CHANGE IN FUND BALANCE	(771,419)	(780,887)	655,354	1,436,241
FUND BALANCE, BEGINNING OF YEAR	5,470,482	5,470,482	5,470,482	-
FUND BALANCE, END OF YEAR	$ 4,699,063	$ 4,689,595	$ 6,125,836	$ 1,436,241

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION - PROPRIETARY FUND
JUNE 30, 2023

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash and cash equivalents	$ 152,022
Accounts receivable	54,719
Inventories	12,211
Total Current Assets	218,952
PROPERTY AND EQUIPMENT:	
Net furniture and equipment	19,064
TOTAL ASSETS	$ 238,016
LIABILITIES AND NET POSITION	
LIABILITIES:	
Accounts payable	$ 101,055
Due to other funds	71,317
Total Liabilities	172,372
NET POSITION:	
Investment in capital assets	19,064
Unrestricted	46,580
Total Net Position	65,644
TOTAL LIABILITIES AND NET POSITION	$ 238,016

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
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Food service revenues	$ 413,908
TOTAL OPERATING REVENUES	413,908
OPERATING EXPENSES	
Purchased professional and technical services	1,149,684
Supplies	227,480
Depreciation	4,800
TOTAL OPERATING EXPENSES	1,381,964
OPERATING INCOME (LOSS)	(968,056)
NONOPERATING REVENUES	
Earnings on investments	409
State sources	87,463
Federal sources	775,222
TOTAL NONOPERATING REVENUES	863,094
CHANGE IN NET POSITION	(104,962)
NET DEFICIT, BEGINNING OF YEAR	170,606
NET POSITION, END OF YEAR	$ 65,644

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Food Service Fund
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from users	$ 398,915
Payments to suppliers	(1,157,552)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(758,637)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:	
State sources	60,156
Federal sources	669,304
NET CASH PROVIDED (USED) BY NONCAPITAL FINANCING ACTIVITIES	729,460
CASH FLOWS FROM INVESTING ACTIVITIES:	
Earnings on investments	409
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	409
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(28,768)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	180,790
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 152,022
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating income (loss)	$ (968,056)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Depreciation	4,800
Donated commodities	133,226
(Increase) Decrease in:	
Accounts receivable	10,804
Inventories	15,818
Increase (Decrease) in:	
Accounts payable	55,107
Due to other funds	15,461
Unearned revenue	(25,797)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (758,637)
SUPPLEMENTAL DISCLOSURE	
NONCASH NONCAPITAL FINANCING ACTIVITY:	
USDA donated commodities	$ 133,226

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF NET POSITION - FIDUCIARY FUND
JUNE 30, 2023

	Custodial Fund Student Activites
ASSETS	
Cash and cash equivalents	$ 305,837
TOTAL ASSETS	$ 305,837
LIABILITIES AND NET POSITION	
LIABILITIES:	
Other current liabilities	$ 123,737
NET POSITION:	
Reserved for student activities	182,100
TOTAL LIABILITIES AND NET POSITION	$ 305,837

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

NORTHERN LEBANON SCHOOL DISTRICT
STATEMENT OF CHANGES IN NET POSITION - FIDUCIARY FUND
FOR THE YEAR ENDED JUNE 30, 2023

	Custodial Fund Student Activities
ADDITIONS	
Interest	$ 2,051
Fundraising	407,615
TOTAL ADDITIONS	409,666
DEDUCTIONS	
Student activities	365,240
TOTAL DEDUCTIONS	365,240
CHANGE IN NET POSITION	44,426
NET POSITION, BEGINNING OF YEAR	137,674
NET POSITION, END OF YEAR	$ 182,100

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Northern Lebanon School District (the 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 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

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

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 District reports the following Fiduciary Funds:

Custodial Funds: These funds accounts for the receipt and disbursement of monies from student groups or extra classroom activity funds. These organizations exist with explicit approval and are subject to revocation of the District governing body. This accounting reflects the District's custodial relationship with the student groups or extra classroom 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 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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 Local Government Investment Trust (PLGIT). 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 other governments" or "Due to other governments."

Inventories

A physical inventory of the Cafeteria Fund food and supplies was taken as of June 30, 2023. 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.

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/amortized using the straight-line method over the following estimated useful lives:

Building and building improvements	40 years
Furniture and equipment	5 - 12 years
Vehicles	12 years
Right-to-use lease assets	Life of lease
Right-to-use subscription asset	Life of arrangement

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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

Major outlays for capital assets and improvements are capitalized as projects are 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.

Leases

As lessee, the District recognizes lease liabilities with an initial, individual value of $1,000 or more. The District uses its estimated incremental borrowing rate to measure lease liabilities unless it can readily determine the interest rate implicit in the lease. The District's estimated incremental borrowing rate is based on the risk free rate for tax exempt bonds that were issued by the District in the past adjusted for the terms of the various leases.

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.

Vested Employee Benefits - Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

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.

The District follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*. The District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 11 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/amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

- **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 District's highest level of decision making authority, i.e., the Board of Directors. The District has committed fund balances of $929,254 at June 30, 2023 for health care.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The District has assigned fund balances of $1,000,000 at June 30, 2023 for future capital projects. All encumbrances of the General fund are also classified as Assigned Fund Balance in the General Fund.

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 District.

Deferred Inflows and 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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.

Implementation of GASB Statement No. 96

During the year ended June 30, 2023, the District implemented GASB Statement No. 96, "Subscription Based Information Technology Arrangements." The purpose of this statement is to increase the usefulness of governmental financial statements by requiring recognition of certain subscription arrangements as assets and liabilities for all such subscription arrangements.

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, 2023.

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 (cont'd)

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, 2023, $11,279,170 of the District's bank balances of $11,931,323 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 District's name	11,279,170
	$ 11,279,170

Reconciliation of Cash and Cash Equivalents to the Financial Statements

Uninsured amount above	$ 11,279,170
Insured amount	652,153
Bank balance	11,931,323
Deposit in transit	-
Outstanding checks	(197,800)
Carrying amount - bank balances	11,733,523
Petty cash	1,285
Total Cash and Cash Equivalents per Financial Statements	$ 11,734,808

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, 2023 was 15.2927 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

NOTE 3 REAL ESTATE AND PER CAPITA TAXES AND UNEARNED INCOME (cont'd)

The District, in accordance with accounting principles generally accepted in the United States of America, 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 $156,266 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, 2023 are as follows:

	Gross Taxes Receivable	Allowance for Uncollectible Taxes	Net Estimated to be Collectible	Tax Revenue Recognized	Deferred Inflows of Resources
Real estate	$ 1,130,983	$ 156,266	$ 974,717	$ 204,610	$ 770,107
Interims	769	-	769	769	-
Per capita	1,948	-	1,948	-	1,948
Earned income tax	15,886	-	15,886	-	-
Realty transfer	23,017	-	23,017	-	-
TOTALS	$ 1,172,603	$ 156,266	$ 1,016,337	$ 205,379	$ 772,055

In the Balance Sheet - Governmental Funds, the General Fund deferred inflows of resources consists of the following at June 30, 2023:

Deferred inflows of resources - tax related	$ 772,055
TOTAL	$ 772,055

NOTE 4 DUE FROM OTHER GOVERNMENTS

Amounts due from other governments represent receivables for revenues earned by the District. At June 30, 2023, the following amounts are due from other governmental units:

	General Fund
Federal (through the state)	$ 757,728
State	935,287
TOTAL	$ 1,693,015

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, 2023. 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 15.2927. The payment in lieu of taxes amounted to $6,418.

NOTE 6 CHANGES IN CAPITAL ASSETS

Governmental Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated/ amortized:				
Land	$ 538,950	$ -	$ -	$ 538,950
Construction in progress	27,347,356	26,453,603	-	53,800,959
Total Capital Assets Not Being Depreciated	27,886,306	26,453,603	-	54,339,909
Capital assets being depreciated/ amortized:				
Right-to-use subscription assets	13,632	5,668	-	19,300
Right-to-use computers and equipment	266,819	-	-	266,819
Building and building improvements	43,070,472	-	-	43,070,472
Furniture and equipment	8,522,286	741,283	-	9,263,569
Vehicles	554,700	-	-	554,700
Total Capital Assets Being Depreciated/ Amortized	52,427,909	746,951	-	53,174,860
Less accumulated depreciation/ amortization for:				
Right-to-use assets:				
Subscription assets	(4,544)	(6,433)	-	(10,977)
Computers and equipment	(155,970)	(52,971)	-	(208,941)
Building and building improvements	(21,650,623)	(949,646)	-	(22,600,269)
Furniture and equipment	(7,550,677)	(211,731)	-	(7,762,408)
Vehicles	(392,202)	(20,650)	-	(412,852)
Total accumulated depreciation/amortization	(29,754,016)	(1,241,431)	-	(30,995,447)
Total Capital Assets Being Depreciated/ Amortized, Net	22,673,893	(494,480)	-	22,179,413
Governmental Activities Assets, Net	$50,560,199	$25,959,123	$ -	$76,519,322

NOTE 6 CHANGES IN CAPITAL ASSETS (cont'd)

Depreciation/amortization expense was charged to functions/program of primary government as follows:

Governmental Activities:

Instruction	$ 1,031,984
Instructional student support	41,932
Administrative and financial support services	4,382
Operation and maintenance of plan services	23,216
Pupil transportation	80,847
Student activities	59,070
Total Depreciation/Amortization Expense - Governmental Activities	$ 1,241,431

Business-type Activities	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Equipment	$ 1,060,531	$ -	$ -	$ 1,060,531
Less accumulated depreciation	(1,036,667)	(4,800)	-	(1,041,467)
Total Capital Assets Being Depreciated, Net	23,864	(4,800)	-	19,064
Business-type Activities Assets, Net	$ 23,864	$ (4,800)	$ -	$ 19,064

NOTE 7 GENERAL LONG-TERM DEBT

During the fiscal year ended June 30, 2023, general long-term debt changed as follows:

Governmental Activities	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
General Obligation Bonds and Notes:					
Series A of 2020	$ 1,866,000	$ -	$ (1,485,000)	$ 381,000	$ 381,000
Series B of 2020	6,847,000	-	(43,000)	6,804,000	848,000
Series of 2021	24,995,000	-	(70,000)	24,925,000	170,000
Series of 2022	36,000,000	-	-	36,000,000	265,000
Bond premium	3,751,771	-	(135,024)	3,616,747	135,024
Total Bonds and Notes Payable	73,459,771	-	(1,733,024)	71,726,747	1,799,024

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Other Liabilities:					
Leases payable	116,286	-	(54,108)	62,178	55,411
Subscription payable	9,095	5,668	(6,428)	8,336	6,441
Compensated absence benefits	1,462,720	-	(212,716)	1,250,004	-
Net OPEB liability	5,821,876	-	(1,554,969)	4,266,907	-
Net pension liability	47,297,000	2,230,000	-	49,527,000	-
TOTAL LONG-TERM LIABILITIES	$128,166,748	$ 2,235,668	$ (3,561,245)	$126,841,172	$ 1,860,876

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 on bonds	$ 2,178,126
Interest paid on leases	2,180
Interest paid on subscriptions	31
Change in accrued interest	106,617
Recognition of loss on refunding	10,984
Amortization of bond premium	(135,024)
Total Interest Expense	$ 2,162,914

The future annual payments required to amortize the bonds and notes outstanding as of June 30, 2023, including total interest payments, are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 1,664,000	$ 2,404,695	$ 4,068,695
2025	1,588,000	2,371,289	3,959,289
2026	1,625,000	2,332,736	3,957,736
2027	1,661,000	2,292,995	3,953,995
2028	1,703,000	10,407,200	12,110,200
2029 - 2033	9,199,000	8,541,500	17,740,500
2034 - 2038	10,970,000	6,467,500	17,437,500
2039 - 2043	11,985,000	3,976,025	15,961,025
2044 - 2048	11,500,000	1,053,200	12,553,200
2049 - 2052	16,215,000	1,053,200	17,268,200
TOTAL	$ 68,110,000	$ 40,900,340	$109,010,340

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

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, and (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, 2023 was $381,000.

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, 2023 was $6,804,000.

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 District, (2) pay the costs of issuing the bonds $359,986. The bonds bear interest rates ranging from 3% to 4% with principal maturities from September 2022 to September 2050. The balance outstanding at June 30, 2023 was $24,925,000.

General Obligation Bonds, Series of 2022

On May 9, 2022, the District issued $36,000,000 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 and installation of related equipment, machinery and furnishings, (2) pay the costs of issuing the bonds $1,052,167. The bonds bear interest rates ranging from 4% to 5% with principal maturities from September 2023 to September 2051. The balance outstanding at June 30, 2023 was $36,000,000.

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.

NOTE 7 GENERAL LONG-TERM DEBT (cont'd)

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 and 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 LEASES

On July 11, 2019, the District entered into a lease agreement for the use of copiers/printers. The lease is for five years starting July 11, 2019 and ending June 11, 2024. An initial lease liability was recorded in the amount of $225,602. The District is required to make monthly payments over the lease term. During the year ended June 30, 2023, the District made $47,899 in lease payments. The lease has an imputed interest rate of 2.377%. The copiers/printers estimated useful life is 5 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2023 is $225,602 with accumulated amortization of $182,117 which is included as right-to-use lease asset – computers and equipment in the capital asset Note 6.

NOTE 8 LEASES (cont'd)

On February 14, 2020, the District entered into a lease agreement for the use of office equipment. The lease is for five years starting February 14, 2020 and ending June 3, 2025. An initial lease liability was recorded in the amount of $41,217. The District is required to make quarterly payments over the lease term. During the year ended June 30, 2023, the District made $8,388 in lease payments. The lease has an imputed interest rate of 2.39%. The office equipment estimated useful life is 5 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2023 is $41,217 with accumulated amortization of $26,824 which is included as right-to-use lease asset – computers and equipment in the capital asset Note 6.

The following is a summary of the maturity of long-term lease obligations:

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	$ 55,411	$ 877	$ 56,288
2025	6,767	69	6,836
TOTAL	$ 62,178	$ 946	$ 63,124

NOTE 9 SUBSCRIPTIONS

On July 31, 2021, the District entered into a subscription agreement for a school wide messaging system. The agreement is for three years starting July 31, 2021 and ending July 30, 2024. An initial subscription liability was recorded in the amount of $13,675. The District is required to make yearly payments over the subscription term. During the year ended June 30, 2023, the District made $4,558 in subscription payments. The lease has an imputed interest rate of 1.89%. The subscription estimated useful life is 3 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2023 is $13,632 with accumulated amortization of $9,088 which is included as right-to-use subscription asset in the capital asset Note 6.

On December 8, 2022 , the District entered into a subscription agreement for a school wide messaging system. The agreement is for three years starting December 8, 2022 and ending December 7, 2025. An initial subscription liability was recorded in the amount of $5,668. The District is required to make yearly payments over the subscription term. During the year ended June 30, 2023, the District made $1,900 in subscription payments. The lease has an imputed interest rate of 3.44%. The subscription estimated useful life is 3 years as of the contract commencement date. The value of the right-to-use asset as of June 30, 2023 is $5,668 with accumulated amortization of $1,889 which is included as right-to-use subscription asset in the capital asset Note 6.

The following is a summary of the maturity of long-term subscription obligations:

NOTE 9 SUBSCRIPTIONS (cont'd)

Fiscal Year Ended June 30,	Principal	Interest	Total
2024	$ 6,441	$ 20	$ 6,461
2025	945	8	953
2026	950	3	953
TOTAL	$ 8,336	$ 31	$ 8,367

NOTE 10 PENSION PLAN

General Information about the Pension Plan

Plan Description

The 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.

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

NOTE 10 PENSION PLAN (cont'd)

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%.

Employees who became an active member of PSERS on or after July 1, 2019 are enrolled in a hybrid plan that has a defined benefit and defined contribution component. Members who joined the system after June 30, 2019, automatically contribute at the Membership Classes T-G rate of 8.25% (base rate), including a 2.75% defined contribution component, of the member's qualifying compensation. All new hires after June 30, 2019, who elect T-H membership, contribute at 7.50% (base rate), including a 3.00% defined contribution

NOTE 10 PENSION PLAN (cont'd)

component, of the member's qualifying compensation. Membership Class T-G and T-H are affected by a "shared risk" provision in Act 120 of 2010 that in future fiscal years could cause Membership Class T-G contribution rate to fluctuate between 5.50% and 8.50% and Membership Class T-H contribution rate to fluctuate between 4.50% and 7.50%. All new members can also elect DC membership and contribute at 7.50% (base rate) to a defined contribution plan that has no defined benefit component.

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 34.31% 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 District were $5,685,459 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $49,527,000 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. The 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, 2022, the District's proportion was .1114%, which was an decrease of .003% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized pension expense of $7,638,624. At June 30, 2023, the 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	$ 22,000	$ 428,000
Changes in assumptions	1,479,000	-
Net difference between projected and actual investment earnings	-	840,000
Net change in proportions	1,925,000	1,529,000
Difference between employer contributions and proportionate share of total contributions	39,503	-
Contributions subsequent to the date of measurement	5,685,459	-
	$ 9,150,962	$ 2,797,000

NOTE 10 PENSION PLAN (cont'd)

Reported deferred outflows of resources related to pensions resulting from the District's contributions subsequent to the measurement date of $5,685,459 will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. 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,	
2024	$ 492,876
2025	710,876
2026	(1,718,124)
2027	1,182,875
TOTAL	$ 668,503

Actuarial Assumptions

The total pension liability as of June 30, 2022 was determined by rolling forward PSERS's total pension liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Valuation date – June 30, 2021
- Actuarial cost method – entry age normal, level percentage of pay
- Investment return – 7.00%, includes inflation of 2.50%
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit and seniority increases
- Mortality rates were based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.
- The discount rate used to measure the total pension liability was 7.00% as of June 30, 2021 and as of June 30, 2022
- Demographic and economic assumptions approved by the Board for use effective with the June 30, 2021 actuarial valuation:
  - Salary growth rate – decreased from 5.00% to 4.50%
  - Real wage growth and merit or seniority increases (components for salary growth) – decreased from 2.75% and 2.25% to 2.50% and 2.00%, respectively.
  - Mortality rates – previously 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. Effective with the June 30, 2021 actuarial valuation, mortality rates are based on a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 Improvement Scale.

NOTE 10 PENSION PLAN (cont'd)

The actuarial assumptions used in the June 30, 2021 valuation were based on the results of an actuarial experience study that was performed for the five-year period ended June 30, 2020.

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	28.0%	5.3%
Private equity	12.0%	8.0%
Fixed income	33.0%	2.3%
Commodities	9.0%	2.3%
Infrastructure/MLPs	9.0%	5.4%
Real estate	11.0%	4.6%
Absolute return	6.0%	3.5%
Cash	3.0%	0.5%
Financing (LIBOR)	(11.0%)	0.5%
	100.0%	

The above was the PSERS Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major asset class as of June 30, 2022.

Discount Rate

The discount rate used measure the total pension liability was 7.00%. 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

NOTE 10 PENSION PLAN (cont'd)

return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the net pension liability, calculated using the discount rate of 7.00%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate.

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's proportionate share of the net pension liability	$ 64,060,000	$ 49,527,000	$ 37,274,000

Pension Plan Fiduciary Net Position

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

Payable to the Pension Plan

At June 30, 2023, the District reported a payable of $1,484,716 for outstanding amount of employer contribution to PSERS required for the year ended June 30, 2023. These amounts relate to the second quarter of 2023 and are payable to PSERS within five business days of the District receiving its related retirement subsidy from the Commonwealth of Pennsylvania. In addition, the District also reported a payable of $113,230 for the employee contributions withheld during June 2023 which are payable to PSERS by July 10, 2023.

NOTE 11 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

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of PSERS and additions to/deductions from PSERS's fiduciary net position have been

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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.

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, 2022 there were no assumed future benefit increases to participating eligible retirees.

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

- Have 24½ 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.

OPEB 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, 2022 there were no assumed future benefit increases to participating eligible retirees.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

Employer Contributions

The District's contractually required contribution rate for the fiscal year ended June 30, 2023 was 0.75% 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 $124,281 for the year ended June 30, 2023.

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

At June 30, 2023, the District reported a liability of $2,054,000 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, 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, 2021 to June 30, 2022. 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, 2022, the District's proportion was 0.1116%, which was an decrease of 0.0038% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the District recognized an OPEB expense of $184,000. At June 30, 2023, 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
Difference between expected and actual experience	$ 19,000	$ -
Changes in assumptions	228,000	485,000
Net difference between projected and actual investment earnings	6,000	11,000
Changes in proportion of the net OPEB liability	149,000	90,000
Difference between employer contributions and proportionate share of total contributions	84,143	-
Contributions subsequent to the date of measurement	124,281	-
	$ 610,424	$ 586,000

Reported deferred outflows of resources related to OPEB resulting from District contributions subsequent to the measurement date of $124,281 will be recognized as a reduction of the

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

net OPEB liability in the year ended June 30, 2024. 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,	
2024	$ (13,169)
2025	(1,172)
2026	(22,172)
2027	(30,172)
2028	(33,172)
TOTAL	$ (99,857)

Actuarial Assumptions

The total OPEB liability as of June 30, 2022, was determined by rolling forward the system's total OPEB liability as of June 30, 2021 to June 30, 2022 using the following actuarial assumptions, applied to all periods included in the measurement:

- Actuarial cost method – entry age normal – level percentage of pay
- Investment return – 4.09% – S&P 20-year Municipal Bond Rate
- Salary growth – effective average of 4.50%, comprised of inflation of 2.50% and 2.00% for real wage growth and for merit or 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 a blend of 50% PubT-2010 and 50% PubG-2010 Retiree Tables for Males and Females, adjusted to reflect PSERS' experience and projected using a modified version of the MP-2020 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%.

The following assumptions were used to determine the contribution rate:

- The results of the actuarial valuation as of June 30, 2020 determined the employer contribution rate for fiscal year 2022.
- Cost method – amount necessary to assure solvency of premium assistance through the third fiscal year after the valuation date.
- Asset valuation method: market value.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

- Participation rate: 63% of eligible retirees are assumed to elect premium assistance.
- 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.

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.

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Cash	100.0%	0.5%
	100.0%	

The above was the Board's adopted asset allocation policy and best estimates of geometric real rates of return for each major assets class as of June 30, 2022.

Discount Rate

The discount rate used to measure the total OPEB liability was 4.09%, an increase from 2.18% in the prior year. Under the 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 plan is considered a "pay-as-you-go" plan. A discount rate of 4.09%, which represents the S&P 20-year Municipal Bond Rate at June 30, 2022, was applied to all projected benefit payments to measure the total OPEB liability.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

Sensitivity of the 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, 2022, 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, 2022, 93,392 retirees were receiving the maximum amount allowed of $1,200 per year. As of June 30, 2022, 611 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 system's net OPEB liability for June 30, 2022, calculated using current healthcare cost trends, as well as what the system's net OPEB liability would be if its healthcare cost trends were one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's proportionate share of the net OPEB liability	$ 2,054,000	$ 2,054,000	$ 2,054,000

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

The following presents the net OPEB liability, calculated using the discount rate of 4.09%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.09%) or one percentage point higher (5.09%) than the current rate:

	1% Decrease 3.09%	Current Discount Rate 4.09%	1% Increase 5.09%
District's proportionate share of the net OPEB liability	$ 2,323,000	$ 2,054,000	$ 1,829,000

OPEB Plan Fiduciary Net Position

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

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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 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, 2022 consisted of the following:

Inactive employees or beneficiaries currently receiving benefit payments	22
Active plan members	274
Total	296

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.

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

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

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, 2023 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 – 4.06% - based on S&P Municipal Bond 20 year high grade rate index at July 1, 2022.
- 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, 1.50% for real wage growth, and for teachers and administrators a merit increase which varies from 0.00% to 2.75%.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

- 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
25	4.55%	3.90%
30	4.55%	3.90%
35	1.68%	1.68%
40	1.42%	1.42%
45	1.41%	1.60%
50	1.89%	2.08%
55	3.63%	3.66%
60	5.49%	5.94%

- 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 – 6.5% in 2022, 6.0% in 2023, 5.5% in 2024 through 2025. Rates gradually decrease from 5.4% in 2026 to 3.9% 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 Value of Assts. Actuarial gains and losses serve to reduce or increase the Unfunded Accrued Liability.

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

Changes in Assumptions and benefit terms – The discount rate changed from 2.28% to 4.06%.

OPEB Liability

The District's OPEB liability has been measured as of July 1, 2022. The total OPEB liability was determined by an actuarial valuation as of July 1, 2021. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end. The net OPEB liability is $2,212,907, all of which is unfunded. As of June 30, 2023, the OPEB liability of $2,212,907 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, 2023 was as follows:

Balances as of July 1, 2021	$ 3,085,876
Changes for the year:	
Interest on total OPEB obligation	74,953
Service costs	268,011
Changes of benefit terms	54,689
Differences between expected and actual experience	(524,787)
Changes in assumptions	(623,101)
Benefit payments	(122,734)
Net changes	(872,969)
Balances as of July 1, 2022	$ 2,212,907

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 one percentage point lower or one percentage point higher than the current rate:

	1% Decrease	Current Trend Rate	1% Increase
District's net OPEB liability	$ 1,983,552	$ 2,212,907	$ 2,482,496

Sensitivity of the OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability, calculated using a discount rate of 4.06%, as well as what the net OPEB liability would be if it were calculated using a discount rate that is one percentage point lower (3.06%) or one percentage point higher (5.06%) than the current rate:

NOTE 11 POST-EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (cont'd)

	1% Decrease (3.06%)	Current Trend Rate (4.06%)	1% Increase (5.06%)
District's net OPEB liability	$ 2,381,957	$ 2,212,907	$ 2,054,159

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

For the year ended June 30, 2023, the District recognized OPEB expense of $346,580. At June 30, 2023, 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
Difference between expected and actual experience	$ 178,728	$ 484,419
Changes in assumptions	281,941	708,760
Benefit payments subsequent to the date of measurement	122,086	-
	$ 582,755	$ 1,193,179

Reported deferred outflows of resources related to OPEB resulting from benefit payments subsequent to the measurement date of $122,734 will be recognized as a reduction of the net OPEB liability at July 1, 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,	
2024	$ (51,073)
2025	(51,073)
2026	(51,073)
2027	(51,073)
2028	(51,073)
Thereafter	(477,145)
TOTAL	$ (732,510)

NOTE 12 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS

Joint Ventures

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 District's share of operating costs for the LCCTC fluctuates based on the District's percentage of enrollment. The amount paid to LCCTC for the year ended June 30, 2023 was $681,269.

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 (the "Authority) a joint venture with other Lebanon County school districts for the operation of the Authority. The Authority oversees acquiring, holding, constructing, improving and maintaining the LCCTC school buildings. The Authority is controlled by a joint board comprised of representatives school board members of the participating school districts in the LCCTC. The participating schools districts have entered into a long-term lease agreement with the Authority to provide rental payments sufficient to retire the Authority's outstanding debt obligations. The agreement expires on September 1, 2032, unless the related debt is retired earlier. 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 2037. For the year ended June 30, 2023, the District had $79,791 in expenditures under this arrangement.

The District's portion of the future annual rental debt payments are as follows:

Year Ended June 30,	
2024	$ 80,541
2025	80,552
2026	79,836
2027	79,802
2028	83,435
2029 - 2033	335,061
2034 - 2037	79,604
TOTAL	$ 818,831

Both the LCCTC and the Authority prepare financial statements that are available to the public from their administrative office located at 833 Metro Drive, Lebanon, PA 17042.

NOTE 12 JOINT VENTURE AND JOINTLY GOVERNED ORGANIZATIONS (cont'd)

Jointly Governed Organizations

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, 2023 was $1,976,769.

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 made no payments to the Joint Authority during the year ended June 30, 2023.

Lebanon County Earned Income Tax Bureau) – is a separate legal entity. The District and the other Lebanon County school districts and the municipalities represented by those school districts are participating members of the Lebanon County Earned Income Tax Bureau (the "Bureau") for collection of earned income taxes. The Bureau is governed by a 12 member board with 2 members from each school district consisting of one member from the School Board and one member representing all the municipalities in the District. The Bureau is a self-sustaining organization in which the participating members have no ongoing fiduciary interest or responsibility.

NOTE 13 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.

Construction-in-progress

As of June 30, 2023, the District had ongoing construction projects yet to be completed. The commitments and amounts completed to date are as follows:

NOTE 13 CONTINGENT LIABILITIES (cont'd)

	Project Amount	Completed as of 06/30/2023	Commitments
Elementary School	$ 51,100,213	$ 39,263,358	$ 11,836,855
Athletics Upgrade	10,724,410	10,168,578	555,832
High School Construction	2,228,800	1,105,315	1,123,485
Totals	$ 64,053,423	$ 50,537,251	$ 13,516,172

In addition to the amounts above the District had $3,263,708 in expenditures not under formal contract.

NOTE 14 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, 2023, the District is not aware of any additional assessments relating to the fund.

NOTE 15 INTERFUND RECEIVABLE/PAYABLE

Interfund receivable and payable balances as of June 30, 2023 consisted of the following:

	Due from Other Funds	Due to Other Funds
General fund	$ 1,638,964	$ -
Capital projects fund	-	1,567,647
Proprietary fund - food services	-	71,317
	$ 1,638,964	$ 1,638,964

NOTE 15 INTERFUND RECEIVABLE/PAYABLE

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 16 INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2023 consisted of the following:

	Transfer to Other Funds	Transfer from Other Funds
General fund	$ 3,718,226	$ -
Debt service fund	-	3,718,226
	$ 3,718,226	$ 3,718,226

Transfers are used to use revenues collected in the general fund to finance debt payments accounted for in other funds in accordance with budgetary authorizations.

NOTE 17 RISK MANAGEMENT

Health Insurance

The District participates in a consortium with the LLIU to provide a self-insurance program for health insurance and related expenses for eligible employees, spouses and dependents. Accordingly, the benefit payments plus an administrative charge are made to a third-party administrator, who approves and processes all claims.

The District has recorded a liability in the General Fund for claims incurred through June 30, 2023 which has historically been satisfied within 60 days after June 30. The following table presents the components of the self-insurance medical claims liability and the related changes in the claims liability for the year ended June 30, 2023:

Insurance claims liability - beginning of year	$ 259,159
Current year insurance claims and changes in estimates	6,121,170
Insurance claims paid	(5,700,949)
Insurance claims liability - end of year	$ 679,380

NOTE 17 RISK MANAGEMENT (cont'd)

The medical claims liability is shown as part of accrued salaries and benefits as of June 30, 2023.

Other Risks

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, 2023 and the two previous fiscal years, no settlements exceeded insurance coverage.

NOTE 18 RESTATEMENT

During the year, the District adopted GASB Statement of GASB Statement No. 96, as discussed in Note 1. The District also restated their July 1, 2021 net position (deficit) due to a reevaluation of the transportation contract that was previously recorded as a right to use asset under GASB Statement No. 87 and is no longer recorded as such. The District's beginning of the year net position for government-wide funds has been restated to reflect the following:

Governmental Activities:	
Net position (deficit) - balance at July 1, 2021	$(33,421,695)
Change in evaluation of previous GASB Statement No. 87 lease	714,284
GASB Statement No. 96 implementation	7
Net position (deficit) - beginning of year, restated	$(32,707,404)

NOTE 19 SUBSEQUENT EVENTS

The District has evaluated all subsequent events through January 31, 2024, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE							
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
District's proportion of the net pension liability	0.1114%	0.1152%	0.1072%	0.1090%	0.1094%	0.1055%	0.1037%	0.1048%
District's proportion of the net pension liability - dollar value	$ 49,527,000	$ 47,297,000	$ 52,784,000	$ 50,993,000	$ 52,517,000	$ 52,105,000	$ 51,390,000	$ 45,394,000
District's covered employee payroll	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065	$ 13,644,764	$ 13,093,674
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	300.92%	287.69%	350.20%	340.04%	359.21%	365.57%	376.63%	346.69%
Plan fiduciary net position as a percentage of the total pension liability	61.34%	63.67%	54.32%	55.66%	54.00%	51.84%	50.14%	54.36%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
Contractually required contribution	$ 5,685,459	$ 5,594,186	$ 5,509,119	$ 5,028,238	$ 4,888,762	$ 4,640,487	$ 4,161,895	$ 3,411,191
Contributions in relation to the contractually required contribution	5,685,459	5,594,186	5,509,119	5,028,238	4,888,762	4,640,487	4,161,895	3,411,191
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065	$ 13,644,764
Contributions as a percentage of covered employee payroll	34.31%	33.99%	33.51%	33.36%	32.60%	31.74%	29.20%	25.00%

In accordance with GASB Statement No. 68, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
Pennsylvania Public School Employees' Retirement System (PSERS)

	MEASUREMENT DATE					
	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
District's proportion of the net OPEB liability	0.1116%	0.1154%	0.1074%	0.1090%	0.1094%	0.1055%
District's proportion of the net OPEB liability - dollar value	$ 2,054,000	$ 2,736,000	$ 2,321,000	$ 2,318,000	$ 2,281,000	$ 2,149,000
District's covered employee payroll	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312	$ 14,253,065
District's proportionate share of the net OPEB liability as a percentage of its covered employee payroll	12.48%	16.64%	15.40%	15.46%	15.60%	15.08%
Plan fiduciary net position as a percentage of the total OPEB liability	6.86%	5.30%	5.69%	5.56%	5.56%	5.73%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT OPEB CONTRIBUTIONS
Pennsylvania Public School Employees' Retirement System (PSERS)

	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Contractually required contribution	$ 124,281	$ 131,541	$ 134,514	$ 126,442	$ 124,758	$ 122,264
Contributions in relation to the contractually required contribution	124,281	131,541	134,514	126,442	124,758	122,264
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
District's covered employee payroll	$ 16,570,851	$ 16,458,329	$ 16,440,224	$ 15,072,656	$ 14,996,202	$ 14,620,312
Contributions as a percentage of covered employee payroll	0.75%	0.80%	0.82%	0.84%	0.83%	0.83%

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

NORTHERN LEBANON SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY - SINGLE EMPLOYER PLAN

	MEASUREMENT DATE					
	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
TOTAL OPEB LIABILITY						
Service cost	$ 268,011	$ 269,174	$ 213,986	$ 213,134	$ 151,853	$ 149,137
Interest on total OPEB liability	74,953	59,137	86,907	73,316	63,561	46,841
Change in benfit terms	54,689	-	(35,105)	-	-	-
Differences between expected and actual experience	(524,787)	-	37,591	-	243,448	-
Effect of assumption changes or inputs	(623,101)	(98,702)	336,933	(72,324)	1,720	37,974
Benefit payments	(122,734)	(117,807)	(84,574)	(93,640)	(90,754)	(82,779)
NET CHANGE IN TOTAL OPEB LIABILITY	(872,969)	111,802	555,738	120,486	369,828	151,173
TOTAL OPEB LIABILITY, BEGINNING OF YEAR	3,085,876	2,974,074	2,418,336	2,297,850	1,928,022	1,776,849
TOTAL OPEB LIABILITY, END OF YEAR	$ 2,212,907	$ 3,085,876	$ 2,974,074	$ 2,418,336	$ 2,297,850	$ 1,928,022
PLAN FIDUCIARY NET POSITION						
PLAN FIDUCIARY NET POSITION, BEGINNING OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -
PLAN FIDUCIARY NET POSITION, END OF YEAR	$ -	$ -	$ -	$ -	$ -	$ -
DISTRICT'S NET OPEB LIABILITY	$ 2,212,907	$ 3,085,876	$ 2,974,074	$ 2,418,336	$ 2,297,850	$ 1,928,022
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered employee payroll	$ 15,536,567	$ 14,082,893	$ 14,082,893	$ 14,382,972	$ 14,382,972	$ 13,014,467
District's net OPEB liability as a percentage of covered payroll	14.24%	21.91%	21.12%	16.81%	15.98%	14.81%
Expected average remaining service years of all participants	12	12	12	12	12	12

In accordance with GASB Statement No. 75, this schedule has been prepared prospectively as the above information for the preceding years is not readily available. This schedule will accumulate each year until sufficient information to present a ten-year trend is available.

SINGLE AUDIT SUPPLEMENT

BTCPA
BARBACANE
THORNTON
& COMPANY

INDEPENDENT AUDITOR'S 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*

January 31, 2024

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

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 the Northern Lebanon School District (the District), Fredericksburg, Pennsylvania, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated January 31, 2024.

Report on Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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.

503 Carr Road ◻ Suite 100 ◻ Wilmington, DE 19809
302.478.8940 ◻ www.btcpa.com

To the Board of School Directors
Northern Lebanon School District

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 District'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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

BTCPA
BARBACANE
THORNTON
& COMPANY

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

January 31, 2024

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

Report on Compliance for Each Major Each Federal Program

Opinion on Each Major Federal Program

We have audited the Lebanon School District's ("the District") compliance with the types of compliance requirements described in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and recommendations.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal program for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence

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we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

To the Board of School Directors
Northern Lebanon School District

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a 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.

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

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

Barbacane, Thornton & Company LLP

BARBACANE, THORNTON & COMPANY LLP

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR	ACCRUED (UNEARNED) REVENUE 7/01/2022	REVENUE RECOGNIZED	EXPENDITURES	ACCRUED (UNEARNED) REVENUE 6/30/2023	PASSED THROUGH TO SUB-RECIPENTS
U.S. Department of Education											
Passed Through the Pennsylvania Department of Education:											
Title I Grants to Local Educational Agencies	I	84.010	013-220298	07/01/20 - 09/30/21	$ 507,075	$ 66,960	$ 66,960	$ -	$ -	$ -	$ -
Title I Grants to Local Educational Agencies	I	84.010	013-230298	07/01/21 - 09/30/22	476,071	472,687	-	476,071	476,071	3,384	-
Total ALN 84.010						539,647	66,960	476,071	476,071	3,384	-
English Language Acquisition Grants	I	84.365A	010-220228	07/01/20 - 09/30/21	2,132	2,395	2,395	-	-	-	-
Total ALN 84.365A						2,395	2,395	-	-	-	-
Improving Teacher Quality State Grants	I	84.367	020-220228	07/01/20 - 09/30/21	87,919	18,419	18,419	-	-	-	-
Improving Teacher Quality State Grants	I	84.367	020-230228	07/01/21 - 09/30/22	70,526	69,403	-	70,526	70,526	1,123	-
Total ALN 84.367						87,822	18,419	70,526	70,526	1,123	-
Student Support and Academic Enrichment Grants	I	84.424	144-220228	07/01/20 - 09/30/21	25,161	14,370	14,370			-	-
Student Support and Academic Enrichment Grants	I	84.424	144-230228	07/01/21 - 09/30/22	39,787	10,121	-	39,801	39,801	29,680	-
Total ALN 84.424						24,491	14,370	39,801	39,801	29,680	-
Elementary and Secondary School Emergency Relief Fund II	I	84.425D	200-210228	03/13/20 - 09/30/23	1,235,519	201,788	(37,823)	239,611	239,611	-	-
Total ALN 84.425D						201,788	(37,823)	239,611	239,611	-	-
American Rescue Plan - Elementary and Secondary Schools Emergency Relief Fund	I	84.425U	223-210228	03/13/20 - 09/30/24	2,499,097	1,045,077	331,995	849,396	849,396	136,314	-
ESSER Fund (ARP ESSER) 7% Set Asides Consolidated	I	84.425U	225-210228	03/13/20 - 09/30/24	194,236	102,415	(10,595)	130,164	130,164	17,154	-
ESSER Fund (ARP ESSER) 2.5% Set Aside		84.425U	228-210228	03/13/20 - 09/30/24	34,310	34,310	-	34,310	34,310	-	-
Total ALN 84.425U						1,181,802	321,400	1,013,870	1,013,870	153,468	-
American Rescue Plan ESSER Fund- Homeless Children and Youth	I	84.425W	181-210228	07/01/21 - 09/30/24	16,849	9,936	(1,296)	1,296	1,296	(9,936)	-
Total ALN 84.425W						9,936	(1,296)	1,296	1,296	(9,936)	-
Total ALN 84.425						1,393,526	282,281	1,254,777	1,254,777	143,532	-
Passed Through Lancaster - Lebanon Intermediate Unit No. 13:											
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-220033	07/01/20 - 09/30/21	559,368	559,368	559,368	-	-	-	-
Special Education - Grants to States (IDEA, Part B)	I	84.027	062-230034	07/01/20 - 09/30/22	577,227	-	-	577,227	577,227	577,227	-
Special Education - Grants to States (IDEA, Part B) - COVID-19	I	84.027	062-220033	07/01/20 - 09/30/21	133,060	121,279	(11,781)	133,060	133,060	-	-
Total ALN 84.027						680,647	547,587	710,287	710,287	577,227	-
Special Education - Preschool Grants	I	84.173	131-220012	07/01/21 - 09/30/21	2,782	-	-	2,782	2,782	2,782	
Special Education - Preschool Grants	I	84.173	131-230013	07/01/21 - 09/30/22	2,634	2,634	2,634	-		-	-
Total ALN 84.173						2,634	2,634	2,782	2,782	2,782	-
Total Special Education Cluster						683,281	550,221	713,069	713,069	580,009	-
Total U.S. Department of Education						2,731,162	934,646	2,554,244	2,554,244	757,728	-

Continued on next page.

NORTHERN LEBANON SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROJECT TITLE	SOURCE CODE	FEDERAL ALN	PASS-THROUGH GRANTOR'S NUMBER	GRANT PERIOD BEGINNING/ ENDING DATES	GRANT AMOUNT	TOTAL RECEIVED FOR YEAR		ACCRUED (UNEARNED) REVENUE 7/01/2022		REVENUE RECOGNIZED	EXPENDITURES		ACCRUED (UNEARNED) REVENUE 6/30/2023	PASSED THROUGH TO SUB-RECIPIENTS
U.S. Department of Agriculture														
Passed Through the Pennsylvania Department of Agriculture:														
National School Lunch Program	I	10.555	N/A	07/01/22 - 06/30/23	N/A	121,787	B	(11,439)	A	133,226	133,226	C	-	-
						121,787		(11,439)		133,226	133,226		-	-
Passed Through the Pennsylvania Department of Education:														
National School Lunch Program	I	10.555	N/A	07/01/22 - 06/30/23	N/A	499,829		21,471		478,358	478,358		-	-
Supply Chain Assistance	I	10.555	N/A	07/01/22 - 06/30/23	N/A	63,769		-		63,769	63,769		-	
Total ALN 10.555						685,385		10,032		675,353	675,353		-	-
National School Breakfast Program	I	10.553	N/A	07/01/22 - 06/30/23	N/A	105,078		5,837		99,241	99,241		-	-
Total Child Nutrition Cluster						790,463		15,869		774,594	774,594		-	-
P-EBT Local Admin Funds	I	10.649	N/A	07/01/22 - 06/30/23	N/A	628		-		628	628		-	-
Total ALN 10.649						628		-		628	628		-	-
Total Passed Through the Pennsylvania Department of Education						669,304		27,308		641,996	641,996		-	-
Total U.S. Department of Agriculture						791,091		15,869		775,222	775,222		-	-
TOTAL FEDERAL AWARDS						$ 3,522,253		$ 950,515		$ 3,329,466	$ 3,329,466		$ 757,728	$ -

Source Code:

I = Indirect Funding

NORTHERN LEBANON SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A 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% *de minimis* cost rate in CFR 200.414 Indirect (F&A) costs.

NOTE B FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2023, the District received food commodities of $133,226.

A = Beginning inventory at July 1, 2022.
B = Total amount of commodities received from the Department of Agriculture.
C = Total amount of commodities used.

NOTE C 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.

NOTE D ACCESS PROGRAM

The ACCESS Program is a medical assistance program that reimburses local educational agencies for direct eligible health-related services provided to enrolled special needs students. Reimbursements are federal source revenues but are classified as fee-for-service and are not considered federal financial assistance. The amount of ACCESS funding recognized for the year ended June 30, 2023 was $81,187.

NORTHERN LEBANON SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RECOMMENDATIONS

PART A - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified?	____ Yes	X None reported
• Noncompliance material to financial statements noted?	____ Yes	X No

Federal Awards

Internal control over major programs:

• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified?	____ Yes	X None reported

Type of auditor's report issued on compliance for major programs [*unmodified, qualified, adverse, or disclaimer*]:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance? ____ Yes X No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
84.425D, 84.425U, 84.425W	Education Stabilization Fund
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

Auditee qualified as low-risk auditee? ____ Yes X No

PART B - FINDINGS RELATED TO FINANCIAL STATEMENTS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.

PART C - FINDINGS RELATED TO FEDERAL AWARDS

STATUS OF PRIOR YEAR FINDINGS

None.

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

None.